



CUSTOMER : _____
WELL No. : _____
RIG : _____

MEASURED BY : _____
DATE : _____
LOCATED : _____

TOP CONNECTION : _____
THREAD : _____
WEIGHT : _____
GRADE : _____

BOTTOM CONNECTION : _____
THREAD : _____
WEIGHT : _____
GRADE : _____

HANGER S/No : _____
R/TOOL POS No : _____

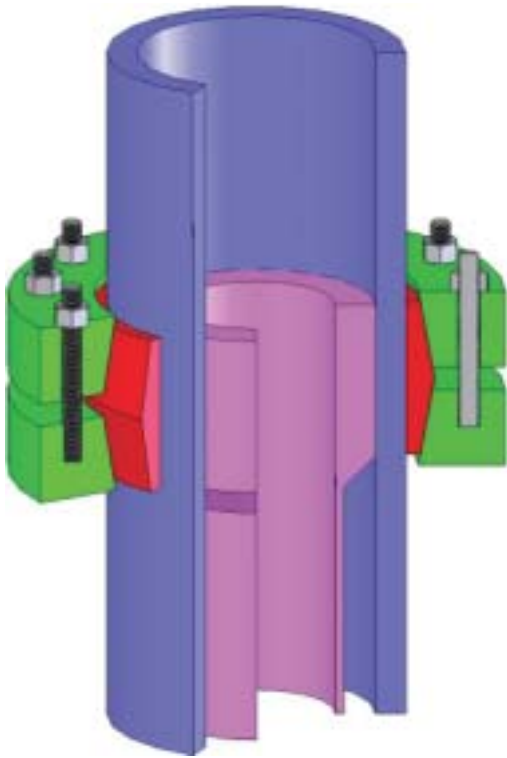
TEST PRESSURE : _____
MAX O.D. : _____
MIN I.D. : _____
DRIFT TEST : _____



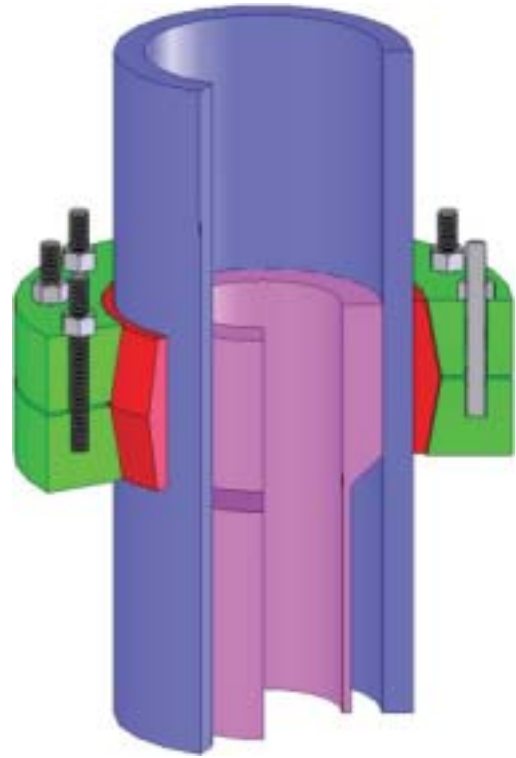
Plexus Holdings plc

Annual Report & Accounts

2006



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; reduced operating costs; and enhanced safety.

Highlights

- 162% increase in turnover to £6.8 million (2005: £2.6 million).
- Floated on AIM in December 2005 having raised c. £9.7 million net of expenses.
- Tripled size of operating facility to support and accelerate growth in the UK and worldwide.
- Accelerating investment in rental inventory for High Pressure/High Temperature (HP/HT) jack-up drilling rental wellheads and standard rental systems.
- Developing strong trading relationships with key multinational operators.
- Significant growth in HP/HT rentals where POS-GRIP[®] technical benefits can be clearly demonstrated.
- Contracts signed for the supply of HP/HT wellhead equipment with Shell, BP, Maersk and ConocoPhillips.
- Five-year framework contract agreed with BG International Ltd, which is also sponsoring the development of HP/HT 20,000 psi jack-up wellhead technology.
- Installed BP Shah Deniz wellhead systems on a platform in the Caspian Sea – first gas expected to flow before the end of 2006.
- Ongoing research and development – new technologies under development include specialist riser and conductor connectors, Mudline to Subsea cross-over wellhead systems, and X-HP/HT (30,000 psi) capability for tubing hangers.

Chief Executive Ben van Bilderbeek said:

“The successful flotation onto AIM in December 2005 has enabled your Company to raise the profile of its proprietary POS-GRIP wellhead technology and subsequently sign new contracts with leading global operators including BP, British Gas, and Shell. The POS-GRIP method of engineering aims at a new standard which we believe will provide safe and cost effective technology as the energy operating companies have to tackle increasingly challenging environments.

We are also expanding our geographic reach which now includes Egypt, Malaysia and Trinidad as part of our strategy of driving the business towards our goal of becoming a first tier global wellhead systems supplier. We will also be focusing on opportunities in the Gulf of Mexico where recent announcements have confirmed the need for technological solutions for extracting oil and gas from very deep formations. Part of this strategy will include the pursuit of potential licensing and alliance partners who have specialist knowledge of such markets.”

Summary of Results for the year ended 30 June 2006

	2006	2005
	£'000	£'000
Turnover	6,777	2,637
EBITDA	501	706
(Loss)/profit before taxation	(54)	232
Basic (loss)/earnings per share (pence)	(0.28)	0.76

Contents

	<i>Page</i>
Chairman's Statement	3
Chief Executive's Review	5
Financial Review	7
Board of Directors	9
Directors' Report	10
Corporate Governance Report	13
Remuneration Committee Report	16
Statement of Directors' Responsibilities	18
Independent Auditors' Report to the Members of Plexus Holdings plc	19
Consolidated Profit and Loss Account	20
Consolidated Balance Sheet	21
Company Balance Sheet	22
Consolidated Cash Flow Statement	23
Reconciliation of Movements in Equity Shareholders' Funds	23
Notes	24
Corporate Information	41

Chairman's Statement

Business progress

In December 2005 Plexus issued 18.6 million new ordinary shares by way of an institutional placing at £0.59p per share and the shares were admitted to trading on AIM. The placing raised £9.7m net of expenses. Significant progress was made during the year in raising the profile of Plexus and POS-GRIP with the major oil companies: this has resulted in contracts being negotiated with BP Egypt; BG Egypt; BP in the North Sea; Maersk UK, Shell Brunei, and BG International Ltd. We are especially pleased at the progress made despite the market place proving more challenging than anticipated in the second half as a result of widely reported rig availability shortages in the North Sea.

Board of Directors

Prior to flotation the Plexus board was strengthened by the appointment of Jeffrey Thrall and Augusto Da Mota as non executive directors on 4th February 2005, and myself as Chairman on the 25th November 2005. The executive board was also strengthened by the appointment of Graham Stevens as Finance Director and Craig Hendrie as Technical Director on the 1st November 2005.

Strategy

Plexus continues to pursue the strategy laid out at the time of the IPO of maximising and extending the reach of POS-GRIP wellhead technology. The initial approach to introducing POS-GRIP technology was focused on the jack-up exploration rental wellhead market and, in the financial year ended 30 June 2005, this source of revenue represented the majority of the Group's income. Rental wellhead contracts can also generate sales of and rental income from mudline suspension equipment. This mudline equipment related income can comprise the sale of mudline hangers and rental of the associated running tools, as well as the later sale of mudline tieback tools.

The rental business is expected to grow as additional markets are developed (particularly for High Pressure/ High Temperature (HP/HT) applications) and new products are introduced for the emerging surface blow out preventer (SBOP) drilling market for floating drilling rigs. Organic expansion serviced from the Group's Aberdeen base is already making good progress in Egypt, and plans are being developed for similar initiatives in the Middle East and Far East.

Plexus has more recently moved into the market of supplying wellheads for production applications, the Directors believe that this represents a logical next step as the company's rental activity is increasingly exposing operators to the benefits of POS-GRIP technology on exploration wells.

In 2004, BP selected POS-GRIP wellheads for use in HP/HT environments. The BP contract for the development and supply of gas platform wellhead systems for their US\$4.1 billion Shah Deniz development in the Caspian Sea is a particularly important milestone for the Company as it is a clear endorsement by an oil major of POS-GRIP technology. The first three wellheads have been delivered to the Shah Deniz field and are in the process of being installed and commissioned with the flow of first gas expected before the end of 2006.

The Group continues to:

- develop and extend its current jack-up wellhead rental business from its Aberdeen base;
- pursue opportunities for mainstream production wellhead applications which are anticipated to grow once the current BP Shah Deniz contract is successfully completed in 2007;
- seek to grant licences for use of the POS GRIP technology;
- consider acquiring further access to manufacturing capacity; and
- establish itself in new territories in the global market place.

Chairman's Statement

The Directors believe that the revenue profile of the Group will change increasingly over time with the share taken by production wellheads increasing and licensing income becoming an important part of the Group's activities. This is because whilst turnover related to rental wellheads is expected to grow substantially, we expect turnover related to production wellheads to grow even faster as industry awareness, adoption of the POS-GRIP technology and the Group's overall market share increases.

As valves and Xmas trees are often "bundled" with wellhead equipment, opportunities for Plexus to extend the range of its equipment to include such items and increase revenues will also be pursued.

The raising of the Group's corporate profile following admission to a public market, combined with the access to additional working capital, has continued to accelerate the roll out of POS-GRIP technology. We believe that such progress will encourage customers to drive other manufacturers of wellheads to seek licences, effectively "*pull-marketing*" POS-GRIP technology, through a process of increased market awareness.

The Company's long term goal is to develop POS-GRIP technology as a future industry standard for wellhead design. This objective includes the distribution of POS-GRIP technology through licensees to maximise market penetration. We are confident that the Plexus Group can become a member of the "*first tier*" of global wellhead system suppliers.

Staff

The Board is grateful to all our employees, many of whom are new to the Company, and would like to thank everyone for their dedication and hard work during a year which has seen much change both operationally and corporately.

Outlook

As global demand for oil and gas continues its inexorable rise, so too does the need to increase the exploration for and production of oil and gas. Operating companies are therefore having to pursue alternative and ever more challenging locations in often extreme environments to discover new reserves. Inevitably new technologies and methods must be developed alongside these global developments in order to operate successfully in these environments, this is particularly the case for X-HP/HT and HP/HT wells. With POS-GRIP's safety advantages, cost effectiveness as a result of operational time savings, and its ability to perform in extreme high pressure fields, we believe that POS-GRIP technology will play an increasing role in the development of oil and gas fields worldwide. We are already the provider of choice to a number of major companies with challenging operating criteria, and I believe that POS-GRIP will become even more of a necessity in the years to come for an increasing number of exploration and production operators and that we have the right strategy in place to achieve this. Therefore, we look forward to the future with great confidence.

Robert Adair

Non-Executive Chairman

29 September 2006

Chief Executive's Review

Operational Review

Prior to the successful floatation of the Group in December last year, Plexus moved into new operating facilities in Aberdeen. This move, which nearly tripled the size of our operating facility together with a commensurate increase in overheads was necessitated by the growing demands for our technology and of a major ongoing wellhead contract. Around the same time we expanded our engineering and finance departments.

Our major focus during the year has been to continue to raise the profile of POS-GRIP technology and wellhead systems around the world, whilst at the same time delivering the first BP Shah Deniz wellhead systems for installation in July this year on a platform in the Caspian Sea. BP recently announced that first gas is expected to flow before the end of 2006, heralding a true milestone for our Company, and the culmination of a project that began in 2004.

In addition to the substantial BP work, the Group also committed to accelerate its investment in rental assets both for its unique high pressure and high temperature Jack up drilling rental wellheads, for which strong future demand is anticipated, and to meet the increasing order levels for standard rental systems from several overseas locations including Egypt, Malaysia and Trinidad. The Group benefited from a participating interest in a precision engineering business, which contributed £0.2m in the year.

The opening up of these new rental wellhead markets was our response to the slower than anticipated UK market for exploration drilling during the second half of 2006. This was caused by the combination of several hurricanes in the Gulf of Mexico, and a strongly overheated drilling market, resulting in a shortage of rigs worldwide, and the designation of rigs for the Southern North Sea delayed or diverted elsewhere. The impact for Plexus was that planned well contracts, booked by main turn-key customers were delayed, impacting our rental revenue during the fiscal year.

Geographically, the North Sea has been Plexus' traditional area of operation and focus. Due to the prevailing harsh environmental conditions, which increase the cost of drilling, operations in this part of the world are conducted with safety and time saving features very much in mind.

Following the stated long-term objective of the roll-out of POS-GRIP technology through a combination of organic growth, licensing and possibly acquisitions, the initial task for Plexus is to 'ice-break', and lead the way towards new and we believe superior technology being adopted. This plan, which calls for the Group to develop trading relationships with key multinational operators, is very much on track, with a number of long term contracts having materialised for the supply of HP/HT equipment for Shell, BP, Maersk, ConocoPhillips and British Gas. Discussions are also ongoing with Transocean for POS-GRIP to be part of the development of the revolutionary hardware required for a new drilling technology, which promises to advance the capability to drill and produce from much deeper formations.

As the proprietary purveyors of what can be termed 'disruptive' technology, Plexus is reliant on the pull effect developed through key customers. Although POS-GRIP technology is getting more than its share of exposure, with for example British Gas recently sponsoring the development of 20,000 psi jack-up wellhead technology, not currently available in the market, and entering into a five year framework contract we are none the less feeling the effect of the overheated market. Operators have little time to seek out new technologies, and there are few incentives to encourage suppliers, who are running at excess capacity, to improve and develop their product range.

In addition to our success in gaining HP/HT rental wellhead contracts, our standard rental wellheads are gaining market share, and we now have the capability to supply production wellhead technology, which will become more evident to the market with the implementation of the Shah Deniz contract, and through the supply of wellheads for the Tullow, Newfield and BP Amethyst Southern North Sea platforms.

Chief Executive's Review

With several new technologies, such as specialist riser and conductor connectors under research and development, our Mudline to Subsea cross-over wellhead systems ready to go into the field, and a project commencing soon to develop X-HP/HT (30,000 psi) capability for tubing hangers, Plexus is on its way to move its POS-GRIP technology into new technical territory.

Plexus is gaining ground because we are able to demonstrate that our technology is safer to use, easier to install, lower in cost to manufacture, and superior in performance. The potential installation time savings generated by the POS-GRIP method of engineering for wellheads can outstrip the cost of our service, which has led to the progress we have been able to make, in a market that is not always particularly receptive to the introduction of new technologies.

The future for POS-GRIP technology is bright, and I look forward with confidence to Plexus eventually taking a seat at the top table of oil services businesses.

Ben van Bilderbeek

Chief Executive

29 September 2006

Financial Review

Turnover

Turnover for the year was £6.8m, an increase of £4.2m from £2.6m in the previous year.

The turnover includes £4.4m of product and testing revenue from the BP Shah Deniz contract. The rental turnover was impacted by the rig availability in the North Sea and as a consequence anticipated rental income in the year was deferred.

Cost of Sales

Cost of sales has risen to 71% of turnover from 56% in the previous year. This is primarily driven by the sales mix, which for 2006 is dominated by equipment sales, in particular to BP for the Shah Deniz development. In the previous year, sales were weighted more evenly between equipment sales and rental sales, which achieve a higher gross margin.

Administrative Expenses

The current year has overseen a number of step-changes to our infrastructure which have placed us on a sound footing to achieve our growth goals for the future. This has resulted in administrative expenses increasing significantly. In particular, staff costs have increased from £0.5m to £1.0m; other general overhead costs associated with personnel, such as training, safety, insurances, and travel have increased accordingly; the move to substantially larger premises in October 2005 has resulted in rent and rates and utility costs increasing accordingly; the IPO on AIM in December 2005 has been the catalyst for significant increases in professional fees and board expenses; and additionally, higher activity levels have resulted in increased costs for warehouse consumables, equipment hires and repairs.

EBITDA

The EBITDA for the year was £0.5m, down from £0.7m the previous year. This year has seen the Group make a significant investment in infrastructure in order to manage the growth we expect in the coming years and this has had a short term negative impact on EBITDA particularly as a result of administrative expenses increasing year on year from £0.8m to £2.3m.

(Loss)/Profit before interest and tax

Loss before interest and tax was £0.1m (2005: profit £0.4m).

Income from participating interest

The Group has a participating interest in a precision engineering business. The Profit and Loss Account includes a contribution from this interest in the year of £0.2m (2005: nil).

Interest

Interest was a net receivable in the year due to the proceeds of the flotation being received in December 2005. We have maximised our interest income by placing surplus funds on deposit during the year.

Tax

The Group's tax charge arises principally from deferred tax and current foreign tax paid in the year. On the basis that the Group incurred a loss before tax, the effective tax rate calculation does not offer any meaningful insight into the Group's tax management.

EPS

The Group reports basic loss per share of 0.28p (2005: earnings per share 0.76p) and fully diluted loss per share of 0.28p (2005: earnings per share 0.25p).

Financial Review

Balance sheet

The Group continues to invest to ensure that we have the rental assets available and the infrastructure to operate in an expanding geographic market place.

Intellectual property

The Group has added during the year, as part of the flotation process, intangible assets representing intellectual property assets with a total value of £5.4m. Approximately £3.5m relates to conventional rights for product sales and deepwater rights both of which relate to the ongoing and future exploitation and commercialisation of the Group's proprietary POS-GRIP technology. Deepwater rights do not currently generate any revenue, however as explained further in the Chairman's Statement and Chief Executive Review, the Group's POS-GRIP technology is a central part of all its current and future activities, and the Group will be seeking to extend its activities into these new areas either on its own or with partners. 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 will be considered annually.

Cash flow

Net cash inflow in the year was £4.4m and the Group ended the year with net cash of £2.9m.

International Financial Reporting Standards ("IFRS")

The Group's IFRS implementation programme is at an early stage. Compliance with IFRS is required for the year ending 30 June 2008 with comparatives restated accordingly for the year ending 30 June 2007. At this stage it is not possible to say what the impact upon earnings will be. However the key areas of potential impact identified so far are IFRS 2 – share based payments and IAS 28 – Investments in Associates.

Graham Stevens

Finance Director

29 September 2006

Board of Directors

Robert Fredrik Martin Adair MA(Oxon) ACA CTA FGS (aged 49), 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. From 1993 to 1995 he was chief executive of Melrose Energy plc and subsequently deputy chairman and finance director until the de-merger of the company in May 1997. He is chairman of Terrace Hill Group plc, a property development and investment group quoted on AIM and Skye Investments Limited. Robert is a non executive of Honiton Energy PLC, a director of Chameleon Trust plc and a number of other companies.

Bernard Herman van Bilderbeek BSc MEng (aged 58), 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 48), Finance Director

Until 2002, Graham was managing director of and a shareholder in The Law Trading Company Limited which was acquired by Beltpacker plc. He has broad experience within both public and private companies, including Fii Group plc, Sketchley Group plc, BSM Group Limited, and J Sainsbury plc. He is a non-executive director of Stream Group PLC, the AIM listed mobile applications and content company, and of NRX Global Corp, an enterprise software company.

Craig Hendrie M.Eng(Oxon) (aged 33), 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. Craig is responsible for overseeing new concept development, product testing and analysis and key project management.

Jerome Jeffrey Thrall BBA MBA (aged 56), 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 67), Non-Executive Director

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

Directors' Report

The directors present their annual report together with the audited financial statements for the year ended 30 June 2006.

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 234ZZB of the Companies 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 3 and the Chief Executive's Review on page 5. In addition the Financial Review on page 7 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 7, and the Directors' Report page 10 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 13.

Participating interest

The Group has a participating interest in a precision engineering business. The Profit and Loss account includes a contribution from this interest in the year of £0.2m (2005: £nil).

Results and dividends

The results for the year, showing a loss before taxation of £0.05m (2005: profit £0.2m), are set out on page 20.

The directors are not entitled to recommend the payment of a dividend as the company did not have sufficient distributable reserves at the year end. Notwithstanding the deficit on the profit and loss account, the directors did not intend declaring a dividend for the current year.

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 13.

Related party transactions

Details of related party transactions are set out in Note 25 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 22 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

Directors interests

The directors who served during the year and to the date of this report are listed below. Mr Thrall and Mr Da Mota were appointed on 4 February 2005, and Mr Stevens and Mr Hendrie were appointed as directors on 1 November 2005 and Mr Adair was appointed on 25 November 2005.

The interests of the directors who held office during the year in the shares of the Company at 30 June 2006 were as follows:

	Number of Ordinary Shares of 1p each 2006	Number of Ordinary Shares of £1 each 2005	Number of Preference Shares of £1 each 2005
Robert Adair ¹	1,538,500	—	—
Ben van Bilderbeek ²	60,000,001	200,000	400,000
Graham Stevens	12,600	—	—
Craig Hendrie	12,600	—	—
J Jeffrey Thrall ³	60,000,001	200,000	400,000
Augusto da Mota	—	—	—

Michael Robertson (resigned 2nd November 2005)

1. Robert Adair is interested by way of being life tenant of a settlement of which he and his wife are trustees.
2. Ben van Bilderbeek is one of the beneficiaries of a trust which controls 70.875% of the shares of Mutual Holdings Limited (formerly Plexus International 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 has an indirect beneficial interest in a company which controls 23.625% of Mutual Holdings Limited. (formerly Plexus International Limited). The number of shares shown in the table above is the number of shares held by Mutual Holdings Limited in the Company.

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

Retirement and re-election

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

Substantial shareholdings and interests

Shares

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

	% issued share capital
Mutual Holdings Ltd (formerly Plexus International Ltd) 60,000,001	74.83
Morstan Nominees Limited 3,400,000	4.24
Nutraco Nominees Limited 3,058,500	3.81

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 16.

Directors' Report

Suppliers payment policy

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

The Group's and Company's average trade creditor days for the year ended 30 June 2006 were 32 days and 38 days respectively (2005: 56 days for the Group; there is no comparative for the Company for the prior year as it did not make any purchases or have any trade creditors in the prior year), calculated in accordance with the requirements set down in the Companies Act 1985. 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 auditors are 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 auditors are aware of that information.

Annual General Meeting

The Annual General Meeting of the Company will be held on 14th November 2006. 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 5 (inclusive) there are two items of special business, namely the proposed resolutions numbered 6 and 7, the effects of which are to authorise the company to make market purchases and to dis-apply pre-emption rights respectively. Your attention is drawn to the Notes on each of these resolutions at the foot of the Notice and to the Notes generally.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit plc as auditors of the Company and authorising the directors to determine their remuneration will be proposed at the forthcoming Annual General Meeting.

By order of the Board

Martha Bruce FCIS
Company Secretary

29 September 2006

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 Board

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

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

During the year to 30 June 2006 the Board met a total of five times.

Board Committees

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

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

Audit Committee

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

During the year to 30 June 2006 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 2006 the Remuneration Committee met on one occasion.

Retirement and re-election

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

Shareholder relations

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

Corporate Governance Report

Health and Safety

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

Financial Reporting

The directors have a commitment to best practice for the Group's external financial reporting in order to present a balanced and comprehensible assessment of the Group's financial position and prospects to its shareholders, employees, customers, suppliers and other third parties. This commitment encompasses all published information including but not limited to the year-end and interim financial statements, regulatory news announcements and other public information. The Statement of Directors' Responsibilities for preparing the accounts may be found on page 18.

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. We as a supplier to the industry in turn can get impacted by such events, as was seen at the beginning of the year with the disruption caused to North Sea exploration activity as a result of rig availability shortages. To help address such risks, the Group has continued to expand its geographic footprint and customer base.

Corporate Governance Report

(b) Technology

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

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 and environmental 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 and share options.

Service contracts

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

Pensions

The Group currently offers a stakeholder pension scheme, of which none of the directors or employees are members. The Group currently does not have any other pension scheme but intends to make contributions to personal pension plans in the future.

Non-executive Directors

The Non-executive Directors entered into Letters of Appointments. Each Non-executive was appointed for an initial term through to the first AGM or either party can terminate upon three months' notice being given.

Directors' remuneration (audited information)

Details of Directors' remuneration are set out below:

	Salary £	Benefits £	Pension £	2006 Total	2005 Total
Executive Directors					
Ben van Bilderbeek	84,583	—	—	84,583	—
Graham Stevens	55,417	1,464	—	56,881	—
Craig Hendrie	39,083	—	—	39,083	—
Non-executive Directors					
Robert Adair	11,250	—	—	11,250	—
J Jeffrey Thrall	8,750	—	—	8,750	—
Augusto Da Mota	17,750	—	—	17,750	—
Total	<u>216,833</u>	<u>1,464</u>	<u>—</u>	<u>218,297</u>	<u>—</u>

In addition to the remuneration paid by the group as noted above, Mr Hendrie receives an annual salary from Plexus Deepwater Technologies Limited of £28,000.

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

Date of Grant	Forename	Surname	No of Options	Exercise Price (£)	Period of Exercise From	Period of Exercise To
9-Dec-05	Ben	van Bilderbeek	491,525	0.59	see Table	8-Dec-15
9-Dec-05	Graham	Stevens	322,034	0.59	see Table	8-Dec-15
9-Dec-05	Craig	Hendrie	322,034	0.59	see Table	8-Dec-15
Total Executive Options			<u>1,135,593</u>			

Non-executive 2005 Share Option Scheme

Date of Grant	Forename	Surname	No of Options	Exercise Price (£)	Period of Exercise From	Period of Exercise To
9-Dec-05	Robert	Adair	101,695	0.59	see Table	8-Dec-15
9-Dec-05	Augusto	Da Mota	76,271	0.59	see Table	8-Dec-15
9-Dec-05	Jeffrey	Thrall	50,847	0.59	see Table	8-Dec-15
Total Non-Executive Options			<u>228,813</u>			

At 30 June 2006, no options had been exercised and no options had lapsed.

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 2005 to 30 June 2006	Up to $\frac{1}{3}$ of Shares under Option
14 days after Company AGM following end of Second Assessment Period – 1 July 2006 to 30 June 2007	Up to $\frac{1}{3}$ of Shares under Option
14 days after Company AGM following end of Third Assessment Period – 1 July 2007 to 30 June 2008	Up to $\frac{1}{3}$ of Shares under Option
14 days after Company AGM following end of Complete Assessment Period – 1 July 2005 to 30 June 2008	Up to all Shares under Option LESS Annual Shares already capable of exercise.

The issue price of the company's shares on flotation in December 2005 was 59p per share. Subsequent to flotation the low in the period to 30 June 2006 was 69.5p on the 30 December 2005, and the high in the period to 30 June 2006 was 104p on the 20 January 2006. The mid market price on the 30 June 2006 was 70.5p.

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 group and the parent company financial statements in accordance with UK Accounting Standards.

The group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the group and the parent company and of the profit or loss 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 whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 1985. 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 Auditors' Report to the Members of Plexus Holdings plc

We have audited the Group and Parent Company financial statements (the "financial statements") of Plexus Holdings plc for the year ended 30 June 2006 which comprise the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated and Parent Company Reconciliation of Movements in Equity Shareholders' Funds, and the related notes. These financial statements have been prepared under the accounting policies set out therein. This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 described in the Statement of Directors' Responsibilities on page 18, the Company's directors are responsible for the preparation of the Directors' Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent mis-statements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group and the Parent Company's affairs as at 30 June 2006 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG Audit Plc

Chartered Accountants, Registered Auditor
Aberdeen

29 September 2006

Consolidated Profit and Loss Account

for the year ended 30 June 2006

	Notes	2006 £'000	2005 £'000
Turnover	2	6,777	2,637
Cost of sales		(4,841)	(1,488)
Gross profit		1,936	1,149
Administrative expenses		(2,268)	(780)
Operating (loss)/profit		(332)	369
Income from participating interest		225	–
Interest receivable and similar income	6	126	13
Interest payable and similar charges	7	(73)	(150)
(Loss)/profit on ordinary activities before taxation	4	(54)	232
Tax on (loss)/profit on ordinary activities	8	(113)	(81)
(Loss)/profit on ordinary activities after taxation			
being (loss)/profit for the financial year	18	(167)	151
(Loss)/earnings per share	9		
Basic		(0.28)p	0.76p
Diluted		(0.28)p	0.25p

The profit and loss account contains all recognised gains and losses for the year and the preceding year.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above, and their historical cost equivalents.

Consolidated Balance Sheet

at 30 June 2006

	Notes	2006 £'000	2005 £'000
Fixed assets			
Intangible assets	11	6,375	1,095
Tangible assets	12	2,421	1,631
Investments	13	200	–
		<hr/>	<hr/>
		8,996	2,726
Current assets			
Stock	14	1,238	1,285
Debtors	15	2,640	2,112
Cash at bank and in hand		2,910	1
		<hr/>	<hr/>
		6,788	3,398
Creditors: amounts falling due within one year	16	(908)	(4,213)
		<hr/>	<hr/>
Net current assets/(liabilities)		5,880	(815)
		<hr/>	<hr/>
Total assets less current liabilities		14,876	1,911
		<hr/>	<hr/>
Creditors: amounts falling due after more than one year	16	–	(1,526)
		<hr/>	<hr/>
Net assets		14,876	385
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	17	802	600
Share premium account	18	15,596	1,140
Profit and loss account	18	(1,522)	(1,355)
		<hr/>	<hr/>
Shareholders' funds (comparative year £400,000 non-equity on the FRS 4 basis)		14,876	385
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 29 September 2006 and were signed on its behalf by:

B van Bilderbeek
Director

G Stevens
Director

Company Balance Sheet

at 30 June 2006

	<i>Notes</i>	2006 £'000	2005 £'000
Fixed assets			
Investments	13	7,257	868
Current assets			
Debtors	15	6,270	1,429
Cash at bank and in hand		2,783	–
		<u>9,053</u>	<u>1,429</u>
Creditors: amounts falling due within one year	16	(46)	–
		<u>9,007</u>	<u>1,429</u>
Net current assets			
		<u>16,264</u>	<u>2,297</u>
Total assets less current liabilities			
		<u>16,264</u>	<u>2,297</u>
Creditors: amounts falling due after more than one year	16	–	(524)
		<u>16,264</u>	<u>1,773</u>
Net assets			
		<u>16,264</u>	<u>1,773</u>
Capital and reserves			
Called up share capital	17	802	600
Share premium account	18	15,596	1,140
Profit and loss account	18	(134)	33
		<u>16,264</u>	<u>1,773</u>
Shareholders' funds			
		<u>16,264</u>	<u>1,773</u>

These financial statements were approved by the board of directors on 29 September 2006 and were signed on its behalf by:

B van Bilderbeek
Director

G Stevens
Director

Consolidated Cash Flow Statement

for the year ended 30 June 2006

	Notes	2006 £'000	2005 £'000
Net cash (outflow)/inflow from operating activities	19	(1,646)	104
Returns on investments and servicing of finance			
Interest paid		(80)	(146)
Interest received		124	–
		<hr/>	<hr/>
Net cash inflow/(outflow) from returns on investments and servicing of finance		44	(146)
Taxation paid		(14)	–
Capital expenditure and financial investment			
Purchase of intangible fixed assets		(1,360)	(121)
Purchase of tangible fixed assets		(1,151)	(588)
Proceeds of sale of tangible fixed assets		–	12
		<hr/>	<hr/>
Net cash outflow from capital expenditure and financial investment		(2,511)	(697)
Net cash outflow before financing		(4,127)	(739)
Financing			
Repayment of loans		(1,735)	(587)
Loan advances to participating interest		(191)	–
Proceeds of share issues		10,466	–
		<hr/>	<hr/>
Net cash inflow/(outflow) from financing		8,540	(587)
Increase/(decrease) in cash in the year	21	4,413	(1,326)
Net funds at the start of the year		(1,503)	(177)
Net funds at the end of the year		2,910	(1,503)

Reconciliation of Movements in Equity Shareholders' Funds

for the year ended 30 June 2006

	Group		Company	
	2006 £000	2005 £000	2006 £000	2005 £000
(Loss)/Profit for the financial year being retained (loss)/profit	(167)	151	(167)	–
New share capital issued	14,658	–	14,658	–
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition to equity shareholders' funds	14,491	151	14,491	–
Opening shareholders' funds:	385	234	1,773	1,773
	<hr/>	<hr/>	<hr/>	<hr/>
Closing equity shareholders' funds	14,876	385	16,264	1,773

Notes to the Financial Information

1. Accounting policies

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

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet';
- The presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption, FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

FRS 25 permits the corresponding amounts not to be restated and the Group has adopted this approach.

a. Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

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

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

b. Basis of consolidation

The financial statements have been prepared on a consolidated basis to include the financial statements of Plexus Holdings plc (the Company) which, prior to its re-registration as a plc, was called Plexus Holdings Limited, and its subsidiary Plexus Ocean Systems Limited made up to 30 June 2006. The acquisition method of accounting has been adopted. Under this method, the results of the subsidiary undertaking acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own profit and loss account.

c. Turnover

Turnover 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. 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 long term contracts is recognised in accordance with paragraph (j) below.

d. 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. Positive goodwill is amortised to nil by equal instalments over its estimated useful life.

e. Intangible fixed 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.

Notes to the Financial Information

Goodwill is recorded at the fair value of consideration given over the fair value of the separable assets acquired. Goodwill is amortised on a straight line basis over its estimated useful life. The Group's goodwill relates to the acquisition of rental assets in 2004 and the licence and profit sharing rights relating thereto. The useful life of these rights is estimated at 20 years, in line with the patents protecting the rights.

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. Development expenditure incurred on separately identifiable technology is carried forward when 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.

Expenditure on research and development, which does not meet the capitalisation criteria, is written off to the profit and loss account 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.

f. Tangible fixed assets and depreciation

Tangible fixed assets 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 tangible fixed assets less the estimated residual value by equal instalments over their estimated useful economic lives as follows:

Equipment	10% – 25% per annum
Motor vehicles	20% per annum

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 profit and loss account.

h. Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease. Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

i. Stocks

Stocks are 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.

j. Long term contracts and work in progress

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

Notes to the Financial Information

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

Amounts recoverable on contracts are included in debtors and represent turnover recognized in excess of payments on account. Where payments on account exceed turnover a payment received on account is established and included within creditors.

k. Taxation

The charge for taxation is based on the (loss)/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 FRS 19.

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.

l. Pensions

Although stakeholder pension arrangements are offered, the Group does not currently provide pension arrangements for employees.

m. Classification of financial instruments issued by the Group

Following the adoption of FRS 25, 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 interest payable and similar 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.

The Group has taken advantage of the transitional arrangements of FRS 25 not to restate corresponding amounts in accordance with the above policy. Corresponding amounts for 30 June 2005 are presented and disclosed in accordance with the requirements of FRS 4.

The effect on the balance sheet at 1 July 2005 would have been as follows:

- The preference shares would have been treated as part of shareholders' funds in 30 June 2005 year and as liabilities in 30 June 2006 year, increasing net debt and reducing share capital.

However, the preference shares were converted into ordinary shares on 18 October 2005 and are therefore no longer treated as liabilities.

n. Dividends on shares presented within shareholders' funds

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.

Notes to the Financial Information

2. Turnover

	2006 £'000	2005 £'000
UK	1,499	1,735
Europe	550	746
Rest of World	4,728	156
	<u>6,777</u>	<u>2,637</u>

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

3. Segment reporting

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

4. Notes to the profit and loss account

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

	2006 £'000	2005 £'000
Depreciation of tangible assets	375	282
Amortisation of intangible assets:		
– Goodwill	41	41
– Intellectual property rights	173	–
– Research and development	19	14
Other research and development charges	116	–
Operating lease charges:		
– land and buildings	134	72
– other	5	5
Foreign currency exchange loss	81	37
Loss/(gain) on disposal of fixed assets	35	(9)
Directors' emoluments	218	–
	<u> </u>	<u> </u>
Auditors' remuneration:		
– Group audit	21	8
– Company audit	5	–
	<u> </u>	<u> </u>

Details of Directors' remuneration are given in the remuneration report on page 16.

Notes to the Financial Information

5. Staff numbers and costs

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

	2006	2005
	Number	Number
Management	7	3
Technical	23	15
Administrative	7	4
	<hr/>	<hr/>
	37	22
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	2006	2005
	£'000	£'000
Wages and salaries	1,318	734
Social security costs	142	80
Pension contributions	–	–
	<hr/>	<hr/>
	1,460	814
	<hr/>	<hr/>

6. Interest receivable and similar income

	2006	2005
	£'000	£'000
Bank interest receivable	121	–
Other interest	5	13
	<hr/>	<hr/>
	126	13
	<hr/>	<hr/>

7. Interest payable and similar charges

	2006	2005
	£'000	£'000
On bank loans and overdraft	38	71
Payable to parent undertaking	–	33
Other interest	35	46
	<hr/>	<hr/>
	73	150
	<hr/>	<hr/>

Notes to the Financial Information

8. Tax on profit on ordinary activities

(i) The taxation charge for the year comprises:

	2006 £'000	2005 £'000
UK Corporation tax:		
Current tax on income for the year	–	3
Adjustment in respect of prior years	2	–
	<u>2</u>	<u>3</u>
Foreign tax		
Current tax on income for the year	9	–
	<u>9</u>	<u>–</u>
Total current tax	<u>11</u>	<u>3</u>
Deferred tax:		
Origination and reversal of timing differences	64	78
Adjustment in respect of prior years	38	–
	<u>102</u>	<u>78</u>
Total deferred tax	<u>102</u>	<u>78</u>
Total tax charge	<u>113</u>	<u>81</u>

(ii) Factors affecting the tax charge for the year

	2006 £'000	2005 £'000
(Loss)/profit on ordinary activities before tax	(54)	232
Current tax charge at 19% (2005: 19%)	(10)	44
<i>Effects of:</i>		
Expenses not deductible for tax purposes	51	9
Capital allowances for the year in excess of depreciation	(38)	(24)
Utilisation of tax losses	(3)	(24)
Foreign tax	9	–
Adjustments in respect of prior year	2	(2)
	<u>11</u>	<u>3</u>
Current tax charge for the year	<u>11</u>	<u>3</u>

(iii) Factors that may affect future tax charges

	2006 £'000	2005 £'000
Deferred tax assets provided for:		
Losses carried forward	–	(102)
	<u>–</u>	<u>(102)</u>
At the year end there is a potential deferred tax asset of £68,158 (2005: £68,548), calculated at 19% (2005: 30%), which is analysed as follows:		
Difference between accumulated depreciation and capital allowances	113	–
Losses carried forward	(181)	(68)
	<u>(68)</u>	<u>(68)</u>

No credit has been taken in these accounts in respect of this asset as the directors believe that insufficient evidence exists that it will be recoverable in the foreseeable future.

(iv) Movement in deferred tax balance

	2006 £'000	2005 £'000
Deferred tax asset at beginning of year	(102)	(180)
Charge to profit and loss account	102	78
	<u>–</u>	<u>78</u>
Deferred tax asset at end of year	<u>–</u>	<u>(102)</u>

Notes to the Financial Information

9. (Loss)/earnings per share	2006	2005
	£'000	£'000
(Loss)/Profit attributable to shareholders	(167)	151
	Number	Number
Weighted average number of shares in issue	59,545,669	20,000,000
Dilution effects of convertible preference shares	–	40,000,000
Dilution effects of share schemes	505,583	–
Diluted weighted average number of shares in issue	60,051,252	60,000,000
Basic (loss)/earnings per share	(0.28)p	0.76p
Diluted (loss)/earnings per share	(0.28)p	0.25p

Basic (loss)/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 (loss)/earnings per share calculations include additional shares to reflect the dilutive effect of employee share schemes and share option schemes.

10. Loss for the year

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss after tax for the year was £167,121 (2005: nil).

11. Intangible fixed assets – Group

	Goodwill	Intellectual Property	Patent and Other Development	Total
	£'000	£'000	£'000	£'000
Cost				
As at 1 July 2005	821	–	368	1,189
Additions	–	5,403	110	5,513
As at 30 June 2006	821	5,403	478	6,702
Amortisation				
As at 1 July 2005	58	–	36	94
Charge for the year	41	173	19	233
As at 30 June 2006	99	173	55	327
Net Book Value at 30 June 2006	722	5,230	423	6,375
Net Book Value at 30 June 2005	763	–	332	1,095

Goodwill, intellectual property, patents and other development costs are amortised over 20 years, being the period until expiry of the legal rights.

During the year ended 30 June 2004 the Group acquired a 50% share in the licence and profit sharing rights in relation to the rental business associated with the POS-GRIP technology. The value of the assets acquired was US \$2.3m for a consideration of US \$3.8m, resulting in the goodwill balances shown above.

The Company does not have any intangible assets.

Notes to the Financial Information

12. Tangible fixed assets – Group

	Equipment £'000	Assets under Construction £'000	Motor Vehicles £'000	Total Total £'000
Cost				
As at 1 July 2005	2,112	–	20	2,132
Additions	681	510	9	1,200
Disposals	(78)	–	(1)	(79)
As at 30 June 2006	2,715	510	28	3,253
Depreciation				
As at 1 July 2005	491	–	10	501
Charge for the year	371	–	4	375
On disposals	(43)	–	(1)	(44)
As at 30 June 2006	819	–	13	832
Net book value				
As at 30 June 2006	1,896	510	15	2,421
As at 30 June 2005	1,621	–	10	1,631

The Company does not have any fixed assets.

13. Fixed asset investments

Group	£'000
<i>Option to acquire shares in participating interest</i>	
As at 1 July 2005	–
Re-classified from current assets	159
Additions	41
As at 30 June 2006	200
Company	£'000
<i>Subsidiary undertaking</i>	
As at 1 July 2005	868
Additions	6,389
As at 30 June 2006	7,257

The Company's subsidiary undertaking is:

Subsidiary undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
Plexus Ocean Systems Limited	Scotland	Design, sale and rental of equipment for the underwater drilling and mining industry	100%

The additions in the year to the Company investment in subsidiary undertaking represent the satisfaction of debt of £1.4m existing at the prior balance sheet; debt of £4.2m arising pursuant to the restructuring of IP ownership within the Group; and debt of £0.8m advanced in the year, in return for the issue of one ordinary share of £1 in the subsidiary undertaking.

Notes to the Financial Information

14. Stocks

	Group		Company	
	2006	2005	2006	2005
	£000	£000	£000	£000
Raw materials and consumables	707	376	–	–
Work in progress	35	634	–	–
Finished goods and goods for resale	496	275	–	–
	<u>1,238</u>	<u>1,285</u>	<u>–</u>	<u>–</u>

15. Debtors

	Group		Company	
	2006	2005	2006	2005
	£000	£000	£000	£000
Trade debtors	303	952	–	–
Amounts recoverable on long term contracts	558	–	–	–
Amounts due from group companies	–	–	6,247	1,347
Amounts owed by related undertakings	1,039	139	–	–
Amounts owed by ultimate parent undertaking	–	406	–	–
Prepayments and accrued income	196	198	23	82
Other debtors	169	156	–	–
Amounts due from participating interest	225	–	–	–
Loan to participating interest	150	159	–	–
Deferred tax asset (see note 8)	–	102	–	–
	<u>2,640</u>	<u>2,112</u>	<u>6,270</u>	<u>1,429</u>

16. Creditors: amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£000	£000	£000	£000
Bank overdraft	–	1,504	–	–
Trade creditors	412	767	36	–
Amounts due to related undertakings	42	742	–	–
Amounts due to ultimate parent undertaking	11	–	–	–
Corporation tax	–	3	–	–
Other taxes and social security	63	28	–	–
Accruals and deferred income	380	1,161	10	–
Directors loan	–	8	–	–
	<u>908</u>	<u>4,213</u>	<u>46</u>	<u>–</u>
Creditors: amounts falling due after one year				
Amounts due to ultimate parent undertaking	–	1,526	–	524
	<u>–</u>	<u>1,526</u>	<u>–</u>	<u>524</u>

Notes to the Financial Information

17. Share Capital

	2006 £'000	2005 £'000
Authorised:		
Equity: 110,000,000 Ordinary shares of 1p each	1,100	–
Equity: 100,000 'A' Ordinary shares of £1 each	–	100
Equity: 100,000 'B' Ordinary shares of £1 each	–	100
Non-equity: 400,000 7.5% cumulative convertible redeemable preference shares of £1 each	–	400
	1,100	600
Allotted, called up and fully paid:		
Equity: 80,182,569 Ordinary shares of 1p each	802	–
Equity: 100,000 'A' Ordinary shares of £1 each	–	100
Equity: 100,000 'B' Ordinary shares of £1 each	–	100
Non-equity: 400,000 7.5% cumulative convertible redeemable preference shares of £1 each	–	400
	802	600

The cumulative rights to dividends on the cumulative convertible redeemable preference shares were waived on 3 November 2005. Accordingly, no financial liability has been recognised in these financial statements.

The change in the share capital of the Company is explained below.

On 18 October 2005, the 100,000 'A' Ordinary £1 shares, the 100,000 'B' Ordinary £1 shares, and the preference share capital of 400,000 £1 shares were converted to ordinary shares of £1 each; on the same date the authorised share capital was increased from £600,000 to £615,385 to accommodate the issue of 15,385 ordinary £1 shares at £48.75 each.

On 25 November 2005 each ordinary share of £1 was sub-divided into 100 ordinary shares of 1p each and the authorised share capital was increased to 110,000,000 ordinary 1p shares.

On 8 December 2005 one ordinary share at a premium of £4,191,976.99 was issued to Plexus International Limited (now called Mutual Holdings Limited) to satisfy loans arising in connection with the consideration payable by the Company pursuant to agreements relating to the restructuring of IP ownership.

On 9 December 2005 an Initial Public Offering on the London AIM resulted in 18,644,068 new ordinary shares being placed at an issue price of 59p per share, raising gross proceeds of £11.0m. Net proceeds after expenses were £9.7m from which £2.7m was allocated to satisfy debt.

Initial Use of Funds from IPO:

	£'000
Gross proceeds of IPO	11,000
Less: Expenses of share issue	(1,269)
	9,731
Repayment of bank overdraft	(1,408)
Repayment of loans from participating companies	(1,320)
	7,003
Net proceeds of issue after settlement of debt	

Notes to the Financial Information

17. Share Capital (continued)

The following options to subscribe for shares in the company exist:

Date of Grant	Exercise Price (£)	Period of Exercise From	Period of Exercise To	Total number of shares	Directors' number of shares
9-Dec-05	0.59	see Table	9-Dec-15	1,652,542	1,364,406

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 2005 to 30 June 2006

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

14 days after Company AGM following end of Second Assessment Period – 1 July 2006 to 30 June 2007

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

14 days after Company AGM following end of Third Assessment Period – 1 July 2007 to 30 June 2008

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

4 days after Company AGM following end of Complete Assessment Period – 1 July 2005 to 30 June 2008

Up to all Shares under Option LESS Annual Shares already capable of exercise.

18. Share premium and reserves

Group

	Share premium £'000	Profit and loss account £'000
As at 1 July 2005	1,140	(1,355)
Shares issued under IPO on London AIM (net of issue costs)	9,544	–
Shares issued to Saffrey Champness Trustees Ltd (net of issue costs)	720	–
Shares issued to acquire Intellectual Property Rights	4,192	–
Loss for the year retained for equity shareholders	–	(167)
As at 30 June 2006	15,596	(1,522)

Company

	Share premium £'000	Profit and loss account £'000
As at 1 July 2005	1,140	33
Shares issued under IPO on London AIM (net of issue costs)	9,544	–
Shares issued to Saffrey Champness Trustees Ltd (net of issue costs)	720	–
Shares issued to acquire Intellectual Property Rights	4,192	–
Loss for the year retained for equity shareholders	–	(167)
As at 30 June 2006	15,596	(134)

Notes to the Financial Information

19. Reconciliation of operating (loss)/profit to operating cash flows

	2006 £'000	2005 £'000
Operating (loss)/profit	(332)	369
Depreciation and amortisation	608	337
Loss/(gain) on disposal of fixed assets	35	(9)
Decrease/(increase) in stocks	47	(949)
Increase in debtors	(988)	(1,250)
(Decrease)/increase in creditors	(1,016)	1,606
Net cash (outflow)/inflow from operating activities	(1,646)	104

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

	2006 £'000	2005 £'000
Increase/(decrease) in cash in the year	4,413	(1,326)
Cash outflow from decrease in net debt	1,735	587
Change in net debt resulting from cash flows	6,148	(739)
Loan set against debtor balance	515	–
Movement in net debt in year	6,663	(739)
Net debt at start of year	(3,753)	(3,014)
Net cash/(debt) at end of year	2,910	(3,753)

21. Analysis of net debt

	At beginning of year £000	Cash flow £000	Non cash movements £000	At end of year £000
Cash in hand and at bank	1	2,909	–	2,910
Overdrafts	(1,504)	1,504	–	–
	(1,503)	4,413	–	2,910
Debt due after one year	(1,526)	1,011	515	–
Debt due within one year	(724)	724	–	–
Total	(3,753)	6,148	515	2,910

Notes to the Financial Information

22. Financial instruments and risk management

Treasury management

The Group's financial instruments comprise cash, along with various items, such as trade debtors and creditors. The Group's policy does not permit entering into speculative trading of financial instruments and this policy has been applied throughout the year.

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing these risks and the policies adopted have been applied throughout the year and since the year end.

Liquidity risk

The Group has historically financed its operations through new equity and retained profits. 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.

Foreign currency risk

The Group's net assets are at present all denominated in Sterling and therefore the current exposures to foreign currency risks are in relation to transaction exchange risk and translation risk. The Board regularly reviews this balance sheet exposure. The volume of foreign currency transactions is not significant to the Group at present.

Credit risk

Amounts deposited with banks and other financial institutions 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.

Financial assets and liabilities

As permitted by FRS 13, 'Derivatives and Other Financial Instruments', short term debtors and creditors are excluded from these disclosures.

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

		Floating rates £'000	Non-interest bearing £'000	Book and fair value £'000
30 June 2006				
Cash and liquid resources	– Sterling	2,854	1	2,855
	– US Dollar	7	–	7
	– Euro	48	–	48
Loan to participating interest		–	200	200
		<u>2,909</u>	<u>201</u>	<u>3,110</u>
30 June 2005				
Cash and liquid resources	– Sterling	–	1	1
	– US Dollar	1	–	1
	– Euro	1	–	1
		<u>2</u>	<u>1</u>	<u>3</u>

Notes to the Financial Information

22. Financial instruments and risk management (continued)

At 30 June 2006 the Group had £2,909,995 of cash. The average rate of interest earned in the year is on a floating rate basis and ranged between 2.5% and 4.0% on sterling deposits.

The Group has a facility of £750,000 which at the year end was unutilised but is secured by a fixed and floating charge over the assets of the Group.

The Group had no financial liabilities as at 30 June 2006. The interest rate and currency profiles of the Group's financial liabilities at 30 June 2005 were as follows:

	Floating rates £'000	Non-interest bearing £'000	Book and fair value £'000
30 June 2005			
Bank overdraft – Sterling	(1,503)	–	(1,503)
Loans:			
Plexus International Limited – US Dollar	(524)	(1,002)	(1,526)
Total	(2,027)	(1,002)	(3,029)

23. Financial commitments

The Group and Company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and Buildings		Other	
	2006 £'000	2005 £'000	2006 £'000	2005 £'000
Within one year	–	24	–	–
Within two to five years	–	–	7	4
After five years	172	–	–	–
	172	24	7	4

The Group and Company had no capital commitments as at 30 June 2006 (30 June 2005: £nil).

24. Contingent liabilities

The Group and Company had no contingent liabilities as at 30 June 2006 (30 June 2005: £nil).

Notes to the Financial Information

25. Related party transactions

Control

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

Transactions

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

- (a) **Mutual Holdings Limited (MHL)**, the ultimate parent undertaking, sold intangible assets to the Group in the year as follows:
- (i) On 25 November 2005, the Group and MHL entered into an agreement, pursuant to which the Group purchased MHL's right to 30% of the turnover generated by rental applications of POS-GRIP technology, for the total consideration of £1,839,585. Of the total consideration, £1,250,000 was paid in cash and the remaining balance of £589,585 was satisfied, along with other sums, by the issue of one share in the Company (see below).
 - (ii) On 25 November 2005, the Group and MHL entered into agreements which were conditional and effective upon admission to the Stock Exchange: Deeds of Termination of Licence Grants by the Group to MHL for conventional applications of POS-GRIP technology and downstream applications of POS-GRIP technology, which were valued at £2,138,159 and £27,941 respectively; assignment by MHL to the Group of MHL's rights to 50% of the profits made by Plexus Deepwater Technologies Limited (PDT) generated by unconventional (commonly referred to as "Deepwater") applications by PDT, valued at £1,397,038. The full value of these Intellectual Property assets was satisfied, along with other sums, by the issue of one share in the Company (see below).

On 8 December 2005 one ordinary 1p share at a premium of £4,191,976.99 was issued to Mutual Holdings Limited to satisfy loans arising in connection with the consideration payable by the Company pursuant to agreements relating to the restructuring of IP ownership, as detailed above. The value of each component part of the consideration was as follows:

Balance of loan re rental applications rights	£589,585
Conventional applications rights	£2,138,159
Downstream applications rights	£27,941
Deepwater applications rights	£1,397,038
Waiver of 2004 rental profit share	£39,254
Total	<u>£4,191,977</u>

The Group made loan repayments to MHL in the year of £1,526,241. The payments comprised £1,010,328 in cash and £515,913 by the offset of debt owed to the Group. The loans are now fully repaid to MHL.

The Group purchased an 18⁵/₈" test fixture from MHL at its book value of £36,667 on 31 October 2005. There are no other fixed assets owned by MHL that could be acquired by the Group or any other party.

The Group received £7,071 from MHL for the recharge of travel expenses of the director Ben van Bilderbeek. These travel costs relate to the period prior to admission to the Stock Exchange, and similar costs are now included in the charge to profit of the Group.

Notes to the Financial Information

25. Related party transactions (continued)

In December 2005, MHL paid a discretionary bonus to certain individuals upon successful flotation of the Company in December 2005. These bonus payments were paid by the Group through the Group's payroll, ensuring that PAYE and National Insurance were accounted for, and the gross costs of £52,226 were recharged to MHL.

The balance due by the Group to MHL at 30 June 2006 was £10,716 (2005: £1,120,766).

- (b) **OFM Holdings Limited** (OFM), a participating company in MHL, owed the Group £71,456 at 30 June 2005 as a result of an incorrect exchange calculation by the Group on the repayment of a loan owed to OFM in 2004. The debtor of £71,456 was repaid to the Group in December 2005 via MHL. The balance of debt owed to the Group by OFM at 30 June 2006 was nil (2005: £71,456).
- (c) **Plexus Products International Limited** (PPIL), a company of which Ben van Bilderbeek is a director, owed the Group £38,982 at 30 June 2005 for intangible assets purchased from the Group. The debtor of £38,982 was repaid to the Group in December 2005 via MHL. The balance of debt owed to the Group by PPIL at 30 June 2006 was nil (2005: £38,982).
- (d) **Plexus Property International Limited** (Property), a company ultimately controlled by Ben van Bilderbeek and his family, recharge expenses in connection with the rent of office space at the Group's London base at an all inclusive annual rent of £28,314. Expenses charged in the year amounted to £16,516.

During the year, the Group charged Property for administration costs incurred on its behalf amounting to £14,764.

The balance owed to the Group by Property at 30 June 2006 was £832 (2005: £18,000 owed by the Group).

- (e) **@ SIPP (Pension Trustees) Limited** (@SIPP), a personal pension scheme of which Ben van Bilderbeek is a member, leases the Group its principal Aberdeen facilities at an annual rent charge of £171,850. The Group moved into these premises in late October 2005. Rent charges in the year amounted to £112,049.

The premises in Aberdeen have undergone a schedule of works to improve the facilities available. These works are funded by @SIPP. Certain subcontractors were paid directly by the Group and the costs were recharged to @SIPP. The amount of such costs was £18,056.

The balance owed to the Group by @SIPP at 30 June 2006 was £21,169 (2005: nil).

- (f) **Thrall Enterprises Inc** (TEI) is a participating company in MHL. TEI had made loan advances to the Group in prior years, amounting to £724,070 which were repaid in full in the current year. Interest of £28,222 was payable for the year.

At 30 June 2006 there is a debtor balance of £14,949 representing refundable income tax on prior year interest payments, which TEI are in the process of reclaiming, to be refunded on receipt by TEI to the Group. (The balance owed by the Group at 30 June 2005 was £724,070).

- (g) **Plexus Deepwater Technologies Limited** (PDT) is owned by Grant Prideco Inc and has a profit share agreement with MHL. PDT has a contract with BP Exploration (Shah Deniz) Limited and a corresponding back to back subcontract with the Group, for the supply of production wellhead systems. In the current year, the Group invoiced sales to PDT of £1,631,019 under the subcontract.

Notes to the Financial Information

25. Related party transactions (continued)

Various personnel and operating expenses amounting to £114,849 were recharged to PDT in the year; in turn PDT recharged the Group for personnel costs relating to Anastasio van Bilderbeek, the son of director Ben van Bilderbeek, amounting to £38,074.

The balance owed to the Group by PDT at 30 June 2006 was £1,002,403 (2005: £29,030).

- (h) **Graham Stevens** (GPS), the director, received a fee of £110,000 being 1% of the gross funds raised by the IPO on AIM. This fee was payable for Mr Stevens' assistance to the Company in preparing it for admission to AIM, prior to being appointed as a director. In addition, the Company paid consultancy fees of £28,333 in the year to Mr Stevens, prior to him becoming a salaried director.
- (i) **Ben van Bilderbeek** (BvB), the director, charges a fee of US\$300 for each day that his house in Houston, Texas is used by the Group or any of its employees for business purposes. Amounts paid in the year were £17,198.

In addition to the above, business expenses amounting to £24,651 were payable to BvB in the year.

The balance owed by the Group at 30 June 2006 was £41,849 (2005: £8,014).

- (j) **Constantijn Hugo van Bilderbeek** (CvB), the son of director Ben van Bilderbeek, joined the Group in June 2006 as a Trainee Sales Representative. Salary payments and employers national insurance costs in the year amounted to £1,695. No benefits are payable. There was no outstanding amount at 30 June 2006 (2005: nil).

26. Ultimate Holding Company

The ultimate holding company is Mutual Holdings Limited (formerly Plexus International 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.

Corporate Information

Directors	Robert Fredrik Martin Adair † (Non-Executive Chairman) Bernard Herman van Bilderbeek (Chief Executive) Graham Paul Stevens (Finance Director) Craig Francis Bryce Hendrie (Technical Director) Jerome Jeffery Thrall † (Non-Executive Director) Augusto Licinio Carmona Da Mota (Non-Executive Director) †Member of Audit and Remuneration committees
Registered Office	Plexus House 1 Cromwell Place London SW7 2JE
Company number	3322928
Company Secretary	Martha Bruce FCIS David Venus & Company LLP 42-46 High Street Esher Surrey KT10 9QY
Nominated Adviser and Broker	Bell Lawrie (A division of Brewin Dolphin Securities Ltd) 48 St Vincent Street Glasgow G2 5TS
Auditors	KPMG Audit Plc 37 Albyn Place Aberdeen AB10 1JB
Solicitors to the Company	Jones Day 21 Tudor Street London EC4Y 0DJ
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0LA

Notice of Annual General Meeting

Plexus Holdings plc

("the Company")

(Company number 3322928)

Notice is given that the annual general meeting of the members of the Company will be held at Plexus House, 1 Cromwell Place, London SW7 2JE on Tuesday 14 November 2006 at 11:00 am, to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 5 (inclusive) will be proposed as ordinary resolutions and resolutions 6 and 7 will be proposed as special resolutions:

Report and Accounts

1. To receive the Audited Accounts and Reports of the Directors and Auditors for the year ended 30 June 2006.

Re-election of Directors Retiring by Rotation

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

Re-appointment of Auditors

4. To re-appoint KPMG Audit Plc as auditors until the conclusion of the next annual general meeting.

Auditors' Remuneration

5. To authorise the directors to determine the remuneration of the Auditors.

Purchase of Own Shares

6. That the Company be generally and unconditionally authorised to make one or more market purchases, within the meaning of Section 163(3) of the Companies Act 1985 ("the Act"), of ordinary shares of 1 pence 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 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 £0.01 per share;
 - (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be an amount equal to 105% of the average market value of the Shares (as derived from the mid-market price) for the five business days immediately preceding the date on which the Share is purchased;
 - (d) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per share as determined by the Directors;
 - (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 31 December 2007; and
 - (f) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Shares pursuant to any such contract notwithstanding such expiry.

Notice of Annual General Meeting

Authority to Dis-apply Pre-emption Rights

7. That, subject to Section 80(1) of the Act, the Directors be and are hereby empowered, pursuant to Section 95 of the Act, to allot equity securities (as defined in Section 94 of the Act) as if Section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:
- (a) during the period expiring on the date of the next Annual General Meeting of the Company or, if earlier, on 31 December 2007, 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;
 - (c) and shall include the power to sell treasury shares under Section 162(D) of the Act.

Dated this 29 day of September 2006.

By Order of the Board

Martha Bruce
Company Secretary

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

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

Notes:

1. The form of proxy and the power of attorney or other authority 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, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, to arrive not less than 48 hours before the date set for the meeting or adjourned meeting.
2. In accordance with regulation 41 of the Uncertificated Securities Regulations 2001, only those persons entered in the register of members of the Company as the holders of ordinary shares at 6.00pm on 12 November 2006, 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.
3. **Resolutions 2 and 3** – Article 72.(B) of the Company's articles of association require that one third of the directors of the Company who have held office since the last annual general meeting, must retire and, if they are eligible, may offer themselves for re-election.
4. **Resolution 4** – 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 KPMG Audit plc.
5. **Resolution 6** – This resolution is to authorise the Company to make market purchases of up to 5% of its own Shares in issue as set out in the resolution. The authority will expire at the next Annual General Meeting or on 31 December 2007, 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 Alternative Investment Market within guidelines established from time to time by the Board.

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

Notice of Annual General Meeting

The Directors intend that any Shares purchased under this authority will be held by the Company as treasury shares, within the limits allowed by law, unless the Directors consider that purchasing the Shares and cancelling them would be to the advantage of the Company and its shareholders. The Directors may dispose of treasury shares in accordance with relevant legislation and the authority relating to rights of pre-emption granted by shareholders in general meeting (see Resolution 8 and the note thereto).

6. **Resolution 7** – When shares are to be allotted for cash, section 89(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 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 at the date of this Notice. This authority shall expire at the next Annual General Meeting or on 31 December 2007, 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.

7. 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;
 - (c) the register of Directors' interests in the share capital of the Company; and
 - (d) a copy of the Company's Memorandum & Articles of Association.

Form of Proxy

Plexus Holdings plc ("the Company")

For use at the Annual General Meeting of the Company to be held at Plexus House, 1 Cromwell Place, London SW7 2JE on Tuesday, 14 November 2006 at 11:00 am

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 14 November 2006 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 your vote to be cast. If no indication is given your proxy will vote for or against the resolutions or abstain from voting as he/she thinks fit.

	Resolutions	For	Against	Abstain
1.	To receive the accounts for the year ended 30 June 2006.			
2.	To re-elect Ben van Bilderbeek as a director of the Company			
3.	To re-elect Craig Hendrie as a director of the Company.			
4.	To re-appoint KPMG Audit Plc as auditors of the Company.			
5.	To authorise the Board to determine the auditors' remuneration.			
6.	To authorise the Company to make market purchases as set out in the Notice of the Meeting.			
7.	To dis-apply pre-emption rights as set out in the Notice of the Meeting.			

Signed Dated 2006

Notes

1. 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.
2. 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.
3. The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
4. 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 Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than forty-eight hours before the time appointed for holding the General Meeting or adjournment as the case may be.
5. The completion of this form will not preclude a member from attending the Meeting and voting in person.
6. Any alteration of this form must be initialled.



BUSINESS REPLY SERVICE
Licence No. MB122

1



Capita Registrars
The Registry
34 Beckenham Road
BECKENHAM
Kent BR3 4BR

SECOND FOLD

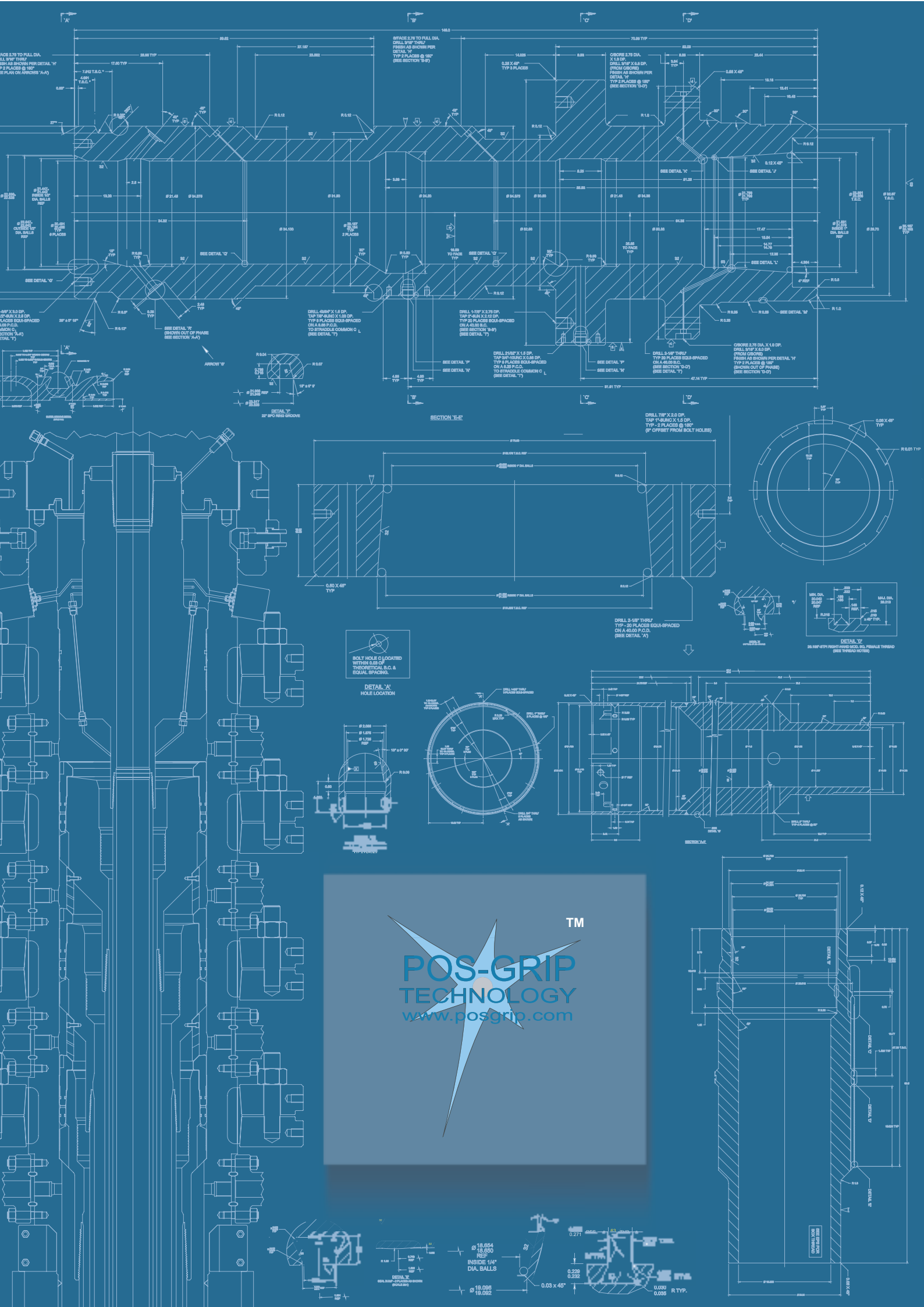
FIRST FOLD

THIRD FOLD AND TUCK IN



A POS-GRIP HP/HT wellhead during assembly testing in Aberdeen before shipping to Baku, Azerbaijan for the BP Shah Deniz project.





TM

