27 March 2013

Plexus Holdings plc ('Plexus' or 'the Group')

Interim Results for the six months ended 31st December 2012

Plexus Holdings plc, the AIM quoted oil and gas engineering services business and owner of the proprietary POS-GRIP® friction-grip method of wellhead engineering announces its interim results for the six months to 31 December 2012.

Highlights

Financial

- 21% increase in sales revenue to £11.3m (2011: £9.3m)
- 12% increase in EBITDA to £3.4m (2011: £3.0m)
- 18% increase in profit before tax to £1.7m (2011: £1.5m)
- 133% increase in capital investment of £3.9m (2011: £1.7m) – of which £3.1m (2011: £0.9m) was wellhead rental inventory
- 35% increase in Research and Development ('R&D') to £0.64m (2011: £0.47m)

Operating

- Strong forward order book for POS-GRIP rental wellhead equipment due to a number of new contracts from both existing and first time international oil and gas operators, particularly for high pressure high temperature ('HP/HT') applications
- Evidence of increased activity and investment levels in the North Sea, particularly in the Norwegian sector where new HP/HT customer wins with Lotos Exploration & Production Norge AS ('Lotos'), and Lundin Norway AS ('Lundin'), and additional purchase orders from Talisman Energy Inc. ('Talisman') for both HP/HT and standard pressure wells under an existing contract have been secured
- Four year multi-well follow-on contract with Brunei Shell Petroleum Sdn Bhd ('Shell Brunei') for the supply of HP/HT and standard pressure wellhead equipment in Brunei with an initial value of circa £2m
- Post period end:-
    - Contract being finalised with new customer Glencore Exploration Cameroon Ltd ('Glencore') for the supply of HP/HT equipment
    - Two year contract extension awarded by Maersk Oil North Sea UK Limited ('Maersk') for the supply of HP/HT equipment, initially for one well with a value of circa £1.5m
- Joint Industry Project ('JIP') to develop and commercialise a new and safer POS-GRIP subsea wellhead ('HGSS'™) continues to gain momentum and secures further industry recognition with Total E&P Recherche Developpement SAS ('Total') in December joining existing consulting partners ENI S.p.A, Maersk, Shell International Exploration and Production B.V. ('Shell'), Tullow Oil plc, Wintershall, and Oil States Industries Inc.
- Growing number of initiatives within the industry in relation to the need for new and superior technology, in many instances encouraged by various regulatory pressures and the importance of 'BAST' (use of the best and safest available technology), where exploration and production activities are moving to more complex and hostile environments, and in particular for 20,000 psi and subsea applications

Corporate

- New subsidiaries incorporated in Singapore and Brunei in anticipation of additional opportunities in the region following the supply of rental equipment for Petronas, and winning of the four year Shell Brunei follow-on contract
- Selected to participate in the March 2013 UK Trade & Investment ('UKTI') high level business mission to promote deep water and subsea technologies to the Brazilian Oil and Gas sector and in particular Petrobras

- Winner of the ‘Best Oil and Gas plc’ award at the annual Stock Market Wire Awards 2013
- Bank facilities renewed in September 2012 comprising a £5m credit facility on a three year revolving basis with an additional £1m overdraft on a yearly term
- Significant increase in capital investment, R&D, and intellectual property (‘IP’)
- 13% increase in basic earnings per share to 1.65p (2011: 1.46p)
- 12.8% increase in interim dividend to 0.44p per share approved for payment on 26 April 2013 to all shareholders appearing on the register of members on the record date 12 April 2013

Plexus' Chief Executive Ben van Bilderbeek said,

“I am delighted to report another set of excellent results for the first six months of our financial year with strong year on year performances seen in terms of revenues, margins, and profitability.

“We have continued to make substantial progress in organic sales growth, as well as in relation to a number of strategic initiatives targeting future opportunities. Such initiatives include extending our global reach with a particular focus on Asia; as well as progressing our two JIPs – the unique HP/HT Tie-Back wellhead system with Maersk and the important HGSS subsea wellhead development project in partnership with international oil and gas companies. In addition, we continue to engage with a number of regulatory bodies, including the Bureau of Safety and Environmental Enforcement (‘BSEE’) in Washington, USA, regarding the scope and need for improved wellhead standards, where there is clear evidence that higher performance and testing standards are needed and indeed demanded, and where we believe POS-GRIP friction-grip technology is uniquely able to address such trends.

“These exciting developments take place at a time when there are signs of significant industry increases in planned investment and capital expenditure programmes. This can be clearly seen in areas such as the North Sea where recent reports confirmed that capital spending will this year reach its highest level in thirty years, the Arctic where, we believe, POS-GRIP technology can offer specific advantages in terms of being able to connect and disconnect our wellheads without the use of threaded connectors; and Brazil where this month we were invited to join a high level UKTI business mission to promote deep water and subsea technologies to Brazil’s fast growing oil and gas sector, a region where Petrobras plans US$236.5 billion investment for the 2012-2016 period.

“It has become clear to us that many commercial development opportunities, in addition to the significant scope for growth in our organic exploration rental wellhead business, are all taking place at a time when the need for the highest levels of safety and operational performance is paramount. Such requirements are where our superior wellhead and metal-to-metal sealing technologies become increasingly compelling, particularly for HP/HT applications, and specifically 20,000 psi and beyond, where we believe conventional technology is being seen as increasingly inadequate. These developments can perhaps be best understood against the backdrop of regulatory pressure to pursue the use of the BAST equipment which, we believe, POS-GRIP wellheads are in relation to the conventional alternatives. For these reasons I am confident that over time our POS-GRIP wellhead equipment designs will gravitate towards becoming not just the equipment of necessity but also the natural equipment of choice. As a result I continue to remain confident in the future growth of Plexus.

“On a separate note, although awards come and go and clearly take second place to our desire to continue to grow our company and deliver increasing shareholder value, I was pleased to receive in January the “Entrepreneur of the Year 2013” award at the annual Grant Thornton Quoted Company Awards. I was even more pleased on behalf of our management team and fellow employees, whose flair, professionalism, and dedication ensure such a bright future for Plexus, to also receive in February the award for “Best Oil and Gas Plc” at the annual Stock Market Wire Awards 2013. This award recognises a publicly listed oil and gas company which balances risk and reward to generate earnings or dividend growth that in turn yield the optimal shareholder return, and I can assure our stakeholders that such efforts and successes will continue to be our priority as we pursue our goal of becoming a new global wellhead standard, whether for surface or subsea applications.

“Finally, due to the positive trading over the last six month period and strong outlook, I am delighted to announce that the directors of the Group have approved the payment of an increased interim dividend of 0.44p per share which will be paid on 26 April 2013.”

Chairman's Statement

Business Progress

I am pleased to report that the Group continued to make excellent progress in the first half of the year as the strong performance and increased activity levels reported at the last year end continued at both the organic rental wellhead business activity level where our forward order book continues to grow, and in relation to a number of strategic initiatives. This performance resulted in a 21% increase in turnover to £11.3m, a 12% increase in EBITDA to £3.4m (before IFRS 2 share based payment charges), and an 18% increase in profit before tax to £1.7m. Our continued success and the growing recognition of the benefits of POS-GRIP technology all support the decision to increase the interim dividend by 12.8% to 0.44p per share.

Important contract wins continued during and post the period end, particularly for the rental of exploration HP/HT wellhead equipment for both existing and new customers. We were especially pleased to be awarded by Shell Brunei a follow-on four year multi-well contract with an initial value of £2m. Such progress we believe demonstrates that the industry is increasingly recognising that POS-GRIP wellhead equipment is a new standard that is best in class for quality, reliability, and safety. The addition of Total as a consulting partner to our new HGSS subsea wellhead design JIP to work with us alongside ENI, Maersk, Shell, Tullow, and Wintershall Noordzee B.V. and others is further tangible evidence of this. The JIP itself is progressing well and is being designed to be safer and have fewer parts in the well bore than any other competing system whilst also sealing and locking down hangers as soon as cementing of the well is complete. I am also pleased to report that physical testing of various elements of the system will begin in the near future.

Operating Review

As the results for the first six months confirm, Plexus has continued to achieve excellent on-going sales and profit growth. This success has been achieved as a result of strong customer demand for our POS-GRIP wellhead equipment from both existing and new customers operating across the world from the UK, which accounted for 41% of sales in the period, to Europe, Africa, Asia, the Americas, and Australia. The advantages of our patented proprietary friction-grip method of engineering, which delivers a unique range of advantages and solutions in terms of safety, time savings, and operational performance, underpin our sales message. This is particularly relevant for the important HP/HT gas applications market as exploration activities extend to more unconventional and deeper reservoirs sometimes known as high technology oil and gas fields.

This continuing progress takes place at a time when safety organisations and government regulators are increasingly focusing on improving drilling practices and technologies, particularly for deepwater drilling in response to the Gulf of Mexico Macondo incident in 2010. Such developments create an environment where the message of the benefits of new and disruptive technologies is increasingly being heard by audiences willing to listen, and indeed where proposed solutions are actively encouraged and welcomed. We believe such trends will inevitably help accelerate Plexus equipment becoming the wellhead of choice as opposed to simply as in some cases a wellhead of necessity. Much evidence exists to support this analysis, and only last month Günther Oettinger, the European Commissioner for Energy announced his proposed EU directive plan for Oil and Gas European Health, Safety and Environmental regulation in the wake of the Macondo incident. As OilVoice reported, developments in technology have been opening up opportunities and these advances, combined with the high price of oil, were making reserves that were in deeper water with HP/HT wells more viable. Of course such new opportunities also mean new risks in areas such as West of Shetland, off Norway toward the Arctic and in Romanian waters of the Black Sea. We believe that this bodes well for our technology and future sales opportunities as a result of the operational benefits that we can offer.

An important element of such developments, and one which directly impacts on our operations in terms of current organic and future strategic initiatives, is that increasingly, the concept of operators having to use BAST equipment and methodology is becoming ever more prevalent. Indeed such messages are not just emanating from the USA where they have been well reported, but also in the EU where one of the main elements of the recently proposed EU directive stated that offshore inspectors from member states will have to work together to ensure effective sharing of best practices and contribute to developing and improving safety standards. Indeed it goes on to say that the EU Commission will work with its international partners to promote the implementation of the highest safety standards across the world. This requirement will go even further so that operators working in the EU will be expected to demonstrate they apply the same policies overseas as they apply in their EU operations. Efforts such as these that raise the safety ‘bar’ even higher can be only be positive for the future of Plexus, as we strongly believe our equipment can be promoted as BAST.

Such positive developments have helped to ensure a full order book, and we continue to see strong support from existing customers around the world as we are awarded repeat business opportunities such as the four year multi-well follow-on contract with Shell Brunei, additional purchase orders from Talisman, and a further well from Maersk, together with additional new customer wins such as Glencore. Of course such growth needs to be supported by continued investment in rental inventory, R&D, IP, and personnel. As anticipated we have therefore seen significant increases in capex (which in total increased by 133% over the same period last year, of which rental inventory accounted for the largest share and increased by 237%), R&D, patent application activity, and staff numbers during the period all of which are necessary to support and service future customer demands our rental inventory has been expanded by four HP/HT wellhead sets, and brings the total number of sets in our rental fleet to fifty four. With regard to IP the 'Patent Box' tax regime starts from the 1st April 2013, and as the majority of our revenue and profits derive directly from our patents and IP we expect, subject to confirmation of the interpretation of the new rules and subsequent tax computations, shareholders to benefit from a significant element of profits potentially attracting a reduced corporation tax rate of 10%.

At the strategic and new product development level we have two on-going JIPs, the longest running one being our new HP/HT Tie-Back Connector. This unique product is being designed to enable HP/HT exploration and pre-drilled production wells to be converted to either subsea or platform producing wells. Such a product is not currently offered to the market, due in part to conventional technology using threaded connections which cannot be reliably engaged and disengaged in the uncontrolled remote environment in which subsea tie-back operations take place. The first phase of performance verification testing of the HP/HT Tie-Back Connector has now been successfully completed, and the final stage of testing to premium casing coupling standards will progress during Q2 and Q3 2013. The commercial benefits of this product to operators are significant, and the anticipated first time user of the system estimates a saving per well in the region of £80m for the scope that they are considering.

The second JIP is our HGSS subsea wellhead design and development project which was launched to address key technical issues and requirements highlighted by regulators following the Gulf of Mexico incident in April 2010. Since the JIP was launched consulting partners to the project now include ENI, Maersk, Shell, Total, Tullow, Wintershall, and Oil States, who all contribute to the design and engineering process, attend regular JIP meetings, and interact with our on-line project forum. The new POS-GRIP HGSS subsea wellhead will be engineered to be safer and have fewer parts in the well bore than any competing system, whilst importantly also sealing and locking down casing hangers as soon as cementing is complete, whilst delivering significant time savings, partly as a result of there being no need for lock-down rings and lock-down sleeves. The JIP is progressing well. The technical specification has been agreed with the JIP partners, and the engineering design of the hardware and subsea hydraulics has been completed and entering final analysis. The design of the qualification test fixtures is in the process of being finalised and raw material has been ordered to manufacture several test units to allow simultaneous testing of various elements of the system. System testing will continue throughout 2013, and formal performance verification testing is anticipated to be completed by early 2014.

Strategic initiatives such as these, combined with the oil and gas industry and regulators becoming ever more vocal about the need for new safer and better technology for HP/HT drilling activities, supports our mantra of designing wellheads so that they become the strong link in the well system. In essence this means matching wellhead standards to those required for casing and tubing couplings which are currently subject to far more stringent standards, as well as moving towards specific qualification tests that treat seals as part of an overall pressure containment system as opposed to a component based approach. Such developments, together with our belief that wellhead designs where possible should rely on rigid metal sealing for integrity beyond field life are all positive for our POS-GRIP technology as we believe that we are currently the only technology that can meet such demands subsea, and without lifting the blow out preventer at the surface.

Operational and strategic activities such as these of course all need to be funded. We continue to achieve a prudent and healthy balance between on-going investment in tangible and intangible assets from both free cash flow and bank facilities where we ensure that considerable headroom exists so that we can address any unforeseen cash flow constraints. Bank facilities were renewed during the period and comprise a £5m credit facility on a three year revolving basis with an additional £1m overdraft on a yearly term.

Interim Results

Revenue for the six month period ended 31 December 2012 was £11.3m, a 21% increase on the previous year's figure of £9.3m. Exploration drilling contracts for POS-GRIP rental wellhead and associated services and equipment activities accounted for over 95% of sales revenues. Within this, the largest sales component remains the supply of our HP/HT wellhead equipment which increased by 23% to £9.5m compared to £7.7m last year, and accounted for approximately 84% of total revenues compared to 82% last year. Revenue generated by the rental of 10,000 psi standard pressure wells increased by 61% to £1.5m from £0.9m last year as activity in the North Sea gained momentum.

First half gross margins remained strong and increased to 70.7% from 70.1% in the comparative period last year. The increase in margin is largely driven by the growth in activity levels associated with HP/HT rental activities which generate higher margins than low pressure equipment contracts.

There was an anticipated increase in administration and overhead expenses during the six month period to £6.2m compared to £5.0m last year as we continued to invest in personnel and infrastructure to support sales growth from an expanding number of customers across a range of territories, as well as our new HGSS subsea wellhead development project. Personnel numbers increased by 35.1% to 127, an increase of 33 compared to the previous year as part of our on-going plan to increase our organic and strategic activities. The proportion of these expenses as a percentage of sales revenues increased marginally to 54.9% as opposed to 53.9% in the previous year.

Profit before tax increased 18% to £1.73m compared to the equivalent period last year (2011: £1.46m). This strong performance was achieved after absorbing rental asset and other property, plant and equipment depreciation and amortisation costs totalling £1.40m in the period up from £1.33m for the same period last year. This increased level of depreciation and amortisation reflects the on-going investment in Plexus' rental wellhead equipment inventory, following the addition of four HP/HT rental wellhead sets during the period, an increase of 8% from the year end. Profit before tax is stated after charges for share based payments under IFRS2; the charge for the half year to December 2012 is £0.13m, which compares to £0.13m for the corresponding period last year. The Group has provided for a charge to UK Corporation tax at a rate of 24% which is expected to be the rate of tax for the full year and compares to a rate of 26% last year. The effective rate of tax for the six months is 21% (2011: 20%) after the application of both R&D tax credits relating to both the current and prior years and offsets for disallowable expenditure. Profit after tax increased 17% to £1.4m compared to the equivalent period last year (2011: £1.2m). Basic earnings per share amounted to 1.65p per share (2011: 1.46p).

The balance sheet continues to reflect the on-going investment in operations in line with our growth strategy. Property, plant and equipment including items in the course of construction stand at £11.1m as at the end of December 2012, compared to £8.1m at the end of December 2011, an increase of 37%. This significant level of investment continues to be driven by on-going capital expenditure focussed primarily on the expansion of rental inventory assets which increased by 227% to £3.13m from £0.93m, as well as R&D activity which increased by 35% to £0.64m against £0.48m in the same period last year. This increase in investment reflects our confidence in sustained increases in customer order levels going forward. With regards to cash flow, £3.5m was paid to suppliers for capex during the period compared to £1.2m in the same period last year. The Group closed the period end with net borrowings of £2.0m after paying a final dividend of £0.4m during the period and expending the increased capital and R&D. The net borrowings level was well within the renewed bank facilities totalling £6.0m, comprising a three year revolving £5.0m credit facility and an additional £1.0m overdraft facility agreed on a yearly term. These facilities are anticipated to be more than adequate to fund planned increases in R&D activity, on-going rental inventory additions, and the HGSS subsea JIP project related capital expenditure over the next 12 to 18 months.

Outlook

This excellent set of interim financial results is driven by a number of positive developments that are on-going for Plexus and which give us confidence in the second half and beyond. At the organic level it is clear that our strategy of continuing to invest in and grow our rental wellhead fleet was fully justified as our equipment continues to be fully utilised and customer demand grows: during the period capex increased significantly by 237% against the prior year to £3.1m while the number of HP/HT wellhead sets grew by four. This growth strategy and the Board's resultant decision to again increase the interim dividend is a sign of confidence in the progress being made.

At the industry and strategic development level exciting commercial opportunities continue to present themselves. The UK North Sea remains an important region for Plexus, accounting for 41% of sales revenues in the period, and it bodes well for the future that a recent Oil & Gas UK survey stated that producers are ready to embark on the biggest exploration programme for six years. According to Oil & Gas UK "the UK continental shelf is now benefiting from record investment", with companies' capital spending forecast to rise to £13bn this year, the highest level for thirty years. Overall, offshore operators are working on plans requiring long term investment of almost £100bn which will extend Britain's position as an oil producer to 2040-2050. This is clearly highly positive for our exploration drilling revenues, together with the fact that over time exploration activity inevitably translates into production activity. Logic dictates that where we have proven the benefits of POS-GRIP wellhead equipment for exploration, particularly HP/HT, customers will in due course wish to use our equipment for production purposes.

As we begin to expand our horizons and, in response to industry encouragement, develop subsea and deep water applications beyond our proven surface and in particular jack-up rig wellhead applications, it is highly encouraging to note that Infield Systems ('Infield') latest research said the outlook for the subsea industry is amongst the most promising in the offshore oil and gas world. According to the research subsea capital expenditure is set to grow at an impressive 14.8% compound annual growth rate between now and 2017. Not only does this present a sizeable market opportunity, but Infield reports that offshore market conditions have forced operators to push their exploration and production efforts to deeper, more remote and harsher locations, often leading to HP/HT conditions that call for superior enabling technology where for example long term metal-to-metal sealing becomes particularly relevant. This bodes well for the prospects of our new HGSS subsea wellhead design JIP which, as well as targeting a 4,000,000 lbs 'instant' casing hanger lock-down capacity, will avoid acknowledged problems associated with the use of lock-down rings and sleeves, and will also have annulus monitoring and bleed-off capability to address sustained casing pressure issues. It was therefore timely that we had an early opportunity to present some of the design features that we are incorporating into our HGSS subsea wellhead design at the recently attended UKTI and Subsea UK business mission to Brazil which we were invited to help promote UK deep water and subsea technologies to the Brazilian oil and gas sector, and in particular Petrobras.

A further and, in our opinion, very important initiative that is gaining momentum and importance around the world relates to the designation of BAST equipment and the implication that BAST equipment should be selected and deployed whenever possible. This development was also evident during a visit to Washington to meet with American regulators last December. As we see ourselves as being able to offer wellhead equipment that is indeed BAST, both at the surface and in due course subsea, we see this as a commercial opportunity and one that we will be actively pursuing. These initiatives have arisen directly from the Gulf of Mexico Macondo incident. In March 2011 the Deepwater Horizon Study Group stated that "major step change improvements that consistently utilize the BAST are required by industry and government to enable high hazard offshore exploration and production operations to develop acceptable risks and benefits", and that "there are important needs to make design, process, equipment and materials upgrades that will enable consistent realization of BAST in these operations including those in blowout prevention and emergency response systems, well design and construction". Clearly if over time POS-GRIP friction-grip technology can prove itself as BAST for wellhead equipment as we believe it can, the benefits for the industry and Plexus are obvious.

POS-GRIP is innovative and we believe uniquely enabling. It is the specific features of the technology such as the safety, operational and cost advantages that are at the heart of our excellent current performance and significant future growth potential. The need for such innovation in the oil and gas industry is clear and irrefutable, and as Energy Point Research in Houston said in June 2010 when they published their analysis of a customer satisfaction survey conducted over the previous five years - "The oil and gas industry's ability to locate hydrocarbons in deep water locations has outpaced the industry's technical ability to extract them". For this reason alone, we feel highly positive about the outlook and multiple opportunities for Plexus and our POS-GRIP technology.

Finally, I would like to thank all those involved with the Group for their hard work and commitment during the last six months. We clearly remain confident of on-going growth during the current financial year and beyond, as market acceptance of our unique POS-GRIP technology continues to accelerate at an exciting time for the industry as a whole, and where the need for BAST equipment safety standards has never been so critical.

Jeff Thrall
Chairman
27 March 2013

Plexus Holdings Plc
Unaudited Interim Consolidated Statement of Comprehensive Income
For the six months ended 31 December 2012

	Six months to 31 December 2012	Six months to 31 December 2011	Year to 30 June 2012
	£ 000's	£ 000's	£ 000's
Revenue	11,314	9,326	19,706
Cost of sales	(3,313)	(2,786)	(5,727)
Gross profit	8,001	6,540	13,979
Administrative expenses	(6,207)	(5,022)	(10,770)
Operating profit	**1,794**	**1,518**	**3,209**
Finance income	4	6	8
Finance costs	(70)	(64)	(129)
Profit before taxation	**1,728**	**1,460**	**3,088**
Income tax expense (note 5)	(363)	(290)	(657)
Profit after tax	**1,365**	**1,170**	**2,431**
Other comprehensive income	-	-	-
Total comprehensive income	**1,365**	**1,170**	**2,431**
Earnings per share (pence)			
Basic (note 6)	**1.65p**	**1.46p**	**2.99p**
Diluted (note 6)	**1.57p**	**1.43p**	**2.92p**

Plexus Holdings Plc
Unaudited Interim Consolidated Statement of Financial Position
As at 31 December 2012

	31 December 2012	31 December 2011	30 June 2012
	£ 000's	£ 000's	£ 000's
ASSETS			
Goodwill	760	760	760
Intangible assets	8,161	7,246	7,762
Financial assets	-	60	60
Property, plant and equipment (note 8)	11,103	8,134	9,145
Deferred tax assets	2,411	-	473
Total non-current assets	22,435	16,200	18,200
Inventories	6,607	4,619	6,047
Trade and other receivables	5,603	3,758	6,060
Cash and cash equivalents	1,976	4,106	3,739
Total current assets	14,186	12,483	15,846
TOTAL ASSETS	36,621	28,683	34,046
EQUITY AND LIABILITIES			
Called up share capital	827	802	827
Share premium account	17,280	15,596	17,280
Share based payments reserve	1,333	1,082	1,201
Retained earnings	7,471	3,118	4,582
Total equity attributable to equity holders of the parent	26,911	20,598	23,890
Deferred tax liabilities	-	276	-
Bank loans	4,000	4,000	4,000
Total non-current liabilities	4,000	4,276	4,000
Trade and other payables	4,542	2,926	5,332
Current income tax liabilities	1,168	883	824
Total current liabilities	5,710	3,809	6,156
Total liabilities	9,710	8,085	10,156
TOTAL EQUITY AND LIABILITIES	36,621	28,683	34,046

Plexus Holdings Plc
Unaudited Interim Statement of Cash Flows
For the six months ended 31 December 2012

	Six months to 31 December 2012	Six months to 31 December 2011	Year to 30 June 2012
	£ 000's	£ 000's	£ 000's
Cash flows from operating activities			
Profit before taxation	1,728	1,460	3,088
Adjustments for:			
Depreciation, amortisation and impairment charges	1,398	1,331	2,709
Loss on disposal of property, plant and equipment	59	35	70
Loss on expiry of option	60	-	-
Charge for share based payments	132	132	251
Investment income	(4)	(6)	(8)
Interest expense	70	64	129
	3,443	3,016	6,239
Increase in inventories	(560)	(570)	(1,998)
Decrease / (increase) in trade and other receivables	457	(215)	(2,517)
(Decrease) / increase in trade and other payables	(790)	239	2,645
Cash generated from operations	2,550	2,470	4,369
Income taxes (paid) / repaid	(19)	224	(426)
Net cash generated from operating activities	2,531	2,694	3,943
Cash flows from investing activities			
Purchase of intangible assets	(663)	(368)	(1,150)
Purchase of property, plant and equipment	(3,192)	(1,285)	(3,471)
Proceeds of sale of property, plant and equipment	41	27	55
Net cash used in investing activities	(3,814)	(1,626)	(4,566)
Cash flows from financing activities			
Proceeds from issue of new ordinary shares	-	-	2,000
Transaction costs from issue of new ordinary shares	-	-	(291)
Interest paid	(70)	(64)	(129)
Interest received	4	6	8
Equity dividends paid	(414)	(345)	(667)
Net cash (used in) / generated from financing activities	(480)	(403)	921
Net (decrease) / increase in cash and cash equivalents	(1,763)	665	298
Cash and cash equivalents at 1 July	3,739	3,441	3,441
Cash and cash equivalents at 31 December	1,976	4,106	3,739

Plexus Holdings Plc
Unaudited Interim Statement of Changes in Equity
For the six months ended 31 December 2012

	Called Up Share Capital	Share Premium Account	Share Based Payments Reserve	Retained Earnings	Total
	£ 000’s	£ 000’s	£ 000’s	£ 000’s	£ 000’s
Balance as at 1 July 2011	**802**	**15,596**	**950**	**2,293**	**19,641**
Total comprehensive income for the year	-	-	-	2,431	2,431
Share based payments reserve charge	-	-	251	-	251
Issue of ordinary shares	25	1,975	-	-	2,000
Share issue costs	-	(291)	-	-	(291)
Deferred tax movement on share options	-	-	-	525	525
Dividends	-	-	-	(667)	(667)
Balance as at 30 June 2012	**827**	**17,280**	**1,201**	**4,582**	**23,890**
Total comprehensive income for the period	-	-	-	1,365	1,365
Share based payments reserve charge	-	-	132	-	132
Deferred tax movement on share options	-	-	-	1,938	1,938
Dividends	-	-	-	(414)	(414)
Balance as at 31 December 2012	**827**	**17,280**	**1,333**	**7,471**	**26,911**

Notes to the Interim Report December 2012

1. This interim financial information does not constitute statutory accounts as defined in section 435 of the Companies Act 2006 and is unaudited.

This unaudited interim report has been prepared on the basis of the accounting policies set out in the annual report for the year ended 30 June 2012 and which are also expected to apply for 30 June 2013.

The interim financial information is compliant with IAS 34 – Interim Financial Reporting.

The accounting policies are based on current International Financial Reporting Standards (“IFRS”), International Financial Reporting Interpretation Committee (“IFRIC”) interpretations and current International Accounting Standards Board (“IASB”) exposure drafts that are expected to be issued as final standards and adopted by the EU such that they are effective for the year ending 30 June 2013. These standards are subject to on-going review and endorsement by the EU and further IFRIC interpretations and may therefore be subject to change.

2. This interim report was approved by the board of directors on 26th March 2013.

3. During the interim period the Group paid a final dividend on ordinary shares of £413,733. The directors have approved the payment of an interim dividend of 0.44p per share which will be paid on 26th April 2013 to members appearing in the register on the record date of 12th April 2013.

4. There were no other gains or losses to be recognised in the financial period other than those reflected in the Statement of Comprehensive Income.

5. Taxation on the operating profit after interest has been provided at a rate of 24% for the six months ended 31 December 2012 (2011: 26%) which is the estimated rate of UK tax for the full year. The effective rate of tax for the six months is 21% (2011: 20%) after adjustments made to reflect R&D tax credits received relating to the current and prior years and offsets for disallowable expenditure.

6. Basic earnings per share are based on the weighted average of ordinary shares in issue during the half-year of 82,746,672 (2011: 80,182,569). The calculation of fully diluted earnings per share is based on the weighted average number of ordinary shares in issue plus the dilutive effect of outstanding share options being 3,991,423 (2011: 1,551,100). The number of shares included in the calculation of fully diluted earnings per share was 86,738,095 (2011: 81,733,669).

7. The Group derives revenue from the sale of its POS-GRIP friction-grip technology and associated products, the rental of wellheads utilising the POS-GRIP friction-grip technology and service income principally derived in assisting with the commissioning and on-going service requirements of its equipment. These income streams are all derived from the utilisation of the technology which the Group believes is its only segment. Business activity is not subject to seasonal or cyclical fluctuations.

8. Property, plant and equipment

	Buildings £'000	Tenant Improve-ments £'000	Equipment £'000	Assets under Constru-ction £'000	Motor Vehicles £'000	Total £'000
Cost						
As at 1 July 2011	685	81	14,739	552	27	16,084
Additions	–	132	573	2,734	32	3,471
Transfers	–	–	2,435	(2,435)	–	–
Disposals	–	–	(653)	–	(12)	(665)
As at 30 June 2012	685	213	17,094	851	47	18,890
Additions	–	84	375	2,733	–	3,192
Transfers	–	–	2,869	(2,869)	–	–
Disposals	–	–	(502)	–	–	(502)
As at 31 December 2012	**685**	**297**	**19,836**	**715**	**47**	**21,580**
Depreciation						
As at 1 July 2011	135	–	7,942	–	15	8,092
Charge for the year	124	39	2,022	–	9	2,194
On disposals	–	–	(530)	–	(11)	(541)
As at 30 June 2012	259	39	9,434	–	13	9,745
Charge for the year	33	16	1,076	–	7	1,132
On disposals	–	–	(400)	–	–	(400)
As at 31 December 2012	**292**	**55**	**10,110**	**–**	**20**	**10,477**
Net book value						
As at 31 December 2012	**393**	**242**	**9,726**	**715**	**27**	**11,103**
As at 30 June 2012	426	174	7,660	851	34	9,145
As at 30 June 2011	550	81	6,797	552	12	7,992

9. The comparative figures for the financial year ended 30 June 2012 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the company's auditors, Crowe Clark Whitehill LLP, and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.