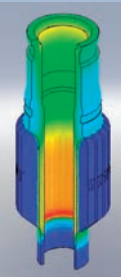


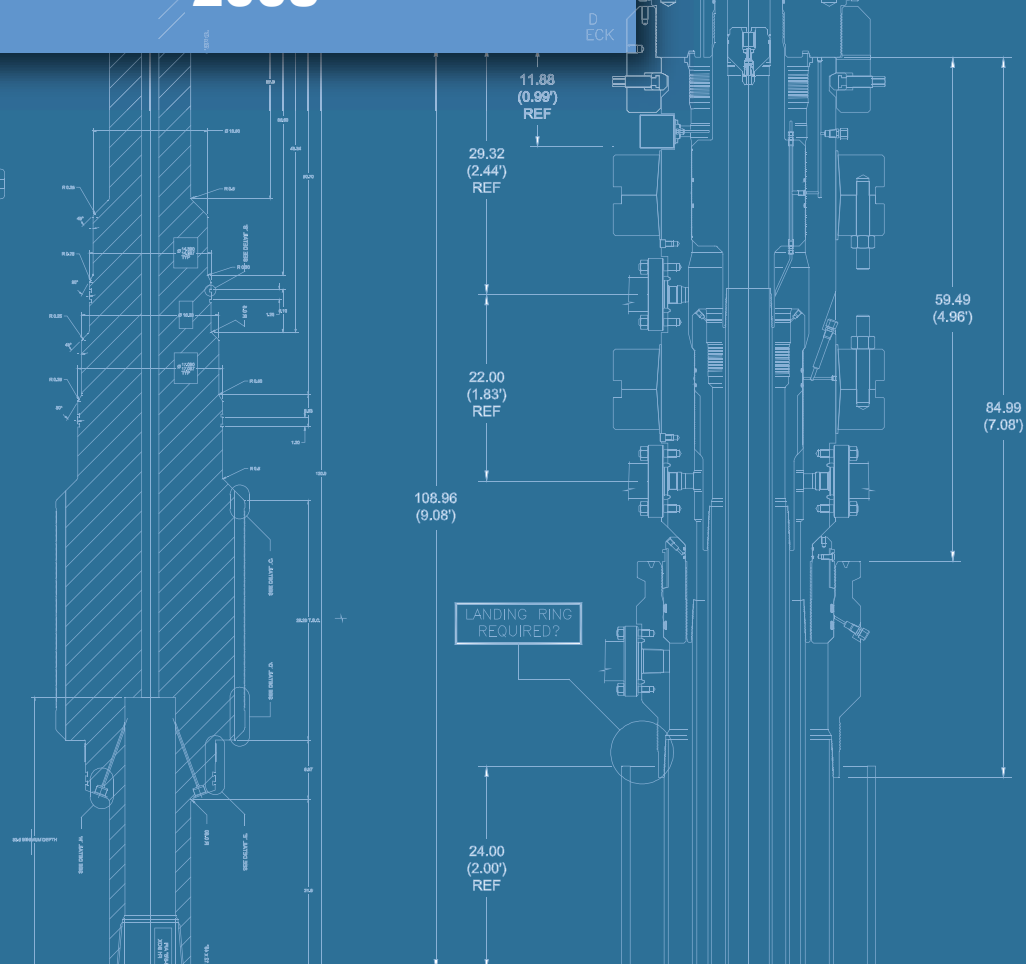
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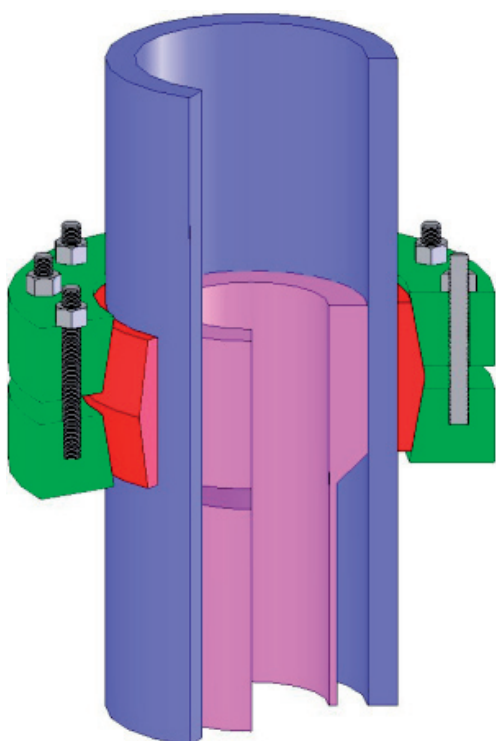


Plexus Holdings plc

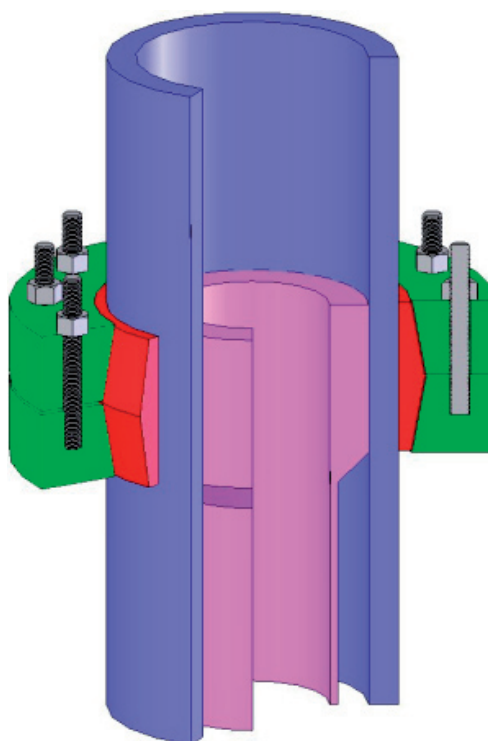
Annual Report & Accounts

2008





POS-GRIP in OPEN position



POS-GRIP in CLOSED position

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

Results

- 145% increase in profit before tax to £1.9m (2007: £0.8m before £0.8m gain on investment disposal)
- 29% increase in turnover to £13.3m (2007: £10.3m)
- 104% increase in EBITDA (before IFRS 2 share based payment charges of £0.18m) to £3.8m (2007: £1.9m before IFRS 2 share based payment charges of £0.12m and £0.8m gain on investment disposal)
- Basic earnings per share of 1.61p (2007: 1.39p)

Highlights

- Continued strong growth of oil and gas engineering service business supplying proprietary POS-GRIP® wellhead equipment
- New customer rental contract wins for StatoilHydro ASA, CNR International (U.K.) Limited (“CNR”), Lundin Petroleum AB (“Lundin”) and SPD Ltd
- First Middle Eastern contract win with Dubai Petroleum Establishment in June 2008
- Strong progress made in the growing high pressure/high temperature (HP/HT) market including a second contract win with Shell for Shell Egypt in August 2008
- £1.7m contract win with ConocoPhillips for the supply of 15,000 psi HP/HT and 20,000 psi extreme high pressure high temperature (X-HP/HT) rental wellhead exploration equipment for wells being drilled in the Norwegian North Sea was announced in September 2008
- Successful installation of the first 20,000 psi X-HP/HT rental wellhead system for BG International Ltd
- POS-GRIP technology moves into the subsea market with contract wins from AGR Petroleum on behalf of Silverstone Energy Ltd and Sterling Resources (U.K.) Ltd for its unique M2S (mudline to subsea) cross-over system
- Exercise of option to acquire Plexus Deepwater Technologies Ltd (“PDT”) from Grant Prideco, Inc which unites the POS-GRIP subsea IP rights
- Plexus Malaysia actively marketing the POS-GRIP equipment and services in the region
- Capital expenditure of £3.8m made during the year, of which £2.4m was in property, plant and equipment primarily reflecting growth in rental inventory
- 25% increase in personnel to 74 as at the year end (2007: 59)

Chief Executive Ben van Bilderbeek said:

“I am pleased that our second full year as an AIM company has delivered excellent results where we have achieved strong sales and profit growth. At the same time it is particularly important to note that we have continued to advance our strategic goals of raising the profile of our proprietary POS-GRIP wellhead equipment which has resulted in increasing interest and support from the global oil and gas industry, particularly in the higher pressure/higher temperature rental wellhead exploration arena. This success has enabled us to win business from a number of new customers including our first contract with a Middle Eastern operator and our second X-HP/HT contract, and has given us the platform to establish our first base of operation outside of the UK in Malaysia which allows us to target the Asian marketplace, and extend our geographic reach.

Our focus remains in rental wellhead equipment and as such we are looking to accelerate investment in our rental wellhead inventory to increase our capacity for servicing customer demand from around the world, and improve our equipment utilisation rates. At the same time as building our core business we will continue to invest in developing our proprietary POS-GRIP technology for applications outside of wellheads which has already enabled us to move into the subsea market. I am confident that these initiatives and the unique nature of our technology will encourage potential licencees and alliance partners in the long term to work with us not only in the exploration rental equipment arena but more significantly in the key production wellhead sales market to fully exploit our resources, and deliver significant value to shareholders.”

Summary of Results for the year ended 30 June 2008

	2008 £'000	2007 Restated £'000
Turnover	13,275	10,274
EBITDA – before the effect of IFRS 2	3,810	1,869
EBITDA – after the effect of IFRS 2	3,629	1,753
Profit before taxation	1,905	1,566
Basic earnings per share (pence)	1.61	1.39

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Chairman's Statement

Business progress

I am pleased to report that the Group has had another strong year of growth and made significant progress in a number of key strategic areas including strengthening the blue chip client base, advancing technological developments, and continued broadening of geographical areas of operation. This has resulted in a 29% increase in turnover to £13.3m for the year to 30th June 2008, and a 104% increase in EBITDA to £3.8m, (before IFRS 2 share based payment charges of £0.18m), resulting in earnings per share of 1.61p.

Strategy

Plexus is a company built around the development and commercialisation of its proprietary POS-GRIP technology. Our core strategy remains to grow our share of the wellhead rental exploration market, and in the longer term the volume production wellhead market, whilst continuing to extend our range of POS-GRIP applications into new product areas. For this reason we are particularly pleased to have successfully tested and delivered during the year the world's first 20,000 psi X-HP/HT, through the BOP, adjustable surface wellhead system, which is currently being used by BG International Ltd in the North Sea. In addition to our rental activities we have built and tested our first subsea application for Silverstone Energy Ltd in the form of a cross-over wellhead system. This milestone incorporated our metal-to-metal POS-GRIP activated HG[®] seals which are integral to the performance, safety, and time saving advantages that we offer the industry when comparing our proprietary equipment to conventional systems. This further demonstrates the significant commercial opportunities that exist in the oil and gas industry for innovative and, we believe, superior technology led solutions.

Together with expanding our range of products and services, part of our strategy is to broaden our areas of operation to enable us to pursue sales opportunities further afield from our traditional North Sea base whilst at the same time continuing to raise our profile with major operators. This will leave us well placed to benefit from such developments as the availability of the large number of new Jack-up rigs scheduled for delivery over the next 4 years. As these new rig units are designed to be able to drill deeper and higher pressure wells, they are generally equipped with well control equipment for which POS-GRIP wellhead equipment is ideally suited.

Such strategic sales initiatives have resulted over the year in a number of new contract wins including those with StatoilHydro ASA, Lundin Petroleum AB, and Dubai Petroleum Establishment, and since the year end a second HP/HT contract with Shell for Shell Egypt, and our first 20,000 psi X-HP-HT contract win with ConocoPhillips for exploration wells to be drilled in the Norwegian North Sea. Contract wins of this nature where Plexus is becoming the supplier of choice are extremely important for raising our profile within the oil and gas industry.

A key part of this diversification strategy away from our traditional North Sea heartland includes the establishment of an entity in Malaysia called Plexus Ocean Systems (Malaysia) Sdn Bhd as our first base of operation outside of Aberdeen. This entity where Plexus owns 49% which would be licensed to supply POS-GRIP equipment is already targeting new customers in the region and we are confident that we will be able to generate new sales opportunities over the coming months.

To be able to fulfil these strategic initiatives it is essential that we have the necessary number of skilled personnel, inventory, and facility space, therefore ongoing investment will continue to be made in these key areas. This is extremely important as we need to continue to drive our organic growth as a means of ensuring our role in the industry and the part we play in meeting the increasing challenges in both exploring for and producing oil and gas in unconventional conditions is recognised by both operators and our peers. As we continue to pursue such a strategy, we believe we will be successful in time in persuading potential licensees and alliance partners to invest in helping us to accelerate the roll out of POS-GRIP technology across the wider industry, and particularly in the volume production wellhead market.

In recognition of the continuing growth and development of Plexus, and the increasing importance of all matters relating to "Quality, Health, Safety and Environment" it is also important to report on new

Chairman's Statement

initiatives during the year to ensure our ability to meet ever more stringent standards, which can be essential to the winning of contracts from contractors and operators. For these reasons the Plexus Excellence Programme was created and implemented to manage and monitor all aspects of our health and safety policies which will underpin our growth plans and ongoing acceptance by major international customers.

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 that has achieved a number of milestones in terms of winning new customers and the successful development and testing of new POS-GRIP products.

Outlook

Our central belief that our patented proprietary POS-GRIP technology has an increasingly important role to play in the oil and gas wellhead industry, as well as being able to extend to a much broader range of products including connectors and valves, is being vindicated as Plexus continues to grow and gain recognition from major international operators around the world. This increasing recognition combined with the industry's increasing need to have access to innovative and groundbreaking technological solutions places Plexus in a strong position to become a significant participant in the oil services sector. This is particularly the case where major international operators have chosen to specify and deploy our equipment in preference to traditional alternatives which we believe have performance limitations, especially at high pressure levels where POS-GRIP excels. We therefore look forward to the future with confidence whilst being cognisant that we are operating in a sector where contracts have long lead times and can lead to some volatility in anticipated revenues.

Robert Adair

Non-Executive Chairman

14 October 2008

Chief Executive's Review

Plexus has continued to make excellent progress during its second full year of operation as an AIM company. These results reflect both the increasing awareness within the oil and gas industry of our proprietary POS-GRIP wellhead equipment and the returns deriving from our ongoing investment programme in people, technological development, and rental inventory.

We have also benefited from a growing exploration rental wellhead market and we anticipate that this demand will continue despite signs of an economic slowdown as the world continues to be dependant on oil and gas. The industry's need to pursue unconventional fields, particularly those which are HP/HT, and the unique safety and technical benefits that our technology provides for such activities places us in a strong position to be able to capitalise on these opportunities.

The progress made during the year has been driven and underpinned by a number of key contract wins and commercial developments of which some of the more notable were as follows:

- Successful installation of the first 20,000 psi X-HP/HT rental wellhead system for BG International Ltd.
- POS-GRIP technology moved into the subsea market for the first time with contract wins from AGR Petroleum on behalf of Silverstone Energy Ltd and Sterling Resources (U.K.) Ltd for its unique M2S (mudline to subsea) cross-over wellhead system. This new equipment enables the conversion of pre-drilled wells to subsea production, and incorporates our metal-to-metal POS-GRIP activated HG seals. These seals are integral to the performance, safety, and time saving advantages that we believe we can demonstrate to the industry when comparing our proprietary equipment to conventional systems.
- Exercise of option to acquire US based Plexus Deepwater Technologies Ltd (PDT) from Grant Prideco, Inc. This acquisition delivers to Plexus the 50% commercial interest over the POS-GRIP subsea technology intellectual property rights that Grant Prideco controlled at the time of admission to AIM in December 2005, and leaves Plexus with 100% ownership and full control.
- Winning first contract with StatoilHydro ASA for the supply of HP/HT exploration rental wellhead equipment, mudline suspension equipment and service support for the Norwegian North Sea.
- First Middle Eastern contract win with Dubai Petroleum Establishment in the Arabian Gulf which is a key milestone in the region and which it is hoped will generate additional opportunities in the future.
- Extension of trading relationship with Shell leading to the contract win in August 2008 for the supply of HP/HT equipment to Shell Egypt in the Egyptian Eastern Mediterranean Sea, which is our second contract win in the Northern African region.
- Post year end £1.7m contract win with ConocoPhillips for the supply of 15,000 psi HP/HT and 20,000 psi X-HP/HT rental wellhead exploration equipment contract for wells being drilled in the Norwegian North Sea. This is our second 20,000 psi X-HP/HT contract and further demonstrates our growing reputation in the expanding unconventional and more extreme drilling arena.

Our focus during the year has been the pursuit of organic growth through a combination of developing and building on existing contracts and relationships, whilst vigorously promoting and championing POS-GRIP technology around the world to new customers and potential alliance partners. Such activity has successfully generated a number of new key contracts with world class operating companies in a variety of geographical locations, and this places us in an excellent position to capitalise on new business opportunities as they arise. At the same time the market for oil and gas services continues to grow and we are particularly encouraged by the fact that independent research predicts that the global Jack-up fleet will over the next four years increase by 52 rigs equipped with Blow Out Preventers ('BOP') that are designed in a way that is particularly suited to our HP/HT through the BOP adjustable method of engineering. We believe that this additional modern generation rig capacity will help us to continue to drive the growth of our HP/HT and X-HP/HT rental sales activities.

Chief Executive's Review

The success of our strategy to date and the increasing awareness and support for our proprietary technology from the operators, is evidenced by the make up of our year-on-year sales increase to £13.3m from £10.3m. Our HP/HT and X-HP/HT rental sales contributed £7.0m in the year equating to growth of 150% against £2.8m the prior year. This is extremely encouraging and could not have been achieved without further significant capital investment which totalled £2.4m for the rental fleet and tangible assets, as well as investment in people throughout the year which resulted in our headcount increasing by 25% to 74 as at the year end as compared to 59 at the same time last year.

In summary I am very pleased with this strong set of results and the progress we have continued to make during the year. It is important to emphasise that the underlying performance of our rental activities is to a degree masked by our continued investment in facilities, personnel, development and testing in support of new product development and additional applications for POS-GRIP. However over the longer term I believe that such investment and our ability to demonstrate that our proprietary technology is safer to use, easier to install, lower in cost to manufacture, and superior in performance, is key to making a breakthrough with potential licensees and alliance partners who in time will engage with us to fully exploit our capabilities on a global scale including in the key production wellhead sales market, and thereby deliver significant value to our shareholders.

Ben van Bilderbeek

Chief Executive

14 October 2008

Financial Review

Turnover

Turnover for the year was £13.3m, up 29% from £10.3m in the previous year reflecting strong growth during the year.

The rental business and related equipment and services accounted for over 85% of turnover as compared to over 56% last year. HP/HT and X-HP/HT again generated the largest year on year sales increase of nearly 150%. Turnover includes £1.5m of engineering and testing which reflects the increase in activity relating to the ongoing development of POS-GRIP technology for new applications including subsea equipment.

Margin

Gross margins have increased to 54.8% from 45.1% in the previous year as rental sales continued to increase as a percentage of total revenues and related economies of scale benefits flow through.

Overhead expenses

In line with sales and profit growth overhead expenses have increased so as to be able to provide the necessary infrastructure and skill base to support the growing number of customers around the world. This resulted in total overheads increasing to £5.2m from £3.9m in the previous year of which overhead staff costs increased to £2.8m from £2.0m reflecting the continuing need to increase our permanent headcount to support increased activity levels and more complex projects. Other items which increased significantly year on year were overseas base costs, travel, freight, warehouse consumables, and equipment hire costs as a result of the growing international profile of our customers and business activities.

EBITDA

The EBITDA for the year (before IFRS 2 share based payment charges of £0.18m) was £3.8m, up 104% from £1.9m the previous year (before IFRS 2 share based payment charges of £0.12m and £0.8m gain on investment disposal). EBITDA margin for the year increased to 29.1% as compared to 18.3% last year. The Group's ongoing significant investment in people, infrastructure, and inventory has enabled Plexus to in particular grow rental sales and this has helped to deliver the strong year on year EBITDA growth due to the higher gross margins that are generated.

Profit before tax

Profit before tax of £1.9m compares to a profit last year of £0.8m (before the £0.8m gain on investment disposal). Depreciation and amortisation increased to £1.58m against £0.98m last year reflecting the increase in assets during the period. The profit before tax is stated after the charge for share based payments under reporting standard IFRS 2; the charge for the full year is £0.18m compared to £0.12m last year.

Tax

The Group UK Corporation Tax charge was significantly higher than the prior year as a result of the rise in trading profitability. This resulted in a tax charge of £0.62m for the year as compared to £0.45m last year.

EPS

The Group reports basic earnings per share of 1.61p compared to 1.39p last year (after adjusting for the effect of conversion to IFRS reporting).

Financial Review

Cash and Balance Sheet

The balance sheet reflects the growth in operations during the year with the net book value of tangible assets including items in the course of construction increasing to £7.3m from £6.6m last year. Receivables have increased to £6.9m as compared to £5.0m as a result of the increase in sales revenues. Net bank borrowings closed at £3.1m compared to a £1.8m last year reflecting the Group's ongoing investment in the expansion of the rental fleet and tangible assets totalling £2.4m, acquisition of PDT for £1.0m, increase in working capital requirements associated with longer payment cycles that can apply to international as opposed to local contracts, and ongoing investment in research and development and patent extensions. Net cash outflow for the year was £1.4m as compared to £4.7m last year. In recognition of the ongoing capital expenditure programme either completed or under construction together with the increase in working capital requirements the Group increased its bank facilities during the year to £4.0m from the previous level of £2.5m.

Intellectual property

The Group carries in its balance sheet goodwill and intellectual property rights of £7.4m including an additional £1.0m resulting from the acquisition of PDT during the year. The directors have considered whether there have been any indications of impairment and have concluded that there have been no such indications. The directors therefore consider the current carrying values to be appropriate. Indications of impairment are considered annually.

IFRS 2 (Share Based Payments)

IFRS 2 charges have been included in the accounts, in line with reporting standards. The "fair value" of share based payments has been computed independently by specialist consultants and is amortised evenly over the expected vesting period from the date of grant. The charge for the year was £0.18m which compares to £0.12m for last year.

International Financial Reporting Standards ("IFRS")

This is the first full year that Plexus has reported under International Financial Reporting Standards ("IFRS") and this years accounts are now as required IFRS compliant. The Annual Report is therefore longer as it contains a number of reconciliations between UK GAAP and IFRS. The accounts for the prior period have been restated under IFRS and these accounts were audited under UK GAAP. The adjustments between UK GAAP and IFRS are detailed in note 26 and are not considered material.

Graham Stevens

Finance Director

14 October 2008

Board of Directors

Robert Fredrik Martin Adair MA(Oxon) ACA CTA FGS (aged 51), Non-Executive Chairman

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

Bernard Herman van Bilderbeek BSc MEng (aged 60), 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 50), Finance Director

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

Craig Hendrie M.Eng(Oxon) (aged 35), Technical Director

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

Jerome Jeffrey Thrall BBA MBA (aged 58), 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 69), 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 2008.

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 1985 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.

Results and dividends

The results for the year, showing a profit before taxation of £1.9m (2007: £1.6m), are set out on page 22.

The directors have not proposed a dividend for the year ended 30 June 2008.

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

Director's interests

The directors who served during the year and to the date of this report are listed below.

The interests of the directors who held office during the year in the shares of the Company at 30 June 2008 were as follows:

	Number of Ordinary Shares of 1p each 2008	Number of Ordinary Shares of 1p each 2007
Robert Adair ¹	3,505,425	2,961,000
Ben van Bilderbeek ²	60,000,001	60,000,001
Graham Stevens	12,600	12,600
Craig Hendrie	12,600	12,600
J Jeffrey Thrall ³	60,700,001	60,000,001
Augusto Da Mota	—	—

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

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

Retirement and re-election

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

Substantial shareholdings and interests

Shares

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

	% issued share capital
Mutual Holdings Ltd 60,000,001	74.83
Skye Investments Limited 3,505,425	4.37
The Bank of New York (Nominees) Limited 3,393,050	4.23
Nortrust Nominees Limited 2,530,522	3.16

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

Supplier's payment policy

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

The Group's and Company's average trade creditor days for the year ended 30 June 2008 were 63 days and 30 days respectively (2007: 42 days and 30 days respectively), 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 2 December 2008. The Notice convening the meeting can be found at the back of these financial statements.

In addition to the ordinary business of the meeting which is set out in the proposed resolutions numbered 1 to 6 (inclusive) there are three items of special business, namely the proposed resolutions numbered 7, 8 and 9, the effects of which are to authorise the Company to make market purchases, to dis-apply pre-emption rights, and to alter the articles of association of the Company to conform with provisions introduced by the Companies Act 2006 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 489 of the Companies Act 2006 a resolution for the re-appointment of Horwath Clark Whitehill LLP 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

14 October 2008

Corporate Governance Report

Introduction

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

The Board

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

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

During the year to 30 June 2008 the Board met a total of six times.

Board Committees

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

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

Audit Committee

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

During the year to 30 June 2008 the Audit Committee met on four 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 2008 the Remuneration Committee met on three occasions.

Retirement and re-election

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

Shareholder relations

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

Corporate Governance Report

Health and Safety

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

Financial Reporting

The directors have a commitment to best practice for the Group's external financial reporting in order to present a balanced and comprehensible assessment of the Group's financial position and prospects to its shareholders, employees, customers, suppliers and other third parties. This commitment encompasses all published information including but not limited to the year-end and interim financial statements, regulatory news announcements and other public information. The Statement of Directors' Responsibilities for preparing the accounts may be found on page 19.

Internal control and risk management

The Board is responsible for the systems of internal control and for reviewing their effectiveness. Such systems are designed to manage rather than eliminate risks and can provide only reasonable and not absolute assurance against material mis-statement or loss. Each year, on behalf of the Board, the Audit Committee reviews the effectiveness of these systems. This is achieved primarily by considering the risks potentially affecting the Group and discussions with the external auditors.

The Group does not currently have an internal audit function due to the small size of the administrative function and the high level of Director review and authorisation of transactions.

A comprehensive budgeting process is completed once a year and is reviewed and approved by the Board. The Group's results, as compared against budget, are reported to the Board on a monthly basis and discussed in detail at each meeting of the Board.

The Group maintains appropriate insurance cover in respect of legal actions against the Directors as well as against material loss or claims against the Group and reviews the adequacy of the cover regularly.

The Group has established procedures whereby employees may in confidence raise concerns relating to matters of potential fraud or other improprieties, as well as health and safety issues.

Reserved matters

The board has a formal schedule of matters reserved for its decision which includes the setting of Company goals, objectives, budgets and other plans. Board papers, comprising an agenda and formal reports and briefing papers, are sent to the Directors in advance of each meeting. All directors have access to independent professional advice at the Company's expense, if required, as well as to the advice and services of the Company Secretary.

Risk and uncertainties

There are a number of potential risks and uncertainties that could have an impact on the Group's performance which include the following.

(a) Political risks

We participate in a global market where the oil and gas reserves and their extraction can be severely impacted by changes in the political and operational landscape. 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 our customers.

(c) Competitive risk

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

Risk assessment

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

Remuneration Committee Report

Introduction

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

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

Remuneration policy

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

Service contracts

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

Pensions

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

Non-executive Directors

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

Directors' remuneration (audited information)

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

	Salary £	Benefits £	Pension £	2008 Total	2007 Total
Executive Directors					
Ben van Bilderbeek	172,652	7,573	15,986	196,211	152,250
Graham Stevens	113,717	3,333	10,473	127,523	108,955
Craig Hendrie	113,717	298	10,473	124,488	106,250
Non-Executive Directors					
Robert Adair	20,000	—	—	20,000	20,000
J Jeffrey Thrall	15,000	—	—	15,000	15,000
Augusto Da Mota	15,000	—	—	15,000	15,000
Total	414,750	11,204	36,392	498,222	417,455

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	Name	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 1	8-Dec-15
20-Jun-07	Ben van Bilderbeek	197,727	0.385	see Table 2	19-Jun-17
19-Jun-08	Ben van Bilderbeek	102,476	0.78	see Table 3	18-Jun-18
9-Dec-05	Graham Stevens	322,034	0.59	see Table 1	8-Dec-15
20-Jun-07	Graham Stevens	129,545	0.385	see Table 2	19-Jun-17
19-Jun-08	Graham Stevens	67,140	0.78	see Table 3	18-Jun-18
9-Dec-05	Craig Hendrie	322,034	0.59	see Table 1	8-Dec-15
20-Jun-07	Craig Hendrie	129,545	0.385	see Table 2	19-Jun-17
19-Jun-08	Craig Hendrie	67,140	0.78	see Table 3	18-Jun-18
Total Executive Options			1,829,166		

Non-executive 2005 Share Option Scheme

Date of Grant	Name	No of Options	Exercise Price (£)	Period of Exercise From	Period of Exercise To
9-Dec-05	Robert Adair	101,695	0.59	see Table 1	8-Dec-15
9-Dec-05	Augusto Da Mota	76,271	0.59	see Table 1	8-Dec-15
9-Dec-05	Jeffrey Thrall	50,847	0.59	see Table 1	8-Dec-15
Total Non-Executive Options			228,813		

At 30 June 2008, no options had been exercised and no options had lapsed.

Table 1:

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.

Remuneration Committee Report

Table 2:

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 2006 to 30 June 2007

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

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

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

14 days after Company AGM following end of Complete Assessment Period – 1 July 2006 to 30 June 2009

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

Table 3:

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 2007 to 30 June 2008

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

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

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

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

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

14 days after Company AGM following end of Complete Assessment Period – 1 July 2007 to 30 June 2010

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

The lowest mid market price of the Company's shares in the period to 30 June 2008 was 36p on the 30 January 2008, and the high in the period to 30 June 2008 was 92.5p on the 27 May 2008. The mid market price on the 30 June 2008 was 79.0p.

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 Shareholders of Plexus Holdings plc

We have audited the group financial statements of Plexus Holdings plc for the year ended 30 June 2008 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes numbered 1 to 26. These group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent company financial statements of Plexus Holdings plc for the year ended 30 June 2008.

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

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the group 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 group financial statements give a true and fair view and whether the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, the Chief Executive's Review, the Financial Review and the Corporate Governance Report that is cross referenced from the review of business section of the Directors' Report.

In addition we report to you if, in our opinion, the group has not kept proper accounting records, 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 other information contained in the Annual Report and consider whether it is consistent with the group financial statements. This other information comprises only the Highlights, Directors' Report, Chairman's Statement, Chief Executive's Review, Financial Review, Corporate Governance Report and the Remuneration Committee Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the group financial statements. Our responsibilities do not extend to any other information.

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 group financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the group financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

Independent Auditors' Report to the Shareholders of Plexus Holdings plc

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 group financial statements are free from material misstatement, 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 group financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 30 June 2008 and of its profit for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation; and
- the information given in the Directors' Report is consistent with the group financial statements

Horwath Clark Whitehill LLP

Chartered Accountants and Registered Auditors

London

14 October 2008

Consolidated Income Statement

for the year ended 30 June 2008

		2008	2007
	Notes	£'000	Restated £'000
Revenue	2	13,275	10,274
Cost of sales		(6,003)	(5,640)
Gross profit		7,272	4,634
Administrative expenses		(5,167)	(3,862)
Operating profit		2,105	772
Other income	4	–	789
Finance income	6	14	52
Finance costs	7	(156)	(47)
Share of loss of associate		(58)	–
Profit before taxation	4	1,905	1,566
Income tax expense	8	(616)	(450)
Profit after taxation being profit for the financial year	19	1,289	1,116
Earnings per share	9		
Profit for the year attributable to Plexus Holdings shareholders			
Basic		1.61p	1.39p
Diluted		1.60p	1.39p

Consolidated Balance Sheet

at 30 June 2008

	Notes	2008 £'000	2007 Restated £'000
Assets			
Goodwill	10	722	722
Intangible assets	11	6,661	5,611
Property, plant and equipment	12	7,329	6,549
		<u>14,712</u>	<u>12,882</u>
Non-current assets			
Inventories	14	3,478	3,123
Trade and other receivables	15	6,907	4,976
Cash at bank and in hand		456	128
Current assets		<u>10,841</u>	<u>8,227</u>
Total Assets		<u>25,553</u>	<u>21,109</u>
Equity and Liabilities			
Called up share capital	17	802	802
Share premium account	19	15,596	15,596
Share based payments reserve	19	360	179
Retained earnings	19	787	(502)
Total equity		<u>17,545</u>	<u>16,075</u>
Liabilities			
Deferred tax liabilities	8	377	322
Non-current liabilities		<u>377</u>	<u>322</u>
Trade and other payables	16	3,521	2,707
Current income tax liabilities		510	104
Borrowings		3,600	1,901
Current liabilities		<u>7,631</u>	<u>4,712</u>
Total liabilities		<u>8,008</u>	<u>5,034</u>
Total Equity and Liabilities		<u>25,553</u>	<u>21,109</u>

These financial statements were approved and authorised for issue by the board of directors on 14 October 2008 and were signed on its behalf by:

B van Bilderbeek
Director

G Stevens
Director

Consolidated Statement of Changes in Equity

for the year ended 30 June 2008

Group	Called Up Share Capital £'000	Share Premium Account £'000	Share Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 1 July 2006 as reported under UK GAAP	802	15,596	63	(1,585)	14,876
Changes in accounting policy arising from IFRS	—	—	—	(33)	(33)
Balance as at 1 July 2006 under IFRS	802	15,596	63	(1,618)	14,843
Profit for the year	—	—	—	1,116	1,116
Share based payments reserve charge	—	—	116	—	116
Balance as at 30 June 2007	802	15,596	179	(502)	16,075
Profit for the year	—	—	—	1,289	1,289
Share based payments reserve charge	—	—	181	—	181
Balance as at 30 June 2008	802	15,596	360	787	17,545

Consolidated Cash Flow Statement

for the year ended 30 June 2008

	Notes	2008 £'000	2007 Restated £'000
Cash flows from operating activities			
Profit before taxation		1,905	1,566
Adjustments for:			
Depreciation and amortisation		1,581	981
Loss/(profit) on disposal of plant, property and equipment		84	(2)
Profit on disposal of investment		–	(789)
Charge for share based payments		181	116
Investment income		(14)	(52)
Interest expense		156	47
Changes in working capital:			
Increase in inventories		(355)	(1,885)
Increase in trade and other receivables		(1,920)	(2,326)
Increase in trade and other payables		27	1,761
Cash generated from operations		1,645	(583)
Income taxes paid		(155)	(24)
Net cash generated from operations		1,490	(607)
Cash flows from investing activities			
Acquisition of subsidiary entity		(254)	–
Purchase of intangible assets		(356)	(237)
Purchase of plant, property and equipment		(2,360)	(4,856)
Proceeds of sale of plant, property and equipment		258	28
Proceeds of sale of investments		–	989
Net cash used in investing activities		(2,712)	(4,076)
Cash flows from financing activities			
Interest paid		(152)	(41)
Interest received		3	41
Net cash used in financing activities		(149)	–
Net decrease in cash and cash equivalents		(1,371)	(4,683)
Cash and cash equivalents at 1 July 2007		(1,773)	2,910
Cash and cash equivalents at 30 June 2008	22	(3,144)	(1,773)

Notes to the Consolidated Financial Statements

1. Summary of significant accounting policies

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

a Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board as adopted by the European Union and therefore comply with Article 4 of the EU IAS Regulation and are in accordance with the Companies Act 1985.

The financial statements for the Group have been prepared under IFRS for the first time in the financial year which ended on 30 June 2008. The adoption of these standards and interpretations has resulted in changes to the Group's accounting policies. The disclosures required by IFRS 1, First-time Adoption of International Financial Reporting Standards for the transition from UK GAAP to IFRS are included in note 26 to the financial statements. This note shows the effect of the adoption of IFRS on the results for the year ended 30 June 2007, the comparative year.

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

- IFRS 2 (amendment) *Share based payments*
- IFRS 3 (revised) *Consolidated financial statements*
- IFRS 8 *Operating Segments*
- IFRIC 12 *Service concession arrangements*
- IFRIC 13 *Customer loyalty programmes*
- IFRIC 14 : *IAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction*
- IFRIC 15 *Agreements for the Construction of Real Estate*
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*
- IAS 1 (revised) *Presentation of financial statements*
- IAS 23 (revised) *Borrowing costs*
- IAS 27 (revised) *Consolidated and separate financial statements*
- IAS 32 *Financial Instruments – Presentation (amendments)*
- IAS 39 *Financial Instruments: Recognition and Measurement (amendment) – Eligible Hedged Items*

The Directors do not anticipate that the adoption of these interpretations in future reporting periods will have a material impact on the Group's results.

The Group financial statements are presented in sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated.

The financial information has been prepared under the historical cost convention.

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

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

b. Basis of consolidation

The financial statements have been prepared on a consolidated basis to include the financial statements of Plexus Holdings plc (the Company) and its subsidiaries Plexus Ocean Systems Limited and Plexus Holdings USA Inc. made up to 30 June 2008. 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 income statement from the date of acquisition or up to the date of disposal.

Notes to the Consolidated Financial Statements

c. Revenue

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

Income from rental contracts is recognised over the period of the rental. Income from equipment sales is recognised following product acceptance by the customer. Income from services is recognised over the period of performance of the services. Income from construction contracts is recognised in accordance with paragraph (p) below.

d. Investments

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

e. Basis of consolidation

The group financial statements consolidate the financial statements of Plexus Holdings plc and the entities it controls (its subsidiaries) drawn up to 30 June each year. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities and is achieved through direct and indirect ownership of voting rights; currently exercisable or convertible potential voting rights; or by way of contractual agreement. Subsidiaries are consolidated from the date of their acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies. All intercompany balances and transactions, including unrealised profits arising from intra group transactions, have been eliminated in full. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Minority interests represent the portion of profit or loss and net assets in subsidiaries that is not held by the group.

f. Associate

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

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

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

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

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

Notes to the Consolidated Financial Statements

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

g. Goodwill

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

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

Goodwill arising prior to 1 July 2006 is stated at the previous carrying amount under UK GAAP being cost less accumulated amortisation.

h. Intangible assets and amortisation

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

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

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

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

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

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

i. Plant, property and equipment

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

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

Equipment	10% – 50% per annum
Motor vehicles	20% per annum

The expected useful lives and residual values of plant, property and equipment are reviewed on an annual basis and, if necessary, changes in useful life or residual value are accounted for prospectively.

The carrying value of plant, property and equipment is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

An item of plant, property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

Notes to the Consolidated Financial Statements

j. Trade receivables

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

k. Trade payables

Trade and other payables are stated at cost.

l. Cash and cash equivalents

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

m. Foreign currencies

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

n. Leases

Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease. Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

o. Inventory

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

p. Construction contracts and work in progress

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. 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.

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

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

q. Taxation

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

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

Notes to the Consolidated Financial Statements

r. Pensions

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

s. Classification of financial instruments issued by the Group

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

- (a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

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

t. 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.

u. Share based payments

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

v. Significant judgements made by management

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

Notes to the Consolidated Financial Statements

w. Key assumptions and sources of estimation

Employee share options are valued in accordance with a Stochastic model and judgement is required regarding the choice of some of the inputs to the model. Where doubts have existed, management have gone with the advice of experts. Full details of the model and inputs are provided in note 18.

The estimated life of the Group's rental assets for depreciation purposes is of significance to the financial statements. The life used is with reference to engineering experience of the probable physical and commercial lifespans of the assets.

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

Provisions require management estimates and judgements. Provision has been made against slow moving inventory based upon historical experience of the viability of the older parts as technological improvements have been made.

2. Revenue

	2008 £'000	2007 £'000
By geography		
UK	6,391	4,173
Europe	3,235	1,459
Rest of World	3,649	4,642
	<u>13,275</u>	<u>10,274</u>
By type		
Sale of goods	1,960	4,173
Services	11,315	1,459
Construction contract	–	4,642
	<u>13,275</u>	<u>10,274</u>

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

3. Segment reporting

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

Notes to the Consolidated Financial Statements

4. Notes to the income statement

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

	2008 £'000	2007 £'000
Depreciation of tangible assets	1,238	656
Amortisation of intangible assets:		
– Intellectual property rights	270	270
– Research and development	46	30
– Computer software	27	25
Other research and development charges	749	109
Operating lease charges:		
– land and buildings	172	172
– other	46	13
Foreign currency exchange loss	18	93
(Gain)/loss on disposal of plant, property and equipment	22	(2)
Directors' emoluments	517	417
Inventory write down provision	95	130
Bad debt provision	(5)	5
Auditors' remuneration:		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	10	10
The audit of the Company's subsidiary pursuant to legislation	19	18
Total audit fees	29	28
Other income:		
Gain on disposal of participating interest	–	(789)

Details of Directors' remuneration are given in the remuneration report on page 16 and this forms part of the financial statements.

5. Staff numbers and costs

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

	2008 Number	2007 Number
Management	10	9
Technical	48	36
Administrative	11	9
	69	54

The aggregate payroll costs of these persons were as follows:

	2008 £'000	2007 £'000
Wages and salaries	3,228	2,331
Social security costs	279	255
Pension contributions	109	–
Share based payments	181	116
	3,797	2,702

Notes to the Consolidated Financial Statements

6. Finance income	2008	2007
	£'000	£'000
Bank interest receivable	3	41
Other interest	11	11
	<u>14</u>	<u>52</u>
7. Finance costs	2008	2007
	£'000	£'000
On bank loans and overdraft	150	45
Other interest	6	2
	<u>156</u>	<u>47</u>
8. Income tax expense	2008	2007
(i) <i>The taxation charge for the year comprises:</i>	£'000	£'000
UK Corporation tax:		
Current tax on income for the year	507	104
Adjustment in respect of prior years	2	–
	<u>509</u>	<u>104</u>
Foreign tax		
Current tax on income for the year	52	24
	<u>561</u>	<u>128</u>
Total current tax		
Deferred tax:		
Origination and reversal of timing differences	35	322
Adjustment in respect of prior years	20	–
	<u>55</u>	<u>322</u>
Total deferred tax		
Total tax charge	<u>616</u>	<u>450</u>
(ii) <i>Factors affecting the tax charge for the year</i>	2008	2007
	£'000	Restated £'000
Profit on ordinary activities before tax	1,905	1,556
Current tax charge at 28% (2007: 30%)	533	467
<i>Effects of:</i>		
Expenses not deductible for tax purposes	95	120
Capital allowances for the year in excess of depreciation	(49)	(303)
Utilisation of tax losses	(75)	(167)
Income taxable at lower rate band	–	(2)
Indexation on capital gain	–	(4)
Foreign tax	26	17
Adjustments in respect of prior year	2	–
Effect of change in tax rate	29	–
	<u>561</u>	<u>128</u>
Current tax charge for the year		

Notes to the Consolidated Financial Statements

8. Income tax expense (continued)

(iii) Movement in deferred tax balance

	2008 £'000	2007 £'000
Deferred tax liability at beginning of year	322	—
Charge to income statement	55	322
Deferred tax liability at end of year	377	322

(iv) Deferred tax balance

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

	2008 £'000	2007 £'000
Difference between depreciation and capital allowances	553	360
Share based payments	(138)	—
Tax losses	(38)	(38)
Deferred tax liability at end of year	377	322

9. Earnings per share

	2008 £'000	2007 Restated £'000
Profit attributable to shareholders	1,289	1,116
	Number	Number
Weighted average number of shares in issue	80,182,569	80,182,569
Dilution effects of share schemes	409,284	258,510
Diluted weighted average number of shares in issue	80,591,853	80,441,079
Basic earnings per share	1.61p	1.39p
Diluted earnings per share	1.60p	1.39p

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

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

10. Goodwill

	£'000
Cost	
As at 1 July 2006	722
As at 1 July 2007	722
As at 30 June 2008	722
Impairment	
As at 1 July 2006	—
As at 1 July 2007	—
As at 30 June 2008	—
Net Book Value	
As at 30 June 2008	722
As at 30 June 2007	722
As at 30 June 2006	722

Notes to the Consolidated Financial Statements

11. Intangible fixed assets

	Intellectual Property £'000	Patent and Other Development £'000	Computer Software £'000	Total £'000
Cost				
As at 1 July 2006	5,403	478	55	5,936
Additions	–	230	7	237
As at 1 July 2007	5,403	708	62	6,173
Additions	1,037	344	12	1,393
As at 30 June 2008	6,440	1,052	74	7,566
Amortisation				
As at 1 July 2006	173	55	9	237
Charge for the year	270	30	25	325
As at 1 July 2007	443	85	34	562
Charge for the year	270	46	27	343
As at 30 June 2008	713	131	61	905
Net Book Value				
As at 30 June 2008	5,727	921	13	6,661
As at 30 June 2007	4,960	623	28	5,611
As at 30 June 2006	5,230	423	46	5,699

Patent and other development costs are internally generated.

12. Plant, property and equipment

	Equipment £'000	Assets under Construction £'000	Motor Vehicles £'000	Total £'000
Cost				
As at 1 July 2006	2,660	510	28	3,198
Additions	315	4,541	–	4,856
Transfers	3,481	(3,481)	–	–
Disposals	(56)	–	(1)	(57)
As at 1 July 2007	6,400	1,570	27	7,997
Additions	78	2,281	1	2,360
Transfers	3,629	(3,629)	–	–
Disposals	(413)	–	(6)	(419)
As at 30 June 2008	9,694	222	22	9,938

Notes to the Consolidated Financial Statements

12. Plant, property and equipment (continued)

	Equipment £'000	Assets under Construction £'000	Motor Vehicles £'000	Total £'000
Depreciation				
As at 1 July 2006	810	–	13	823
Charge for the year	652	–	4	656
On disposals	(30)	–	(1)	(31)
As at 1 July 2007	1,432	–	16	1,448
Charge for the year	1,234	–	4	1,238
On disposals	(71)	–	(6)	(77)
As at 30 June 2008	2,595	–	14	2,609
Net book value				
As at 30 June 2008	7,099	222	8	7,329
As at 30 June 2007	4,968	1,570	11	6,549
As at 30 June 2006	1,850	510	15	2,375

13. Investments

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

On 21 May 2008, the Group acquired control of Plexus Deepwater Technologies Limited along with Plexus Holdings USA, Inc. and Plexus Ocean Systems US, LLC. 100% of the voting equity of each entity was obtained and the cost of the combination was £1,037k.

The Group's investments are unlisted.

Notes to the Consolidated Financial Statements

13. Investments (continued)

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

	2008 £'000	2007 £'000
Assets	130	—
Liabilities	209	—
Revenue	—	—
Loss	(117)	—

14. Inventories

	2008 £'000	2007 £'000
Raw materials and consumables	860	577
Work in progress	325	27
Finished goods and goods for resale	2,293	2,519
	<u>3,478</u>	<u>3,123</u>

15. Trade and other receivables

	2008 £'000	2007 £'000
Trade receivables	4,271	1,894
Construction work in progress	1,479	1,479
Receivables due from associate companies	165	—
Receivables due from related parties	18	31
Prepayments and other amounts	974	1,572
	<u>6,907</u>	<u>4,976</u>

16. Trade and other payables

	2008 £'000	2007 Restated £'000
Trade payables	1,802	1,852
Trade payables due to related parties	1	140
Non trade payables and accrued expenses	1,718	715
	<u>3,521</u>	<u>2,707</u>

17. Share Capital

	2008 £'000	2007 £'000
Authorised:		
Equity: 110,000,000 Ordinary shares of 1p each	1,100	1,100
Allotted, called up and fully paid:		
Equity: 80,182,569 Ordinary shares of 1p each	802	802

Notes to the Consolidated Financial Statements

18. Share based payments

Share options have been granted to subscribe for ordinary shares, which are exercisable between 2006 and 2018 at prices ranging from £0.385 to £0.78. At 30 June 2008, there were 3,542,298 options outstanding.

The Company has an unapproved share option scheme for the directors and employees of the Group. Options are exercisable at the quoted mid-market price of the Company's shares on the date of grant. The options may vest in three equal portions, at the end of each of three assessment periods, provided that the option holder is still employed by the Group at vesting date and that the Total Shareholder Return (TSR) performance conditions are satisfied. Options that do not meet the TSR criteria at the first available vesting date may vest at the end of the complete assessment period, provided that the compounded TSR performance is met over the complete assessment period. Vested but unexercised options expire on the tenth anniversary of the date of grant.

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

	2008		2007	
	No of	Weighted	No of	Weighted
	Shares	average price	Shares	average price
Outstanding at the beginning of the period	3,028,182	0.49	1,652,542	0.59
Granted during the period	914,316	0.78	1,375,640	0.385
Lapsed due to failure to meet TSR criteria during the period	(347,034)	0.59	—	—
Forfeited during the period	(53,166)	0.385	—	—
Exercised during the period	—	—	—	—
Outstanding at the end of the period	3,542,298	0.49	3,028,182	0.49
Exercisable at the end of the period	550,847	0.59	550,847	0.59

The aggregate of the estimated fair values of the options granted that are outstanding at 30 June 2008 is £739,720 (2007: £501,000). The inputs to the Stochastic model for the computation of the fair value of the options are as follows:

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

In the absence of sufficient historical share price data for the Company, expected volatility was calculated by analysing the median share price volatility for similar companies prior to grant for the period of the expected term. The expected term used has been adjusted based on the management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. The risk-free interest rate is taken as the implied yield at grant available on government securities with a remaining term equal to the average expected term. The expected dividend yield is 0% as no dividends have been paid in recent years, and the directors do not envisage that the Company will pay dividends for the foreseeable future.

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

The Group has recognised an expense in the current year of £181,333 (2007: £116,000) towards equity settled share based payments.

Notes to the Consolidated Financial Statements

19. Share premium and reserves

	Share premium £'000	Share based payments reserve £'000	Profit and loss account £'000
As at 1 July 2007	15,596	179	(502)
Reserve created in the year	–	181	–
Profit for the year retained for equity shareholders	–	–	1,289
As at 30 June 2008	15,596	360	787

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

	2008 £'000	2007 £'000
(Decrease)/increase in cash in the year	(1,371)	(4,683)
Cash outflow from decrease in net debt	–	–
Change in net debt resulting from cash flows	(1,371)	(4,683)
Loan set against debtor balance	–	–
Movement in net debt in year	(1,371)	(4,683)
Net cash/(debt) at start of year	(1,773)	2,910
Net cash outflow from operating activities	(3,144)	(1,773)

21. Analysis of net debt

	At beginning of year £'000	Cash flow £'000	At end of year £'000
Cash in hand and at bank	128	328	456
Overdrafts	(1,901)	(1,699)	(3,600)
Total	(1,773)	(1,371)	(3,144)

Notes to the Consolidated Financial Statements

22. Financial instruments and risk management

Treasury management

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

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

(a) Market risks

(i) Foreign currency exchange risk

The Group is exposed to foreign exchange risk arising from various currencies. In order to protect the Group's balance sheet from movements in exchange rates, the Group converts foreign currency balances into Sterling on receipt so far as they will not be used for future payments in the foreign currency.

The Group carefully monitors the economic and political situation in the countries in which it operates to ensure appropriate action is taken to minimise any foreign currency exposure.

The Group's main foreign exchange risk relates to movements in the sterling/US dollar and sterling/Euro exchange rates. Movements in these rates impact the translation of US dollar and Euro denominated net assets.

(ii) Interest rate risk

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

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

(iii) Price risk

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

(b) Credit risk

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

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

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

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

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

Notes to the Consolidated Financial Statements

22. Financial instruments and risk management (continued)

The aging of trade receivables at the year end was:

	2008 £'000	2007 £'000
Not past due	5,096	4,037
Past due 0-30 days	777	714
Past due 30+ days	1,034	225
	<u>6,907</u>	<u>4,976</u>

(c) Liquidity risk

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

Financial assets and liabilities

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

	Floating rates £'000	Non-interest bearing £'000	Book and fair value £'000
30 June 2008			
Cash and liquid resources – Sterling	1	–	1
– US Dollar	278	–	278
– Euro	98	–	98
– Egyptian Pounds	–	79	79
	<u>377</u>	<u>79</u>	<u>456</u>
30 June 2007			
Cash and liquid resources – Sterling	1	–	1
– US Dollar	84	–	84
– Euro	43	–	43
	<u>128</u>	<u>–</u>	<u>128</u>

At 30 June 2008 the Group had £456,225 of cash. The average rate of interest earned in the year is on a floating rate basis and ranged between 3.0% and 4.0% on sterling deposits.

The Group has a facility of £4,000,000 that is secured by a fixed and floating charge over the assets of the Group. At 30 June 2008 the Group had drawn £3,599,723 on that facility. The interest payable is on a floating rate basis and ranged between 7.0% and 7.75% in the year.

The interest rate and currency profiles of the Group's financial liabilities at 30 June 2008 are as follows:

	Floating rates £'000	Non-interest bearing £'000	Book and fair value £'000
30 June 2008			
Bank overdraft – Sterling	(3,600)	–	(3,600)
30 June 2007			
Bank overdraft – Sterling	(1,901)	–	(1,901)

Notes to the Consolidated Financial Statements

23. Operating lease commitments/Financial commitments

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

	2008	2007
	£'000	£'000
Within one year	220	213
Within two to five years	808	809
After five years	404	573
	<u>1,432</u>	<u>1,595</u>

The Group had no capital commitments as at 30 June 2008 (30 June 2007: £nil).

24. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2008 (30 June 2007: £nil).

25. Related party transactions

Control

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

Ultimate parent company

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

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

Transactions

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

	2008	2007
	£'000	£'000
Recharge of expenses to Other Related Parties	43	37
Purchase of goods and services from Management	43	39
Purchase of goods and services from Other Related Parties	210	206
Receivables from Other Related Parties	18	31
Receivables from Associate Undertakings	165	–
Payables to Parent Company	–	11
Payables to Management	1	25
Payables to Other Related Parties	–	104

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

Notes to the Consolidated Financial Statements

26. Transition to IFRS

1 Introduction

The Financial Statements for the 12 months ended 30 June 2008 have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) for the first time. The comparative information in the financial statements has been restated to IFRS and a reconciliation of the differences disclosed. The disclosures required by IFRS 1 concerning the transition from UK Generally Accepted Accounting Practice (UK GAAP) to IFRS are set out below. Reconciliations from UK GAAP to IFRS of the Group's net assets at 30 June 2007 and net profit for the year ended 30 June 2007 are also included. The IFRS standards that principally affect adjustments between UK GAAP and IFRS are:

IFRS 1 — First-Time Adoption of International Financial Reporting Standards

IFRS 3 — Business Combinations

IAS 19 — Employee Benefits

IAS 38 — Intangible Assets

IFRS 1, First-Time Adoption of IFRS, outlines how to apply IFRS for the first time. The Group's transition date is 1 July 2006, and the standard permits certain exemptions from the full requirements of IFRS at that date.

2 Exemptions

The Group has taken the following exemptions or options available as at transition

(a) Business Combinations

The Group has taken the option not to restate business combinations that occurred prior to 1 July 2006 on an IFRS 3, Business Combinations basis.

Notes to the Consolidated Financial Statements

26. Transition to IFRS continued

3 Reconciliations to International Financial Reporting Standards

Group reconciliation of equity as at 1 July 2006

	<i>Note</i>	UK GAAP in IFRS format £000's	Effect of transition to IFRS £000's	IFRS £000's
Assets				
Goodwill		722	–	722
Intangible assets	a	5,653	46	5,699
Property, plant and equipment	a	2,421	(46)	2,375
Investments		200	–	200
Non-current assets		8,996	–	8,996
Inventories		1,238	–	1,238
Trade and other receivables		2,640	–	2,640
Cash and cash equivalents		2,910	–	2,910
Current assets		6,788	–	6,788
Total Assets		15,784	–	15,784
Equity and Liabilities				
Capital and reserves attributable to equity holders of the company				
Called-up share capital		802	–	802
Share premium account		15,596	–	15,596
Share based payments reserve		63	–	63
Retained earnings	c	(1,585)	(33)	(1,618)
Total equity		14,876	(33)	14,843
Non-current liabilities		–	–	–
Trade and other payables	c	908	33	941
Current income tax liabilities		–	–	–
Borrowings		–	–	–
Current liabilities		908	33	941
Total liabilities		908	33	941
Total Equity and Liabilities		15,784	–	15,784

Notes to the Consolidated Financial Statements

26. Transition to IFRS continued

3 Reconciliations to International Financial Reporting Standards

Group reconciliation of equity as at 1 July 2007

	<i>Note</i>	UK GAAP in IFRS format £000's	Effect of transition to IFRS £000's	IFRS £000's
Assets				
Goodwill	b	681	41	722
Intangible assets	a	5,583	28	5,611
Property, plant and equipment	a	6,577	(28)	6,549
Non-current assets		12,841	41	12,882
Inventories		3,123	–	3,123
Trade and other receivables		4,976	–	4,976
Cash and cash equivalents		128	–	128
Current assets		8,227	–	8,227
Total Assets		21,068	41	21,109
Equity and Liabilities				
Capital and reserves attributable to equity holders of the company				
Called-up share capital		802	–	802
Share premium account		15,596	–	15,596
Share based payments reserve		179	–	179
Retained earnings	b, c	(501)	(1)	(502)
Total equity		16,076	(1)	16,075
Deferred tax liabilities		322	–	322
Non-current liabilities		322	–	322
Trade and other payables	c	2,665	42	2,707
Current income tax liabilities		104	–	104
Borrowings		1,901	–	1,901
Current liabilities		4,670	42	4,712
Total liabilities		4,992	42	5,034
Total Equity and Liabilities		21,068	41	21,109

Notes to the Consolidated Financial Statements

26. Transition to IFRS continued

3 Reconciliations to International Financial Reporting Standards

Group reconciliation of income statement for the year ended 30 June 2007

	<i>Note</i>	UK GAAP in IFRS format £000's	Effect of transition to IFRS £000's	IFRS £000's
Revenue		10,274	–	10,274
Cost of sales		(5,640)	–	(5,640)
Gross profit		4,634	–	4,634
Administrative expenses	b, c	(3,894)	32	(3,862)
Operating profit		740	32	772
Other income		789	–	789
Finance income		52	–	52
Finance costs		(47)	–	(47)
Profit before taxation		1,534	32	1,566
Income tax expense		(450)	–	(450)
Profit after taxation		1,084	32	1,116

The following changes to accounting policies and presentation resulted from the transition to IFRS:

a Intangible assets

IAS 38 – Intangible Assets requires that software costs which are not integral to the operation of the piece of machinery be classified as intangible assets. The costs and depreciation relating to expenditure on such software has been reclassified from Property, plant and equipment to intangible assets.

A reclassification of £45,666 was made on transition to IFRS on 1 July 2006 and further reclassifications were made during the year to 30 June 2007 (£27,973).

b Goodwill

Under UK GAAP the Group amortised goodwill over its useful economic life. IFRS 3 – Business Combinations requires that goodwill is not amortised but is subject to an annual impairment review instead. IFRS requires that an impairment test is carried out at transition date based on the conditions at that date. No impairment was identified at the date of transition and no adjustments to the carrying value of goodwill were made. Subsequent impairment tests performed in accordance with IAS 38 have similarly resulted in no impairment having been identified.

The remeasurement adjustment made to the Group balance sheet reverses the amortisation of goodwill charged in the year from 1 July 2006 to 30 June 2007 £41,083.

c Holiday pay accrual

IAS 19 – Employee Benefits requires that where an entity compensates employees for holiday, an accrual be recognised to the extent that accumulated untaken entitlement can be carried forward and taken or paid in a future period. Holiday pay accruals were not recognised by the Group under UK GAAP. The following accruals were made in accordance with IAS 19:

At 1 July 2006	£32,791
At 30 June 2007	£41,711

Independent Auditors' Report to the Shareholders of Plexus Holdings plc

We have audited the parent company financial statements of Plexus Holdings plc for the year ended 30 June 2008 which comprise the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity, the Parent Company Cash Flow Statement and the related notes numbered 1 to 13. These parent company 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

The directors' responsibilities for preparing the annual report and the parent company financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the parent company 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 parent company financial statements give a true and fair view and whether the parent company financial statements have been 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. The information given in the Directors' Report includes that specific information presented in the Chairman's Statement, the Chief Executive's Review, the Financial Review and the Corporate Governance Report that is cross referenced from the review of business section of the Directors' Report.

In addition we report to you if, in our opinion, the parent company has not kept proper accounting records, 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 other information contained in the annual report and consider whether it is consistent with the parent company financial statements. This other information comprises only the Highlights, Directors' Report, Chairman's Statement, Chief Executive's Review, Financial Review, Corporate Governance Report and the Remuneration Committee Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent company financial statements. Our responsibilities do not extend to any other information.

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 parent company financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the parent company financial statements, and of whether the accounting policies are appropriate to the 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 parent company financial statements are free from material misstatement, 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 parent company financial statements.

Independent Auditors' Report to the Shareholders of Plexus Holdings plc

Opinion

In our opinion:

- the parent company financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 1985, of the state of the company's affairs as at 30 June 2008;
- the parent company 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 parent company financial statements.

Horwath Clark Whitehill LLP

Chartered Accountants and Registered Auditors

London

14 October 2008

Parent Company Balance Sheet

at 30 June 2008

		2008	2007
	Notes	£'000	Restated £'000
Assets			
Investments	3	8,294	7,257
Non-current assets		<u>8,294</u>	<u>7,257</u>
Trade and other receivables	4	7,930	8,718
Deferred tax assets		96	38
Current assets		<u>8,026</u>	<u>8,756</u>
Total Assets		<u>16,320</u>	<u>16,013</u>
Equity and Liabilities			
Called up share capital	6	802	802
Share premium account	7	15,596	15,596
Share based payments reserve	7	213	124
Retained earnings	7	(1,073)	(540)
Total equity attributable to equity holders of the company		<u>15,538</u>	<u>15,982</u>
Trade and other payables	5	782	28
Current income tax liabilities		–	3
Current liabilities		<u>782</u>	<u>31</u>
Total liabilities		<u>782</u>	<u>31</u>
Total Equity and Liabilities		<u>16,320</u>	<u>16,013</u>

These financial statements were approved and authorised for issue by the board of directors on 14 October 2008 and were signed on its behalf by:

B van Bilderbeek
Director

G Stevens
Director

Parent Company Statement of Changes in Equity

for the year ended 30 June 2008

Group	Called Up Share Capital £'000	Share Premium Account £'000	Share Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 1 July 2006 as reported under UK GAAP	802	15,596	52	(186)	16,264
Changes in accounting policy arising from IFRS	—	—	—	—	—
Balance as at 1 July 2006	802	15,596	52	(186)	16,264
Loss for the year	—	—	—	(354)	(354)
Share based payments reserve charge	—	—	72	—	72
Balance as at 30 June 2007	802	15,596	124	(540)	15,982
Profit for the year	—	—	—	(533)	(533)
Share based payments reserve charge	—	—	89	—	89
Balance as at 30 June 2008	802	15,596	213	(1,073)	15,538

Parent Company Cash Flow Statement

for the year ended 30 June 2008

	Notes	2008 £'000	2007 Restated £'000
Cash flows from operating activities			
Loss before taxation		(594)	(531)
Adjustments for:			
Charge for share based payments		89	72
Investment income		–	(17)
Interest expense		–	–
Changes in working capital:			
Decrease/(increase) in trade and other receivables		788	(2,448)
Increase/(decrease) in trade and other payables		754	(18)
Cash generated from operations		1,037	(2,942)
Income taxes paid		–	–
Income tax losses transferred to subsidiary		–	142
Net cash used in operations		1,037	(2,800)
Cash flows from investing activities			
Purchase of intangible assets		(1,037)	–
Net cash used in investing activities		(1,037)	–
Cash flows from financing activities			
Interest received		–	17
Net cash used in financing activities		–	17
Net decrease in cash and cash equivalents		–	(2,783)
Cash and cash equivalents at 1 July 2007		–	2,783
Cash and cash equivalents at 30 June 2008		–	–

Notes to the Parent Company Financial Statements

1. Summary of significant accounting policies

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

a Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board as adopted by the European Union and they therefore comply with Article 4 of the EU IAS Regulation and are in accordance with the Companies Act 1985.

The financial statements the Company have been prepared under IFRS for the first time in the financial year which ended on 30 June 2008. The adoption of these standards and interpretations has resulted in changes to the Company's accounting policies. The disclosures required by IFRS 1, First-time Adoption of International Financial Reporting Standards for the transition from UK GAAP to IFRS are included in note 13 to the financial statements. This note shows the effect of the adoption of IFRS on the results for the year ended 30 June 2007, the comparative year.

Under section 230(4) of the Companies Act 1985 the Company is exempt from the requirement to present its own income statement.

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

- IFRS 2 (amendment) *Share based payments*
- IFRS 3 (revised) *Consolidated financial statements*
- IFRS 8 *Operating Segments*
- IFRIC 12 *Service concession arrangements*
- IFRIC 13 *Customer loyalty programmes*
- IFRIC 14 : *IAS19 – The limit on a defined benefit asset, minimum funding requirements and their interaction*
- IFRIC 15 *Agreements for the Construction of Real Estate*
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*
- IAS 1 (revised) *Presentation of financial statements*
- IAS 23 (revised) *Borrowing costs*
- IAS 27 (revised) *Consolidated and separate financial statements*
- IAS 32 *Financial Instruments – Presentation (amendments)*
- IAS 39 *Financial Instruments: Recognition and Measurement (amendment) – Eligible Hedged Items*

The Directors do not anticipate that the adoption of these interpretations in future reporting periods will have a material impact on the Company's results.

The Company financial statements are presented in sterling and all values are rounded to the nearest thousand pounds except where otherwise indicated.

The financial information has been prepared under the historical cost convention.

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

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

b. Investments

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

Notes to the Parent Company Financial Statements

c. Trade receivables

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

d. Trade payables

Trade and other payables are stated at cost.

e. Cash and cash equivalents

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

f. Foreign currencies

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

g. Taxation

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

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

h. Pensions

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

i. Classification of financial instruments issued by the Company

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

- (a) they include no contractual obligations upon the Company (or Group as the case may be) to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company (or Group); and
- (b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

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

Notes to the Parent Company Financial Statements

j. 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.

k. Share based payments

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

2. Loss for the year

As permitted by section 230 of the Companies Act 1985, the parent company's income statement has not been included in these financial statements. The parent company's loss after tax for the year was £533,154 (2007: £353,489).

3. Investments

	£'000
<i>Subsidiary undertaking</i>	
As at 1 July 2006	7,257
As at 1 July 2007	7,257
Additions	1,037
As at 30 June 2008	8,294

The Company's subsidiary and associate undertakings are:

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

On 21 May 2008, the Company acquired control of Plexus Deepwater Technologies Limited along with Plexus Holdings USA, Inc. and Plexus Ocean Systems US, LLC. 100% of the voting equity of each entity was obtained and the cost of the combination was £1,037k.

Notes to the Parent Company Financial Statements

4. Trade and other receivables

	2008 £'000	2007 £'000
Receivables due from group companies	7,920	8,692
Prepayments and other amounts	10	26
	<u>7,930</u>	<u>8,718</u>

5. Trade and other payables

	2008 £'000	2007 £'000
Non trade payables and accrued expenses	782	28
	<u>782</u>	<u>28</u>

6. Share Capital

	2008 £'000	2007 £'000
Authorised: Equity: 110,000,000 Ordinary shares of 1p each	1,100	1,100
Allotted, called up and fully paid: Equity: 80,182,569 Ordinary shares of 1p each	<u>802</u>	<u>802</u>

7. Share premium and reserves

	Share premium £'000	Share based payments reserve £'000	Profit and loss account £'000
As at 1 July 2007	15,596	124	(540)
Reserve created in the year	–	89	–
Loss for the year retained for equity shareholders	–	–	(533)
As at 30 June 2008	<u>15,596</u>	<u>213</u>	<u>(1,073)</u>

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

	2008 £'000	2007 £'000
Decrease in cash in the year	–	(2,783)
Net cash at start of year	–	2,783
Net (debt)/cash at end of year	<u>–</u>	<u>–</u>

Notes to the Parent Company Financial Statements

9. Financial instruments and risk management

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

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

(a) Market risks

(i) Foreign currency exchange risk

The Company is exposed to foreign exchange risk arising from various currencies. In order to protect the Company's balance sheet from movements in exchange rates, the Company converts foreign currency balances into Sterling on receipt so far as they will not be used for future payments in the foreign currency.

The Company carefully monitors the economic and political situation in the countries in which it operates to ensure appropriate action is taken to minimise any foreign currency exposure.

The Company's main foreign exchange risk relates to movements in the sterling/US. Movements in this rate impacts the translation of US dollar denominated net liabilities.

(ii) Interest rate risk

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

(iii) Price risk

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

(b) Credit risk

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

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

(c) Liquidity risk

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

10. Operating lease commitments/Financial commitments

The Company had no capital commitments as at 30 June 2008 (30 June 2007: £nil).

11. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2008 (30 June 2007: £nil).

Notes to the Parent Company Financial Statements

12. Related party transactions

Control

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

Ultimate parent company

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

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

Transactions

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

	2008 £'000	2007 £'000
Receivables from Subsidiary Undertakings	7,920	8,692

13. Transition to IFRS

1 Introduction

The Financial Statements for the 12 months ended 30 June 2008 have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) for the first time. The comparative information in the financial statements has been restated to IFRS and a reconciliation of the differences disclosed. The disclosures required by IFRS 1 concerning the transition from UK Generally Accepted Accounting Practice (UK GAAP) to IFRS are set out below. Reconciliations from UK GAAP to IFRS of the Group's net assets at 30 June 2007 are also included. The IFRS standards that principally affect adjustments between UK GAAP and IFRS are:

IFRS 1 — First-Time Adoption of International Financial Reporting Standards

IFRS 3 — Business Combinations

IAS 19 — Employee Benefits

IAS 38 — Intangible Assets

IFRS 1, First-Time Adoption of IFRS, outlines how to apply IFRS for the first time. The Company's transition date is 1 July 2006, and the standard permits certain exemptions from the full requirements of IFRS at that date.

2 Exemptions

The Company has taken the following exemptions or options available as at transition:

(a) Business Combinations

The Company has taken the option not to restate business combinations that occurred prior to 1 July 2006 on an IFRS 3, Business Combinations basis.

Notes to the Parent Company Financial Statements

13. Transition to IFRS continued

3 Reconciliations to International Financial Reporting Standards

Company reconciliation of equity as at 1 July 2006

	UK GAAP in IFRS format £000's	Effect of transition to IFRS £000's	IFRS £000's
Assets			
Investments	7,257	—	7,257
Non-current assets	7,257	—	7,257
Trade and other receivables	6,270	—	6,270
Cash and cash equivalents	2,783	—	2,783
Current assets	9,053	—	9,053
Total Assets	16,310	—	16,310
Equity and Liabilities			
Capital and reserves attributable to equity holders of the company			
Called-up share capital	802	—	802
Share premium account	15,596	—	15,596
Share based payments reserve	52	—	52
Retained earnings	(186)	—	(186)
Total equity	16,264	—	16,264
Non-current liabilities	—	—	—
Trade and other payables	46	—	46
Current liabilities	46	—	46
Total liabilities	46	—	46
Total Equity and Liabilities	16,310	—	16,310

Notes to the Parent Company Financial Statements

13. Transition to IFRS continued

3 Reconciliations to International Financial Reporting Standards

Company reconciliation of equity as at 30 June 2007

	UK GAAP in IFRS format £000's	Effect of transition to IFRS £000's	IFRS £000's
Assets			
Investments	7,257	—	7,257
Non-current assets	7,257	—	7,257
Trade and other receivables	8,718	—	8,718
Deferred tax asset	38	—	38
Current assets	8,756	—	8,756
Total Assets	16,013	—	16,013
Equity and Liabilities			
Capital and reserves attributable to equity holders of the company			
Called-up share capital	802	—	802
Share premium account	15,596	—	15,596
Share based payments reserve	124	—	124
Retained earnings	(540)	—	(540)
Total equity	15,982	—	15,982
Non-current liabilities	—	—	—
Trade and other payables	28	—	28
Current income tax liabilities	3	—	3
Current liabilities	31	—	31
Total liabilities	31	—	31
Total Equity and Liabilities	16,013	—	16,013

Corporate Information

Directors	Robert Fredrik Martin Adair † (Non-Executive Chairman) Bernard Herman van Bilderbeek (Chief Executive) Graham Paul Stevens (Finance Director) Craig Francis Bryce Hendrie (Technical Director) Jerome Jeffery Thrall † (Non-Executive Director) Augusto Licinio Carmona Da Mota (Non-Executive Director) †Member of Audit and Remuneration committees
Registered Office	Plexus House 1 Cromwell Place London SW7 2JE
Company Number	3322928
Company Secretary	Martha Bruce FCIS David Venus & Company Limited Thames House Portsmouth Road Esher Surrey KT10 9AD
Nominated Adviser and Broker	Brewin Dolphin Limited 48 St Vincent Street Glasgow G2 5TS
Auditors	Horwath Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH
Solicitors to the Company	Jones Day 21 Tudor Street London EC4Y 0DJ Ledingham Chalmers LLP Johnstone House 52–54 Rose Street Aberdeen AB10 1HA
Registrars	SLC Registrars Thames House Portsmouth Road Esher Surrey KT10 9AD

Notice of Annual General Meeting

Plexus Holdings plc ("the Company")

(Company number 3322928)

Notice is given that the annual general meeting of the members of the Company will be held at Plexus House, 1 Cromwell Place, London SW7 2JE on Tuesday 2nd December 2008 at 11:00 a.m., to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 6 (inclusive) will be proposed as ordinary resolutions and resolutions 7, 8 and 9 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 2008.

Remuneration Report

2. To approve the Report on Directors' Remuneration for the year ended 30 June 2008.

Re-election of Directors Retiring by Rotation

3. To re-elect Robert Adair as a Director.
4. To re-elect Graham Stevens as a Director.

Re-appointment of Auditors

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

Auditors' Remuneration

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

Purchase of Own Shares

7. That the Company be generally and unconditionally authorised to make one or more market purchases, within the meaning of Section 163(3) of the Companies Act 1985 ("the Act"), of ordinary shares of 1p each in the Company ("Shares") and to hold such Shares as treasury shares, provided that:
 - (a) the maximum number of Shares to be repurchased shall be 4,009,128 Shares representing the nominal value of 5% of the Company's issued share capital at the date of this Notice;
 - (b) the minimum price (exclusive of expenses) which may be paid for a Share shall be 1p per share;
 - (c) the maximum price (exclusive of expenses) which may be paid for a Share shall be an amount equal to 105% of the average market value of the Shares (as derived from the mid-market price) for the five business days immediately preceding the date on which the Share is purchased;
 - (d) any purchase of Shares will be made in the market for cash at prices below the prevailing net asset value per share as determined by the Directors;
 - (e) the authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 31 December 2009; and
 - (f) the Company may make a contract to purchase Shares under the authority hereby conferred prior to the expiry of such authority and may make a purchase of Shares pursuant to any such contract notwithstanding such expiry.

Notice of Annual General Meeting

Authority to Dis-apply Pre-emption Rights

8. That, subject to Section 80(1) of the Act, the Directors be 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 2009 but so that this power shall enable the Company to make offers or agreements which would or might require equity securities to be allotted after the expiry of this power;
 - (b) up to an aggregate nominal amount of £80,182.57 representing the nominal value of 10% of the Company's issued share capital at the date of this Notice; and
 - (c) and shall include the power to sell treasury shares under Section 162(D) of the Act.

Alteration to Articles of Association

9. That the articles of association of the Company be altered as set out in Schedule 1 accompanying and forming part of this Notice.

Dated this 14th day of October 2008.

By Order of the Board

Martha Bruce FCIS
Company Secretary

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

Notice of Annual General Meeting

Notes:

1. A member entitled to attend and vote at the above meeting has the right to appoint a proxy or proxies to attend and vote in his place. A proxy need not be a member of the Company.
2. The form of proxy and the power of attorney or other authority or other authority, if any, under which it is signed, or a copy of such power or authority certified by a notary, must be completed and returned to the offices of the Company's registrars, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD, to arrive not less than 48 hours before the date set for the meeting or adjourned meeting.
3. In accordance with regulation 34 of the Uncertificated Securities Regulations 1995, only those persons entered in the register of members of the company as the holders of ordinary shares at 6.00pm on Friday 28 November 2008, are entitled to attend and vote at the meeting in respect of the shares held by them at the relevant time. Any changes made to the register of members of the Company after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
4. **Resolutions 3 and 4** – Article 72.(B) of the Company's articles of association require that one third of the directors of the Company who have held office since the last annual general meeting, must retire and, if they are eligible, may offer themselves for re-election.
5. **Resolution 5** – The Auditors are required to be reappointed at each Annual General Meeting at which accounts are presented. The Board on the recommendation of the Audit Committee, which has evaluated the effectiveness and independence of the external auditors, is proposing the re-appointment of Horwath Clark Whitehill.
6. **Resolution 7** – This resolution is to authorise the Company to make market purchases of up to 5% of its own Shares in issue as set out in the resolution. The authority will expire at the next Annual General Meeting or on 31 December 2009, whichever is earlier.

The Directors consider that in certain circumstances it may be advantageous for the Company to purchase its own Shares at a discount to net asset value. Purchases will only be made on the London Stock Exchange within guidelines established from time to time by the Board.

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

The Directors intend that any Shares purchased under this authority will be held by the Company as treasury shares, within the limits allowed by the law, unless the Directors consider that purchasing the Shares and cancelling them would be to the advantage of the Company and its shareholders. The Directors may dispose of treasury shares in accordance with relevant legislation and the authority relating to rights of pre-emption granted by shareholders in general meeting (see Resolution 8 and the note thereto).
7. **Resolution 8** – When shares are to be allotted for cash, section 89(1) of the Companies Act 1985 provides that existing shareholders have pre-emption rights and that the any new shares are offered first to such shareholders in proportion to their existing shareholdings. This resolution is seeking to authorise the Directors to allot Shares of up to an aggregate nominal amount of £80,182.57 otherwise than on a pro-rata basis. This represents 10% of the Company's issued share capital on the date of this document. This authority shall expire at the next Annual General Meeting or on 31 December 2009, whichever is earlier.

Whilst the Directors have no intention at the present time of issuing relevant securities, other than pursuant to existing rights under employee share schemes, they are seeking annual renewal of this authority in accordance with best practice and to ensure the Company has maximum flexibility in managing capital resources.
8. **Resolution 9** – This resolution is proposed to amend the articles of association of the Company in the manner detailed in Schedule 1 so that they conform to recent changes in legislation enacted by the Companies Act 2006. The changes to the articles are summarised in Schedule 1 which accompanies and forms part of the Notice. The most notable change is the inclusion of a new article 113 allowing the directors, subject to the restrictions detailed therein, to authorise actual or potential conflict of interest situations of directors.
9. The following documents, which are available for inspection during normal business hours at the registered office of the Company on any business day, will also be available for inspection on the day of the meeting until the Company's normal close of business:
 - (a) copies of Executive Directors' service contracts with the Company;
 - (b) copies of Non Executive Directors' letters of appointment;
 - (c) a copy of the Company's Memorandum & Articles of Association; and
 - (d) a draft copy of the Company's Memorandum & Articles of Association containing all of the changes proposed to be made by Resolution 9.

Notice of Annual General Meeting

SCHEDULE 1

PLEXUS HOLDINGS PLC

(“the Company”)

RESOLUTION 9:

SCHEDULE OF PROPOSED CHANGES TO THE ARTICLES OF ASSOCIATION OF THE COMPANY BY RESOLUTION 9.

That the articles of association be altered by:

- 9.1 the insertion of the following definition in article 1.(A) immediately below that for “Act”:
 “the 2006 Act” means the Companies Act 2006
- 9.2 the insertion of the following definition in article 1.(A) between those for “System Participant” and “UKLA”:
 “Statutes” means the Companies Act 1985, CA 2006 and every other statute (including any statutory instrument, order, regulation or subordinate legislation made under them) for the time being in force concerning companies and affecting the Company;
- 9.3 the deletion of the words “and without giving a reason” in paragraph (A) of article 35.
- 9.4 the deletion in its entirety of the last sentence of paragraph (D) of article 60 commencing “Such appointment shall...” and ending “...chairman of the meeting.”
- 9.5 the deletion in its entirety of article 74
- 9.6 the re-numbering of articles 75 to 113 (inclusive) as articles 74 to 112 (inclusive)
- 9.7 the insertion of “, transaction” in the first sentence of article 109 immediately after the words “interested in any contract or arrangement”
- 9.8 the creation of a new paragraph designated (B) in article 109 formed of the words contained in the last sentence of article 109 beginning with the words “For the purposes of this article” and ending “nature and extent so specified.”
- 9.9 the insertion of the following paragraph designated as (C) in article 109:
 “(C) For the purposes of these Articles an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.”
- 9.10 the insertion of “, transaction” in the first sentence of article 110 immediately after the words “concerning any contract, arrangement”
- 9.11 the insertion of “(directly or indirectly)” in article 110 immediately after the words “party and in which he has”
- 9.12 the addition of the following words at the end of the first paragraph of article 110:
 “, or a duty which conflicts with the interests of the Company unless his duty or interest arises only because the resolution relates to one of the matters set out below, in which case he shall be entitled to vote and be counted in the quorum.”
- 9.13 the substitution of the words “the Disclosure and Transparency Rules” in paragraph (iv) of article 110 for the words “sections 198 to 211 of the Act”
- 9.14 the addition of the following paragraph at the end of article 110:
 “An interest of a person who is, for any purpose of the Statutes connected with the Company shall be treated as a interest of the director and, in relation to an alternate director, an interest of his appointor shall be an interest of the alternate director without prejudice to any interest which the alternate director otherwise has.”
- 9.15 the substitution of the words “the Statutes” in article 113 for the words “section 346 of the Act”
- 9.16 the insertion of the following article to be designated (following re-numbering) as article 113:
 “113. AUTHORISATION OF DIRECTORS’ CONFLICTS
 (A) For the purposes of section 175 of the 2006 Act, the directors shall have the power to authorise, on such terms (including as regards duration and revocation and whether or not with retrospective effect), and subject to such, if any, limits or conditions, as they may determine, any matter proposed to them in accordance with these articles which would or might, if not so authorised, constitute or give rise to a situation (a “relevant situation”) in which a director (an “interested director”) has, or can have, a direct or indirect interest which conflicts, or possibly may conflict, with the interests of the company (including, without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the company could take advantage of it). Any authorisation of a relevant situation pursuant to this Article 113 shall extend to any actual or possible conflict of interest which may reasonably be expected to arise out of the relevant situation so authorised.
 (B) for the purposes of this Article 113, a conflict of interest includes a conflict of interest and duty and a conflict of duties.
 (C) an interested director may not form part of the quorum of a meeting of the directors to authorise his relevant situation, nor may he vote at that meeting on the authorisation.

Notice of Annual General Meeting

- (D) an interested director shall be obliged to:
 - (i) disclose to the other directors the nature and extent of his interest in any relevant situation, such disclosure to be made as soon as reasonably practicable; and
 - (ii) act in accordance with any terms, limits or conditions determined by the directors under Article 113 (A).
- (E) any authorisation of a relevant situation given by the directors under Article 113 (A) may provide that:
 - (i) where the interested director obtains (other than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose it to the company or to use it in relation to the company's affairs in circumstances where to do so would amount to a breach of that confidence;
 - (ii) the interested director has a direct or indirect interest in a matter which conflicts, or may conflict, with the interests of the company, he may absent himself from the discussion of such matter at any meeting of the directors and be excused from reviewing papers prepared by or for the directors to the extent that they relate to that matter,

And anything done (or omitted to be done) by the interested director in accordance with any such provision (or otherwise in accordance with the terms of any authorisation given under Article 113 (A)) will not constitute a breach by him of his duties under sections 172 to 174 of the 2006 Act.”

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, 2 December 2008 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, 2 December 2008 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 thinks fit.

	Resolutions	For	Against	Abstain
1.	To receive the accounts for the year ended 30 June 2008.			
2.	To approve the Report on Directors' Remuneration.			
3.	To re-elect Jeffrey Thrall as a director of the Company.			
4.	To re-elect Augusto Carmona Da Mota as a director of the Company.			
5.	To re-appoint Horwath Clark Whitehill LLP as auditors of the Company.			
6.	To authorise the Board to determine the auditors' remuneration.			
7.	To authorise the Company to make market purchases as set out in the Notice of the Meeting.			
8.	To dis-apply pre-emption rights on allotment of equity securities as set out in the Notice of the Meeting.			
9.	To amend the articles of association as set out in Schedule 1 to the Notice of the Meeting.			

Signed Dated 2008

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 notorially certified copy of such power must reach the registrars of the Company at SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD not less than forty-eight hours before the time appointed for holding the General Meeting or adjournment as the case may be.
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.



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