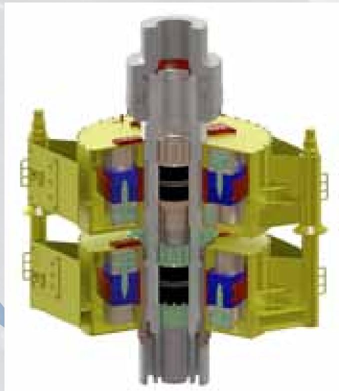
Plexus Holdings plc

ANNUAL REPORT
& ACCOUNTS
2014

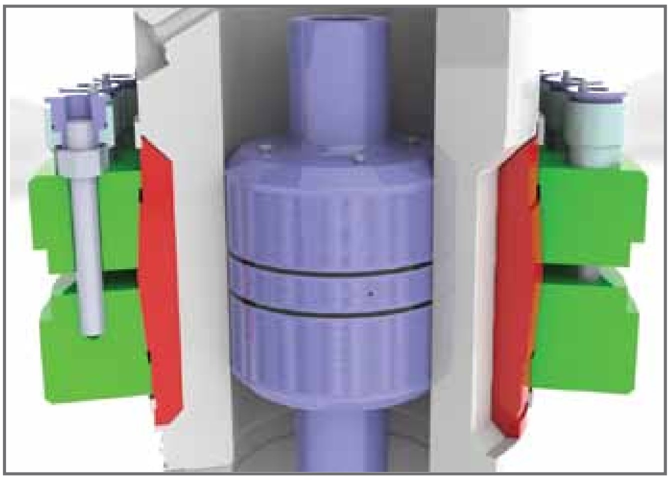


POS-GRIP®

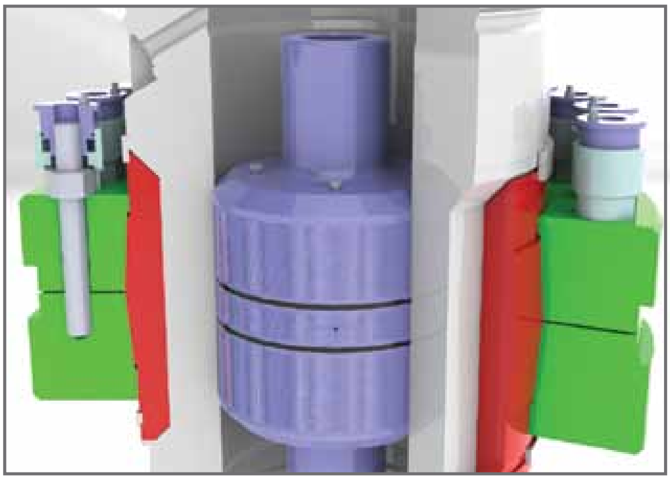
POS-GRIP® Technology – a patented method of engineering which the Directors believe has wide ranging applications both within and outside the oil and gas industry. For the upstream oil and gas market POS-GRIP has been developed to employ a method of elastically deflecting an outer wellhead body onto an inner casing hanger or tubing hanger, locking them in place to support tubular weight, and activate seals. The POS-GRIP system is energised by reusable hydraulic devices which are fitted temporarily to the outside of the wellhead.

The simplified drawings below show how a POS-GRIP clamp arrangement can be configured to squeeze the outer pipe so that it grips and seals on the smaller pipe inside. Advantages over existing wellhead technology can include improved technical performance; improved integrity of metal seals; installation time savings; reduced operating costs and enhanced safety.

POS-GRIP 15ksi HPHT
Exploration Wellhead System



POS-GRIP in OPEN position



POS-GRIP in CLOSED position

Financial Results

- Record revenue, EBITDA, profit before tax and profit after tax
- 65.1% increase in profit after tax to £5.05m (2013: £3.06m)
- 5.7% increase in revenue to £27.02m (2013: £25.57m)
- 18.7% increase in EBITDA to £9.02m (2013: £7.60m)
- 25.9% increase in profit before tax to £5.38m (2013: £4.27m)
- 62.9% increase in basic earnings per share to 6.01p (2013: 3.69p)
- 12.7% proposed increase in final dividend to 0.62p per share (2013: 0.55p)

Highlights

- Strong financial performance driven by core business of renting proprietary POS-GRIP® friction-grip exploration wellhead equipment, particularly High Pressure/High Temperature ('HP/HT') applications, resulting in repeat business and the winning of new major international oil and gas customers in new territories around the world
- HP/HT rental equipment contract wins with existing customers included Statoil Petroleum AS ('Statoil') for £2.5m, Glencore Exploration Cameroon Ltd ('Glencore') for £1.6m, Maersk Oil Danish Unit ('Maersk') for £1.1m, GDF Suez E&P UK Ltd ('GDF') for £1.5m, and post period end from Det Norske Oljeselskap ASA ('Det Norske') for £1m, and BG Group UK ('BG') for £2m
- New customer wins included a third Australian customer Eni Australia Limited ('Eni Aus') for £1.0m (adding to Apache Energy Australia ('Apache') and Santos Ltd), as well as new customers in new territories Galp Energia Tarfya B.V. ('Galp') in Morocco (£0.6m), and Shell China Exploration and Production Company Limited ('Shell China') offshore Hainan Island, China
- Three year contracts secured – firstly renewal of Wintershall Noordzee B.V. ('Wintershall') contract for the supply of exploration equipment for the North Sea offshore Netherlands, and secondly with leading drilling engineering company, AGR Well Management Limited ('AGR'), which has already generated a contract for a new user, Svenska Petroleum Exploration AB ('Svenska'), in another new territory, Guinea Bissau in West Africa (£0.4m)
- Production wellhead equipment order secured from Centrica North Sea Gas Ltd ('Centrica') for £0.85m which further demonstrates Plexus' ability to supply wellhead equipment not only for exploration wells but also long term production wells which is a significantly larger addressable market
- Continuing evidence of the need for safer and better technology and equipment following the Macondo incident in the Gulf of Mexico in 2010, particularly in relation to HP/HT drilling and subsea where a number of related major industry initiatives have been launched. Plexus firmly believes that for wellheads and metal-to-metal sealing, POS-GRIP technology offers a uniquely superior solution to the challenges faced by operators in the field
- Significant progress being made with the new subsea wellhead design 'HGSS'™ Joint Industry Project ('JIP') – design of the prototype frozen, testing of components well underway, and running of a prototype planned for 2015
- Strong industry support for HGSS JIP as evidenced by both Senergy Holdings Limited ('Senergy') and post period end, BG International Ltd joining alongside existing consulting partners Eni S.p.A. ('Eni'), Maersk Oil North Sea UK Ltd ('Maersk North Sea'), Oil States Industries Inc. ('Oil States'), Shell International Exploration and Production B.V. ('Shell International'), Total E&P Recherche Developpement SAS ('Total'), Tullow Oil plc ('Tullow'), and Wintershall
- HP/HT Tie-Back Connector JIP reached another milestone with full product testing commencing post period end, and is due for completion before the calendar year end - technical sales discussions are in progress with an international oil and gas operator regarding opportunities in the UK and Egypt
- Capital investment in additional rental wellhead assets was £2.32m, a planned reduction on the prior year's record level (2013: £5.72m)
- Research and Development ('R&D') spend, excluding cost of building test fixtures, increased by 61% to £2.37m (2013: £1.46m)
- Spending on intellectual property ('IP') patent development and filings increased by 42.7% to £0.18m (2013: £0.12m)

Corporate

- Strategy to create an Asian business hub gained momentum with Plexus Ocean Systems (Singapore) Pte Ltd ('Plexus Singapore') post period end completing the formation of a new Malaysian Joint Venture ('JV') company Plexus Products (Asia) Sdn Bhd ('PPA') in conjunction with a local oil and gas partner, Integrated Petroleum Services Sdn Bhd ('IPS') – first aim is to secure local licences for the supply of Plexus wellhead equipment
- February 2014 – Sir Ian Wood's "UKCS Maximising Recovery Review: Final Report" ('Wood Report') published stating the need to exploit HP/HT resource potential, deploy the best and most cost effective technology, and leverage the capabilities of the UK's own oil and gas supply chain
- Acquisition in July 2013 of a 25% interest in a private manufacturer of specialist oil and gas equipment for a consideration of £0.7m through the purchase of 100% of the share capital of Afrotel Corporation Ltd
- Placing in December raised £2.50m from the issue of new ordinary shares before expenses to support various organic and strategic growth strategies as well as broadening the shareholder base and increasing liquidity
- Expansion of Aberdeen HQ – Plexus doubled the size of its operational headquarters in Dyce through the purchase for £2.4m of a circa 36,000 sq. ft. work shop and office facility from leading oilfield services company Baker Hughes post period end in September 2014
- Strengthening of Board – Charles Jones joined the Board as a non-executive director in September with over 30 years of senior management and board experience in the US energy sector and will advise and assist in building relationships in the US wellhead equipment market
- Bank facilities renewed and increased with the Bank of Scotland, comprising an existing £5m revolving credit facility on a three year term with an additional £2m overdraft on a yearly term in September 2014 – also a five year £1.5m term loan was put in place to part fund the purchase of the additional Aberdeen facility
- Proposing a 12.7% increased final dividend of 0.62p per share (2013: 0.55p), which will be subject to shareholder approval at the Annual General Meeting ('AGM') to be held on 11 December 2014 – this follows on from the 9.1% increase in the interim dividend (to 0.48p) making a total dividend for the financial year of 1.1p per share. If approved the final dividend will be paid on 17 December 2014 to all members appearing on the register of members on the record date 7 November 2014. The ex-dividend date for the shares is 6 November 2014

Chief Executive Ben van Bilderbeek said:

"I am pleased to report another excellent set of financial results which delivered a record performance in terms of revenues, margins, and profitability during a period that continued to experience a number of global economic and political uncertainties. As a result of such strong on-going progress I am delighted to announce that the Board proposes a 12.7% increase in the final dividend of 0.62p per share for the year ended 30 June 2014, which will be submitted for approval at the Annual General Meeting on 11 December 2014.

"The robust financial performance relates to our organic jack-up drilling business activities where we were able to grow our 'Rest of the World' revenues by 17% year on year. This is in contrast to the UK and European North Sea territory which experienced only marginal growth as a result of a decline in exploration drilling activities in the UK Continental Shelf ('UKCS') during the period. As the North Sea has historically been our most important market, the decline in activity in the region validates our strategy of seeking growth beyond Europe. As such we have been making good progress with regard to contract wins in Asia, Australasia, and West Africa. In the longer term we also see significant sales opportunities in the Gulf of Mexico, and in Russia where, subject to sanction considerations, I believe Plexus can address a number of widely reported technical challenges facing conventional wellhead technology in the Artic.

"The cornerstone of our on-going success is our patented POS-GRIP friction-grip method of engineering which enables us to design wellheads that are able to uniquely, simply, and cost effectively suspend casing and form a metal-to-metal seal in a way that conventional wellhead designs cannot. We not only continue to expand our engineering capabilities as a result of considerable and effective R&D investment which in turn generates new and valuable IP and patents, we also continue to develop and refine the scientific and empirical principals that we communicate to the industry, and which underpin why we can become a new global wellhead standard, operating at safety and performance levels that I believe cannot be equalled.

"The key to this strategy is that we have identified the most critical aspect of wellhead technology as the ability to deliver the force necessary to hold casing hangers and metal seals rigid, as any degree of seal movement destroys seal integrity. Furthermore it is critical that the energising of metal seals is monitored and audited in real time, so that installation parameters can be confirmed for every connection, whilst ensuring that wellhead test and qualification standards can for the first time match those of premium couplings. The ability to deliver true auditability of wellhead seal performance, which in our view conventional wellhead designs cannot do is, I believe, a critical 'must have' for the industry, particularly subsea. Without this ability it is not possible to demonstrate to operators, regulators, and environmentalists that an 'out of sight out of mind' subsea wellhead seal is truly performing over the long term, or indeed at all. As Paul Day, Global Director of Business Development, Wells Completion Technology for Weatherford said last year in a subsea related interview with Drilling Contractor: "Reliability is absolutely key because the equipment in these wells has to work the first time and also work for the life of the well".

"I am highly confident therefore that Plexus has an exciting future, and believe that our technology has a unique role to play in addressing the range of sealing and long term integrity challenges that face conventional wellhead designs particularly as temperature and pressure ratings increase with the growth in HP/HT and X-HP/HT drilling. These challenges, and indeed limitations, were subject to immense scrutiny post the Gulf of Mexico 2010 incident, and continue to reverberate around the world with operators, equipment suppliers, regulators, and safety bodies. For this reason I am delighted with the excellent technical progress of our subsea wellhead design JIP which Senergy and BG International Ltd have now also joined, and the significant commercial opportunities that I believe will arise either organically, or in conjunction with partners and licences as we openly seek to work with the wider industry to bring our superior solutions to the global marketplace.

"Finally I would like to welcome Charles Jones onto the Board as an additional non-executive director, and I am confident that Charles with over 30 years of senior management and board experience in the US drilling equipment sector will be able to guide and support the executive team as we begin to pursue a number of initiatives to develop our organic business and explore corporate activity opportunities in the US".

Summary of Results for the year ended 30 June 2014

	2014	2013
	£'000	£'000
Revenue	**27,024**	25,566
EBITDA – before the effect of IFRS 2	**9,019**	7,598
EBITDA – after the effect of IFRS 2	**8,993**	7,457
Profit before taxation	**5,375**	4,269
Basic earnings per share (pence)	**6.01**	3.69

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Chairman's Statement

Business progress

I am pleased to report that the Group made significant progress during the year in terms of operational, financial, and strategic developments. The increase in activity levels resulted in a 5.7% increase in revenue to £27.02m for the year to 30 June 2014 (2013: £25.57m) with the non UK and European revenues from the Rest of the World increasing by 17%; an 18.7% increase in EBITDA to £9.02m (2013: £7.60m); a 25.9% increase in profit before tax to £5.38m (2013: £4.27m); and a 65.1% increase in profit after tax to £5.05m (2013: £3.06m) helped by a lower effective tax rate, delivering a 62.9% increase in basic earnings per share of 6.01p (2013: 3.69p). Sales revenue growth reflects the growing reputation of our POS-GRIP wellhead equipment to deliver operational time savings and safety benefits, as evidenced by the winning of orders from new customers in new geographic territories including China, particularly for challenging HP/HT applications. Investment in R&D, IP, and the expansion of our rental wellhead fleet is on-going. Importantly we continue to experience industry support and encouragement for extending our POS-GRIP technology beyond our core business of renting exploration wellheads for jack-up rigs. Such support is particularly welcomed for our new HGSS subsea wellhead design JIP where the testing of key components is now well underway, and which saw Senergy the global energy services provider and member of Lloyd's Register Group, join as an additional consulting partner alongside a number of existing major operating company members. In addition, post period end BG International Ltd also joined the JIP, and we look forward to their valuable contribution to this important project.

Overview

This year's excellent set of results continues to demonstrate that the benefits of Plexus' proprietary POS-GRIP wellhead equipment are recognised by an increasing number of international oil and gas companies operating in the jack-up drilling exploration market, where we remain the dominant supplier in the North Sea and where we are extending our global reach, for example in West Africa and in China with Shell.

The new Strategic Report which forms part of these accounts provides a detailed narrative of all important aspects of our business, and I therefore wish to provide an overview of some of the key operational and strategic influences, developments, and drivers that took place throughout the year. It is important to note that we have been able to continue to expand our customer base with the addition of new first time users of our technology, as well as extending our geographic reach to new territories such as China and Morocco. HP/HT exploration drilling equipment, where our superior technology excels, continues to drive revenues and margins and we are seeing evidence of a developing trend where operators are selecting our HP/HT equipment for use on standard pressure wells so as to benefit from the associated safety and operational benefits.

As Plexus continues to grow its organic rental exploration drilling business it is essential that we make the necessary investment in infrastructure to support operations, and future expansion. This investment takes a variety of forms from plant, property, and equipment to staff, R&D, IP, Information Technology ('IT '), and Health and Safety. Of particular note was our £2.4m acquisition in September of an additional 36,000 sq. ft. work shop and office facility in Aberdeen, effectively doubling the size of our main operational headquarters, as well as further investment in our rental inventory fleet and on-going R&D and IP, particularly associated with our new subsea wellhead JIP. In the current financial year we anticipate as a demonstration of our confidence in the future investing a further £3.8m in R&D, patents, and software, and approximately £6.0m in additional plant and wellhead equipment.

With Plexus operating in the international oil and gas space it is inevitable that our 'day to day' progress must be placed in the context of a number of macro considerations and drivers, both local and global. Fortunately for Plexus, although there are inevitably uncertainties that arise from time to time in the industry such as the recent volatile oil price, I believe that the fundamental bedrock of the superior nature of our patented technology will continue to support our global aspirations and ability to become a new global wellhead standard.

More cautiously, a number of macro and geopolitical negatives have arisen over the past year, and it remains to be seen what impact they will have both in the current financial year and beyond in terms of operators business activity and investment levels. For example questions about the health of the Eurozone and in particular Germany, oil price falls, reduction of Quantitative Easing in the US and Europe, health of emerging markets, Middle East conflicts, and even Ebola in West Africa all make a particularly toxic mix for world economic confidence.

However at a more micro level we believe Plexus will benefit from increased industry receptiveness to new and superior technology driven by regulatory and government initiatives focused on improving operational performance and safety standards. This trend is particularly relevant to subsea following the Gulf of Mexico incident in 2010. Plexus is confident that in particular our subsea JIP will be able to address such concerns head on, and provide solutions previously not able to be provided by conventional technology such as monitoring of all annuli in subsea wellheads with remedial capabilities, and that such innovative solutions will lead to Plexus wellheads being recognised as truly the best available and safest technology ('BAST'). Industry support for the JIP continues to be strong as evidenced by BG and Senergy having now joined the project alongside the other international oil and gas company members. The scale of this opportunity can be clearly demonstrated by 2013 Rystad Energy data which stated that the subsea industry "within twenty years will be equal to the production of traditional oil and gas offshore".

Closer to home the UKCS continues to be our most important market, and accounted for 37% of revenues despite a continuing low level of exploration drilling activity. Encouragingly Oil and Gas UK are acutely aware of the need to address this, and has stated in its "Economic Report 2014" there is "an urgent need for substantially more exploration to discover the untapped sources that will feed the future development of new oil and gas fields". This is helpful to Plexus as we have nearly 100% of the UKCS exploration jack-up drilling market so any increase in activity will have a very positive impact. However, Oil and Gas UK also say that three remedies need to be applied for this reversal to happen – radical change in the industry's fiscal regime; prompt and full implementation of the "Wood Report"; and the tackling of cost, efficiency, and productivity challenges. Encouragingly the UK Government has endorsed the Wood Report and HM Treasury has opened a formal consultation on how best to incentivise through tax regime measures exploration and investment in the ultra-high pressure high temperature opportunities in the UKCS. The results of the "Fiscal Review" are expected to be announced in December 2014. Should these Government led tax incentives result in the desired increase in exploration activity Plexus expects to benefit. I should also mention the Scottish referendum and the fact that the oil and gas industry welcomed the "No" vote in September 2014. For example Ben van Beurden, chief executive of Royal Dutch Shell, said that the outcome cut the risk to continuing investment in the North Sea and that "Shell welcomes the decision by the people of Scotland to remain within the UK, which reduces the operating uncertainty for businesses based in Scotland".

Away from the North Sea we are focusing on growing our presence around the world, and in particular in Asia where we now have subsidiaries in Brunei, Malaysia, and Singapore. We see this as an important and growing hub for business activities in the region, as well as being able to service for example Australia, China, India, and Indonesia as suitable sales opportunities arise. In addition we are also looking to further commercial opportunities in; Japan both for conventional and unconventional energy sources such as methane hydrates and mud volcanoes; Mexico where recent drilling success suggests that it is emerging as a major oil and gas opportunity; and Russia subject to sanction considerations where we think opportunities in the Artic drilling space are significant.

Such activities, and the unique nature of the POS-GRIP friction-grip method of engineering that drives them, must be communicated to the wider industry, and an effective method for this has been proven to be international HP/HT conferences. In September 2014 at the "World Oil HPHT Drilling and Completions Conference" in Houston, Texas we were invited to make a POS-GRIP metal sealing presentation, and also made a similar presentation at the Oil and Gas iQ "HPHT Wells Summit 2014" in London regarding pioneering techniques and technology in HP/HT drilling and completions. These initiatives are important not only to communicate the scientific principles that lie behind POS-GRIP, but also to show that we are reaching a stage, particularly with our new subsea wellhead design where we are open to finding ways to share and accelerate the adoption of our technology with the wider industry. Such opportunities come into sharp focus, for example in "Subsea world news" in September which referred to a Frost & Sullivan consultant's report saying that "as attractive returns and higher recovery rates position subsea exploration to challenge the near-shore and onshore industry, demand for subsea equipment will continue to grow". However an important related dynamic is that as a Frost & Sullivan Energy and Environmental Industry Analyst said, "Mergers, acquisitions and partnerships will help subsea equipment suppliers leverage expertise across the board and penetrate the market successfully. Major participants must especially partner with or acquire hardware suppliers and software providers to widen their products and service portfolios". Plexus intends to make every effort to play its role in such opportunities.

Staff

On behalf of the Board, I would like to thank all our employees for their dedication and hard work during another successful year that has not only delivered another set of record financial results but which, importantly and necessarily, has also seen us further increase our staff numbers from 135 at the beginning of July 2013 to 144 at the end of June 2014 and 149 currently as we continue to expand our business activities. Such efforts contributed to Plexus being declared, post period end, the winner of the 'Commitment to Innovative Use of Research and Development' award at the Northern Star Business Award 2014, the flagship event for the Aberdeen & Grampian Chamber of Commerce. Plexus was also a finalist in the 'Outstanding Contribution to the Energy Sector' and I congratulate our team on this engineering and operationally led recognition. I would also like to welcome as a non-executive director Charles Jones who will be advising the Board in respect of interacting with US oil and gas operators and service companies, industry bodies, and regulators, particularly in relation to the subsea arena.

Outlook

Looking forward it is necessary to consider the widely reported geopolitical events and negative sentiment in relation to the global economy that seem to be so prevalent at the current time, including the falling price of oil. During our financial year we have seen the Brent crude oil price start at circa US $103 per barrel, rising at the end of June 2014 to close near a high for the period of US $115 per barrel before falling sharply to almost US $80 per barrel in October 2014, the lowest point in nearly four years. Such price volatility, which is showing signs of reversing, can lead to a slowdown in investment and places a question mark over the longer term viability of certain unconventional energy sources such as shale drilling should this trend continue for any length of time. Notwithstanding short term oil market dynamics, it is clear that long term the demand for energy will continue to trend higher and with it the demand and need for innovative and safer oil service solutions. Douglas-Westwood in their recent quarterly publication of "The World Oilfield Services Market Forecast" expects "sustained and substantial growth" in the global oilfield services market which they forecast will grow from US $354bn in 2014 to US $521bn in 2018, an increase of 47%. A number of such positive oil services demand forecasts exist, particularly in relation to subsea drilling where Rystad Energy consultancy see the subsea market doubling in size by 2020, are underpinned by equally positive demand led market analysis. ExxonMobil in their 2014 "The Outlook for Energy: A View to 2040" ('Exxon Report') forecast that by 2040 the global population will increase by two billion, resulting in a 35% greater demand for energy, and importantly that 60% of demand will be supplied by oil and natural gas despite the efforts being made to promote alternative energy sources. Global demand for natural gas where Plexus is able to offer safer and lower operating cost wellhead designs, particularly for HP/HT and X-HP/HT, is forecast in the same report to rise by 65% from 2010 to 2040. For these reasons I believe that the markets that Plexus addresses have a healthy future.

In addition, as advances in technology play a critical role in meeting global energy demand, Plexus is well placed to capitalise on a number of important trends in the industry. These include an increased need for oil and gas companies to operate at the highest safety standard levels with calls for the use of the BAST equipment, as well as the need to improve efficiency and reduce costs. I believe that Plexus is able to offer a unique solution in the wellhead market that combines superior safety and cost saving opportunities driven by the simplicity of the technology and its ability to facilitate operations such as side-tracking in a way that cannot be done by conventional wellhead technology. The need for such features is clearly demonstrated by the results of a survey with leading global oil and gas and service company participants conducted by Lloyd's Register Energy, which only this month released findings in relation to technical innovation in the sector and what they see as the key future investment drivers. Safety improvements were top of the list closely followed by improving operational efficiency, and reducing costs. POS-GRIP wellheads deliver on all three of these drivers and offer a compelling safety and business case for their utilisation. Indeed, with increasing regulatory scrutiny post the 2010 Gulf of Mexico incident on-going around the world, evidenced by the new EU Directive on offshore oil and gas safety, we believe we are in a very strong position to answer the many questions being raised in relation to conventional wellhead designs such as the need for instant casing hanger lock down, monitoring, and in our view most importantly what constitutes a true long term metal-to-metal seal.

In terms of current trading we have a healthy order book and good visibility for our organic jack-up rental exploration business, and anticipate this continuing subject to any unforeseen downturn in exploration activity by our customers. The UK North Sea importantly contributed 37% of our revenues during the financial year against a backdrop of only 15 exploration wells drilled in the North Sea in 2013 according to Oil & Gas UK's "Economic Report 2014". Helpfully the UK industry knows that this needs to increase substantially and the important Wood Report will we hope be a positive catalyst and blue print for a resurgence in the future, particularly for HP/HT activity where new UK tax incentives have been introduced.

We further believe that there is a significant commercial opportunity for Plexus to expand into the subsea rental exploration and production wellhead markets with our new HGSS subsea wellhead design either directly, or through potential licences with third parties. In addition we are actively pursuing other strategic initiatives such as the volume surface production market, and specialist applications such as our unique up to 20,000 psi HP/HT Tie-Back Connector. I was particularly pleased to note in relation to the HGSS subsea wellhead project that Senergy and BG both joined the JIP, adding to the formidable list of consulting partners that are actively contributing to and supporting the joint goal of designing and developing a superior subsea wellhead where we anticipate running a prototype for the first time in the second half of 2015. These important drivers lie behind our decision in September 2014 to double the size of our Aberdeen facility with the acquisition of an additional 36,000 sq. ft. building, and our plan to invest over £13m during the current financial year in tangible and intangible assets.

For these reasons I am confident in the future prospects for our company and its ability to deliver significant shareholder value from our patented POS-GRIP friction-grip method of engineering which can deliver a range of applications in the coming years both within and outside the oil and gas industry. The 12.7% proposed final dividend increase is a further demonstration of the Board's confidence in the future.

J Jeffrey Thrall
Non-Executive Chairman

28 October 2014

Strategic Report

Principal Activity

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. This superior method of engineering for wellheads offers a number of important advantages to operators, particularly for HP/HT applications and can include improved technical performance, improved integrity of metal seals, significant installation time savings, reduced operating costs and enhanced safety. Revenues predominantly derive from the rental of POS-GRIP wellheads for jack-up exploration, although the range of commercial and safety benefits of POS-GRIP also apply to surface production and subsea wellheads. The Directors believe that the Company's proprietary technology has additional wide ranging applications both within and outside the oil and gas industry, and may well extend beyond conventional oil and gas to for example undersea deposits of methane hydrates, and geothermal drilling.

Financial Results

Revenue

Revenue for the year was £27.02m, up 5.7% from £25.57m in the previous year. The steady growth in sales was supported by a number of on-going and new contract wins both from existing and importantly new customers around the world. Geographically, a particularly strong year on year performance was seen in Africa and Australia which grew 68% and 18% respectively, whilst the UK North Sea only grew by 2%, and accounted for 37% of total sales, highlighting the need for additional incentives for the North Sea oil and gas market to encourage investment as recommended in the influential Wood Report.

The rental of exploration wellhead and related equipment and services again accounted for approximately 95% of revenue which continues to reflect the fact that the Company's current business model is centred on the supply of rental surface exploration wellhead equipment and services as opposed to sold production surface well equipment. Looking forward, although Plexus' organic rental equipment business continues to grow, it is the Company's intention to begin to address both the surface production wellhead market and the subsea exploration and production markets, ideally in conjunction with a larger partner. Plexus' wellhead designs are already proven for production wells, a far larger market than rental exploration, and a contract worth approximately £0.85m was secured from Centrica in November 2013 for a standard pressure production well. HP/HT rental equipment sales continued to account for the majority of sales, rising to £23.3m up from £22.0m last year, an increase of 5.7%, and accounted for 86.2% of total sales. The continued growth in HP/HT revenue resulted from contracts for a number of existing and new customers including Centrica, Glencore, and Petronas. Such additional activity required further capital investment with £2.3m invested in rental assets including two additional HP/HT rental wellhead sets. Standard pressure equipment sales reduced by 19.6% to £1.71m from £2.13m in the prior year, and accounted for 6.3% of total sales. This decline reflected an on-going reduction in exploration activity in the UKCS where it has been reported to be at an all-time low. This year revenues of £0.37m were generated by engineering and testing as opposed to none last year.

Margin

Gross margins have been maintained at 71.1% (compared to 71.0% in the previous year) as the majority of rental activity sales continued to be HP/HT delivering higher margins than low pressure equipment contracts.

Overhead expenses

Sales and product development activities expanded in absolute and global reach terms and, as anticipated, overhead expenses increased to provide the necessary additional infrastructure and personnel to support these organic and on-going new product development initiatives. This resulted in total overheads increasing slightly to £13.93m from £13.78m in the previous year, although efficiency gains were made as these accounted for 51.5% of revenues compared to 53.9% for the prior year. Overhead staff costs was the most significant component, and increased marginally to £8.17m from £8.09m, reflecting the need to ensure that the Group's increased activity levels can be managed in line with customer and operational requirements, with the employee headcount increasing at the year-end to 144 compared to 135 for the prior year, an increase of 6.7%. Other items which increased year on year as a result of the increased activity levels, staff increases, and expansion of infrastructure were recruitment fees, training, health and safety, advertising and marketing, and travel and subsistence. These increases were in part offset by economies of which the main benefit came from reduced freight and courier costs as a result of a higher level of recharging.

EBITDA

EBITDA for the year (before IFRS 2 share based payment charges of £0.03m) was ahead of recently upgraded market expectations at £9.02m, increased from £7.60m (before IFRS 2 share based payment charges of £0.14m) the previous year, an increase of 18.7%. EBITDA margin for the year was higher at 33.4% as compared to 29.7% last year, an increase of 12.4%. This strong EBITDA performance is the result of operational efficiencies, coupled with maintaining the higher margins associated with HP/HT rental activity where the proprietary nature of the Plexus POS-GRIP friction-grip technology enables Plexus to deliver superior performance in terms of enhanced safety, time savings, and operational efficiencies, all of which add substantial value to our customers.

Profit before tax

Profit before tax increased significantly to a record £5.38m compared to a profit last year of £4.27m, an increase of 25.9%, and was ahead of recently upgraded market expectations. This increase has been achieved after absorbing higher depreciation and amortisation charges of £3.40m, up from £2.96m last year, the largest component being depreciation of rental assets which increased by 15.3%, reflecting the on-going investment in Plexus' wellhead rental inventory. Share of Associate profit contributed £0.21m. The profit before tax is stated after an IFRS 2 charge for share based payments under reporting standard IFRS 2; the charge for the full year is £0.03m compared to £0.14m last year.

Tax

The Group shows an income tax expense of £0.33m for the year as compared to £1.21m for the prior year. The Group has an effective tax rate for the year of 6% (2013: 28%) which is below UK corporation tax rates. This lower effective tax rate for the year is due to a reduced tax charge arising as a result of SME enhanced R&D tax credits, which arise from the Group's continuing significant R&D programme, and credits available against tax in respect of gains arising on share options exercised by employees. Last year's effective rate of tax was as previously reported higher than UK corporation tax rates due to adjustments made in 2013 for deferred tax that had not been provided for in 2012.

It is currently anticipated that for the foreseeable future, the Group will continue to report an effective tax rate that is lower than the prevailing UK corporation tax rate. This lower effective rate will depend upon the continuing eligibility to claim enhanced R&D tax credits as part of the on-going R&D programme; the expected potential reductions in tax rates arising from the Patent Box tax regime; and future movements in the Group's share price, which has the potential to have a positive or negative effect on the overall effective tax charge, in respect of both gains arising on share options exercised by employees and the deferred tax related thereto.

EPS

The Group reports basic earnings per share of 6.01p compared to 3.69p in the prior year, an increase of 62.7%.

Cash and Statement of Financial Position

The statement of financial position reflects the growth in operations during the year and in particular on-going capital expenditure, plus the acquisition of a 25% interest in a private manufacturer of specialist oil and gas equipment. The net book value of property, plant and equipment including items in the course of construction increased to £13.28m compared to £13.17m last year. Capital expenditure on tangible assets reduced as planned to £3.02m compared to £6.65m last year as it normalised following a record level in the prior year when ten more HP/HT wellhead equipment sets were added in preparation for a broader geographic presence. The net book value of intangible assets, including IP rights and R&D, increased by 20.1% to £10.44m compared to £8.69m last year. Capital expenditure on intangibles totalled £2.41m compared to £1.49m last year, an increase of 61%, of which importantly 57% related to additions in respect of the HGSS subsea wellhead JIP. Receivables increased to £6.46m compared to £4.92m last year. Net cash at bank closed at £2.35m compared to net bank borrowings of £1.39m last year reflecting net cash inflow for the year of £3.74m after absorbing total capital expenditure of £5.42m (2013: £8.14m), the acquisition of an associate investment for £0.73m, and receipt of £2.5m from the placing of new shares in December 2013. Following the post period end acquisition of an additional 36,000 sq. ft. work shop and office facility in Aberdeen in September for £2.4m the Group decided to increase its existing £6m working capital lending facilities structure with Bank of Scotland Corporate to £7m. In addition, to part fund the acquisition of the additional Aberdeen facilities, a £1.5m five year term loan was entered into. These facilities are anticipated to be adequate to meet on-going capital expenditure, R&D and related project commitments.

Intellectual Property

The Group carries in its statement of financial position goodwill and intangible assets of £11.2m, an increase of 18.5% from £9.45m last year, reflecting the Group's on-going investment in the development of its POS-GRIP technology and in particular patent development fee costs which increased 42.7% year on year, the most important elements of which continued to be in relation to POS-GRIP technology and the new subsea wellhead development project. The Directors have considered whether there have been any indications of impairment of its IP and have concluded, following a detailed asset impairment review, that there have been no such indications. The Directors therefore consider the current carrying values to be appropriate. Indications of impairment are considered annually.

Research and Development

Significant R&D expenditure continues to be an important and necessary investment in protecting and developing a range of applications for our proprietary POS-GRIP friction-grip method of engineering. This is at a time when R&D is increasingly being recognised as an essential component for the future success of the oil and gas industry, to help drive down costs, increase safety, and to develop enabling technology that can provide solutions to the growing challenges of unconventional drilling conditions, particularly subsea HP/HT. Plexus has always subscribed to the value of R&D expenditure, and yet ironically Nick Butler a former strategist at BP was recently quoted as saying that some operators may be cutting R&D "just when it matters" and relying more on the service companies. Plexus is confident that such a trend will help it to continue to play an important role in addressing the well reported wellhead integrity challenges which conventional wellhead equipment faces, particularly in the field of metal sealing where the unique advantages of POS-GRIP technology are so easy to demonstrate. Such a role manifests itself in a number of ways, with one specific R&D driven initiative being our on-going HGSS subsea wellhead JIP, which was launched at the request of an international operator in response to the 2010 incident in the Gulf of Mexico. This subsea wellhead JIP addresses a number of technical issues identified as part of the investigations into the incident, and is now supported by six major international oil and gas operators who are consulting partners to the project. A second R&D driven project is the up to 20,000 psi HP/HT Tie-Back Connector JIP, part funded by Maersk Oil North Sea UK Limited, which is designed to allow HP/HT exploration wells and pre-drilled production wells to be converted to either subsea or platform producing wells as opposed to abandoning such HP/HT wells and writing off typical costs of £50m to £200m. R&D activities such as these, utilising our proprietary technology, generate important opportunities to expand and extend our comprehensive range of POS-GRIP based patents thereby protecting the Company's significant level of investment in its IP, and maximising the opportunity of achieving financial returns on that investment over the long term. R&D spend increased by 67.7%, including the cost of building new test fixtures, to £3.19m from £1.91m in the prior year, and will continue during the 2014/15 financial year as the HGSS subsea JIP progresses and the POS-GRIP product range including the HP/HT Tie-Back Connector broadens.

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 £0.03m which compares to £0.14m last year.

Dividends

The Company announced on 27 March 2014 the payment of an increased interim dividend of 0.48p per share which was approved for payment on 25 April 2014.

In further recognition of the Group’s on-going progress the Directors have decided to propose a 12.7% increase in the final dividend of 0.62p per share for the year ending 30 June 2014 compared to 0.55p last year, which will be recommended for formal approval at the Annual General Meeting to be held on 11 December 2014. Subject to this the dividend will be paid on 17 December 2014 to all members appearing on the register of members on the record date 7 November 2014. The ex-dividend date for the shares is 6 November 2014.

Operations

As Plexus continues to grow and expand its operations beyond the UK and the Continental North Sea it is essential that on-going investment is made in infrastructure including plant and equipment, IT operating systems and, crucially, personnel. The need for such initiatives is driven by the contract wins secured from existing and new customers in relation to our core rental exploration wellhead supply activities. The most significant contracts that underpinned our progress during the year were as follows:

- July 2013 – new customer win with ENI Aus for the supply of standard pressure equipment offshore Australia with a value of £0.28m, adding to Apache and Santos in the region
- July 2013 – Statoil contract for two HP/HT exploration wells in the Norwegian Continental Shelf with a value of £2.5m, plus two options for Statoil to extend the contract for a further two years
- November 2013 – production well contract from Centrica for the supply of a standard pressure wellhead for the southern North Sea with a value of £0.85m
- November 2013 – Glencore order for additional HP/HT wellhead equipment for two wells offshore Cameroon with value of £1.6m
- February 2014 – first time Maersk Danish business unit contract for the supply of HP/HT equipment for standard pressure exploration well in the Danish North Sea with a value of £1.1m
- February 2014 – two three year contract extensions. Firstly with Wintershall for offshore Netherlands, and secondly with AGR for the supply of standard pressure and HP/HT wellhead equipment where the first order for £0.4m was for a new territory Guinea Bissau for Svenska
- February 2014 – GDF additional well order for the UK Central North Sea for HP/HT equipment for a standard pressure well with a value of £1.5m
- April 2014 – new customer and new territory win with Galp for the supply of HP/HT equipment for a standard pressure well offshore Morocco with a value of £0.6m
- May 2014 – new customer and new territory win with Shell China for the supply of HP/HT equipment for exploration well offshore Hainan Island
- June 2014 – second well for Maersk Danish business unit with a value of £1.4m

Post year end contracts included:

- August 2014 – our long standing customer Det Norske placed an order for HP/HT wellhead equipment for offshore Norway with a value of £1m
- October 2014 – BG order for supply of HP/HT equipment for an exploration well in the UKCS

Day to day operations are driven by our core jack-up exploration business activities, and it is essential that we continue to invest in expanding our rental wellhead inventory, personnel recruitment and training, and infrastructure both close to our headquarters in Aberdeen, and further afield where we have established a base of operations in Singapore. Sales activities outside of the UK and Europe, which we designate as the Rest of the World, accounted for 38% of total sales which is an increase of 17% over the prior year and demonstrates that we can win business from such regions and are right to focus on identifying and building on such opportunities.

As part of our Rest of the World growth strategy we announced in August 2014 that our Plexus Ocean Systems (Singapore) Pte Ltd ('Plexus Singapore') subsidiary had completed the formation of a new Malaysian JV company Plexus Products (Asia) Sdn Bhd ('PPA') in conjunction with a local Malaysian oil and gas partner, IPS. The establishment of PPA is a key part of our strategy to create a fully operational Asian business hub which can target the important and growing Australian, Brunei, Indonesian, Malaysian, Thai and Singaporean oil and gas exploration and production markets. Our business partner IPS is a well-known upstream support services business to the offshore oil and gas industry in Malaysia and the Asia Pacific region with in-house manufacturing facilities, and is an approved vendor to Petronas, and actively participates in the bidding and tendering process to provide support services to its Production Sharing Contract ('PSC') operators such as Petronas Carigali, Shell, Talisman, ExxonMobil, Murphy Oil, Newfield, and Hess. IPS's first task is to seek to obtain the necessary local licences required to supply Plexus POS-GRIP wellhead equipment in the important Malaysian market. PPA's intended future business activities will complement Plexus' existing activity in the Asian and Oceanic regions where business has already been generated with Apache, Eni Australia, Petronas, Santos, Shell Brunei, and recently Shell China. Plexus is slowly growing the number of employees based in the region and we hope to report more progress in the coming months as Plexus Singapore is already able to inspect and refurbish wellhead equipment and service local markets, which also generates efficiency savings by not having to ship the equipment back to Aberdeen.

Closer to home, a significant investment was made post period end in September 2014 with the acquisition for £2.4m of the adjacent 36,000 sq. ft. building previously occupied by the leading oilfield services company Baker Hughes; effectively doubling the size of the main operational headquarters location in Dyce, Aberdeen. As Aberdeen continues to be at the heart of Plexus R&D, technical development, and operational support functions the opportunity to expand in such a logistically efficient manner was quickly seized. The additional site will provide extra work shop, warehouse, service bay, and office space and will strengthen our ability to support and respond to the growing demand for our equipment and services at a time when the UK, and Aberdeen in particular, is widely recognised as the technological leader in subsea technology, an area where we anticipate being able to offer a new standard of wellhead equipment over the coming years.

As highlighted in the R&D section of our Strategic Report, Plexus currently has two JIP's on-going. First is our HP/HT up to 20,000 psi Tie-Back Connector, an innovative and unique product sponsored by Maersk. The Tie-Back Connector features our metal-to-metal HG® seals and will for the first time allow HP/HT exploration and pre-drilled production wells to be converted to either subsea or platform producing wells delivering significant savings in terms of capital expenditure and the acceleration of bringing a well into production. Full product testing commenced post period end and will be completed by the end of the 2014 calendar year. Technical sales discussions are in progress with an international oil and gas operator for opportunities in Egypt and the UK, although any potential Egyptian opportunities may be disrupted by current events in the region. The second JIP is our innovative and superior new subsea HGSS wellhead design project where good progress is being made with the support of our consulting partners to design and develop a safer and more technically advanced subsea wellhead. Innovative features of the product have been protected through various patent applications which further extend the life of our IP. Testing commenced post period end and it is anticipated it will be completed by the end of the 2014 calendar year. Furthermore, discussions continue with the JIP members and two international oil and gas operators regarding commercial opportunities for the new subsea wellhead in 2016 post the running of a prototype, for which a commitment will be sought for the second half of the 2015 calendar year.

Staff and staff development remains a key factor in our current and future success. It is well known that the oil and gas industry has one of the tightest labour markets and experiences consequent skill shortages, and therefore our ability to recruit and retain staff is paramount. Fortunately because Plexus offers the market a unique product range we believe that this appeals to seasoned industry personnel who have an opportunity to work in an entrepreneurial 'can do' environment with new and ground-breaking technology that can raise the standards bar to a new level. As a result the year on year total employee numbers increased from 135 to 144, and currently stands at 149. It is particularly gratifying to note that 40% of our recruitment comes from employee referral which is not only cost effective, but importantly demonstrates that our staff happily encourage others to join Plexus. To help meet these goals the training budget was trebled and a number of key deliverables were established to ensure the investment was effective. These included a leadership change programme for operating company directors, a bespoke supervisory and management skill training programme for all supervisors and managers, and the commencement of a "Competency@Plexus" initiative for our field service technicians. In recognition of the importance that we place on such initiatives at a time when safety is so key for the industry, we are on target to submit our programme for industry accreditation by Offshore Petroleum Industry Training Organisation ('OPITO') by early 2015.

Health and Safety is an operational area which is quite rightly at the forefront of the industry, and is one of our key performance indicators. Plexus is committed to delivering the highest safety standards, and we continue to manage safety risks through assessment, implementation of controls, continual monitoring, and hiring and developing staff to meet the competency levels required. In particular we encourage our personnel to intervene and to challenge any unsafe act or condition and to ensure transparent reporting. Recent audits by Lloyds Register Quality Assurance, our certifying body, and clients demonstrates that we are operating to the recognised industry and national standards. We also actively seek to share Health and Safety Executive ('HSE') best practice with our customers and industry bodies.

IT services are an additional area of operations essential for the delivery of fast, accurate, and secure data and hardware support. Investment in IT staff and associated infrastructure has increased to support the on-going growth of the business, and to address recognised risks that are identified as part of our on-going risk assessment and management process. Such risk management is a key priority for IT and therefore our internal software systems have been extended to include planning and MRP modules which enable us to better manage sales opportunities leading to a more cost effective supply chain process. The IT department is currently reviewing the adoption, where appropriate and effective, of the ISO 27001 standard for information security management systems ('ISMS'). Such certification can help protect systems against computer assisted fraud, cyber-attack, sabotage, and viruses, and is increasingly being sought by customers, trading partners, and other key stakeholders as a way of demonstrating that such security risks are taken seriously.

Finally, Plexus has to date, chosen not to own its own manufacturing capacity, but in July 2013 acquired the whole issued share capital of a private company which holds a 25% interest in a private UK engineering company which manufactures specialist oil and gas equipment. This investment complements our growth strategy as it is anticipated to support our capital equipment needs whether it be the expansion of our rental wellhead inventory or for engineering and prototype development capacity for the on-going JIPs.

Strategy and Future Developments

Technology

The Plexus strategy centres on our unique and patented POS-GRIP friction-grip method of engineering which has wide ranging applications both within and outside of the oil and gas industry. The strategy is primarily focused on delivering a new and highest standard of wellhead design for the upstream oil and gas markets where it has proved uniquely advantageous in terms of safety features, operational efficiency, and cost savings for jack-up drilling HP/HT applications.

In simple terms POS-GRIP wellhead designs, whether for exploration or production for the surface or in due course subsea, offer a proven range of advantages over conventional "slip and seal" and "mandrel hanger" wellhead technologies and can include larger metal-to-metal seal areas, virtual elimination of movement between parts, fewer components, simplified design and assembly, enhanced corrosion resistance, simpler manufacture, long term integrity, annulus management, and reduced installation cost. With the growing importance of unconventional HP/HT and deep-water reservoir developments, the oil and gas industry is facing increasing technical challenges to meet rigorous regulatory and health and safety requirements, whilst maintaining the economic viability and safety of operations at a time when the price of oil is under pressure. POS-GRIP wellheads address many of these challenges and we believe that our equipment is a new standard which will over time break out of its current niche jack-up exploration drilling and into the mainstream volume production wellhead market, as well as subsea, whether organically or through partners.

The validation of the potential of our technology came post the Gulf of Mexico 2010 incident when we were asked to consider applying POS-GRIP technology to the design of a new subsea wellhead which we have termed HGSS, and which uniquely provides instant casing hanger lock-down, and has no need for wearbushings, lock rings, or lock-down sleeves, and can provide easy release for side-track applications. This JIP has gained significant attention from the industry and our consulting partners now include BG International Ltd, Eni, Maersk North Sea, Oil States, Senergy, Shell International, Total, Tullow and Wintershall which we believe is the best supported JIP of its kind.

The importance of and need for superior and enabling technology is widely recognised by the industry, and as the 2014 Exxon Report stated, "Advances in technologies will play a critical role in meeting global energy demand because they enable the discovery of new resources, access to harsh or remote locations and the development of challenged reservoirs that previously were not economic to produce". Plexus is preparing to play an important role in the supply of such technology in the wellhead market, and to this end we recently commissioned an extensive in depth report by an international independent engineering consultancy, OTM Consulting Inc, ('OTM') which assessed POS-GRIP wellhead designs against competing conventional technology. OTM concluded that Plexus wellheads using its HG metal seals, offer the "best possible sealing performance through a metal-to-metal seal that none of the existing designs can match. Moreover, sealing performance is not effected by pressure/temperature cycles as there are no movable components". OTM concludes that after evaluating POS-GRIP sealing technology against existing competing technologies, "it is the best and safest technology due to its enhanced safety performance".

Although Plexus in no way underestimates the challenge of competing against long established multinational wellhead companies who often provide an equipment 'package' solution, we believe that such analysis and conclusions regarding the strengths of our technology are a sound base from which to continue to build market share. Additionally the HP/HT technology led sector in which Plexus specialises is known to need critical solutions. As a panel of international oil and gas industry experts including GE, Shell, and Maersk confirmed to Lloyd's Register Energy in a recent survey, at the very top of the list of the "high impact technologies going mainstream in the medium term (around 2020)" was "High-pressure high-temperature drilling, wellheads, and related technologies" according to 60% of the respondents. Such innovative technology also appeals to certain important markets where there is a growing desire and need not to become or remain reliant on imported technology and equipment. For example it was recently reported that Rosneft and Gazprom may cooperate on the development of technologies for oil and gas exploration in the Artic Shelf.

Business Model and Markets

The core organic market that Plexus has historically addressed is the supply of adjustable rental wellhead equipment and associated running tools for jack-up exploration drilling in the UKCS. Initially this was only for standard pressure equipment of 10,000 psi or less, but with the development of POS-GRIP HP/HT equipment Plexus has secured nearly 100% of the UKCS market as a result of the superior nature of our technology. This business has since expanded into the European markets including Norway, Netherlands, and Denmark, and beyond into global markets, particularly for the supply of HP/HT wellhead equipment where we have extended our reach to territories that include Australia, Brunei, Cameroon, Egypt, Malaysia, and Russia. Plexus also provides service technicians to install and maintain the equipment at various stages during the drilling of each well.

This advantage of focusing on rental exploration is that it allows customers to experience and validate the many benefits of POS-GRIP technology on wells of a temporary nature, as opposed to production wells where the wellhead equipment is in the field for the life of the well which can be over twenty years. This model has also mitigated the need for Plexus to develop internal manufacturing capabilities with attendant fixed overheads as it currently outsources all of its wellhead manufacturing to a select number of third parties.

Whereas the jack-up wellhead exploration market can be considered a niche market estimated to be worth circa US $300m per annum, OTM estimate that in 2014 the global combined worth for exploration and production wellheads is around US $4.5bn. Clearly therefore the opportunity for a superior and unique wellhead that has the potential to become a new global standard is considerable, and OTM has calculated that as a conservative estimate, if POS-GRIP captures just 1% of the wellhead market for production wet and dry, and exploration wet equipment, between 2014 and 2018 "it will generate revenues of circa US $280m in the same period". Such analysis is relevant to both Plexus from an organic opportunity perspective, and also from a potential international partner's perspective, as the ability to offer a 'package' equipment supply solution, of which an innovative and superior wellhead would comprise an important element, helps to drive sales of other items such as control equipment.

In terms of revenue generation Plexus owns an expanding fleet of rental wellheads which are quickly able to return their capital cost, and through a programme of on-going refurbishment are able to continue to generate rental revenue for an extended period of time that in some instances has exceeded fifteen years. The majority of the rental fleet now comprises HP/HT wellheads, and it is relevant to note a developing trend for the demand for such wellheads for standard pressure applications, as operators seek to use BAST.

Plexus is working hard to not only continue to grow the jack-up rental business in both its traditional and new market territories, but also to take its proven technology into the mainstream volume production wellheads market, and the important and growing subsea market. The subsea market which includes wellheads is according to Quest Offshore expected to be highly active and grow by over 60% in the next five years, from a US $49.7bn market for the previous five year period 2009 to 2013. It is also relevant to note the industry is beginning to focus on capital discipline and has increased its search for lower cost solutions. This trend is likely to grow further should the recently reduced oil price become the norm.

Plexus is ready to play its part in delivering such important cost savings for the operator, and crucially we believe that we can do this while also delivering a superior wellhead solution. Importantly not only can our surface jack-up wellheads be supplied at a cost that equates to less than the time savings for the operator, thereby making them cost negative, but looking forward, and as OTM have analysed, "for subsea wells, the reduced number of trips (the process of removing the drill string from the wellbore and running it back in the hole) is estimated to result in savings of 5-6 days for a 10,000 ft. water depth, with an average rig cost of US $1m per day", which would mean a saving of up to US $6m for the operator. This is because we are not aware of any other wellhead that can deliver instant casing hanger lock-down, effective long term metal sealing integrity, and monitoring, whilst having no need to install lock rings or a lock down sleeve, as well as then being able to offer the availability of readily implemented multiple side tracking capability. Features such as these underpin the value of our IP and give an indication of the growth potential of Plexus as our business model seeks to extend into these new markets.

As well as significant cost benefits, the superior nature of our technology can be readily applied to new addressable markets such as floating production storage and offloading vessels known as 'FPSO's' which are offshore production facilities that house both processing equipment and storage usually tied to multiple subsea wells. This market is expected to grow significantly over the next 10 years, particularly in the Gulf of Mexico. Plexus can deliver a system whereby the connections from the hanger to the subsea wellhead, the subsea wellhead to the tie back tool, and the surface hanger to the surface wellhead all match the integrity of the premium couplings in the system, which again we consider to be the BAST solution.

Strategy

Plexus has been working for a number of years to validate its POS-GRIP technology, and this has been successfully achieved in the exploration jack-up drilling market sector which remains the core organic business activity. However our technology has also been proven for the volume production wellhead market, and we are currently working in our JIP towards addressing the growing subsea market where significant commercial opportunities exist, and which could be best met through potential partnerships, for example through a licensing model. We will be actively exploring this corporate strategy at the appropriate time.

Whilst we continue to expand our core business, and develop new strategic goals, it is important to ensure that we plan for and implement the necessary infrastructure that is needed to support this future growth, both in the UK and abroad. Plexus has extensive sales, engineering, assembly, procurement and service facilities in Aberdeen, which lies at the heart of the UK's oil and gas industry, and as a sign of confidence in both Aberdeen and our own future we doubled the size of our main facility with the acquisition in September of a 36,000 sq. ft. ex-Baker Hughes facility for £2.4m. This additional space will enable us to plan for further on-going expansion of our rental exploration fleet, whilst ensuring that Aberdeen maintains its role as the centre of our supply hub.

Looking into the future we see a strategy developing to establish a number of regional hubs that can service local customers without having to return equipment back to Aberdeen providing cost saving and utilisation efficiency advantages. The first of these hubs is Plexus Singapore where we have established a local service base that can reach out to Australia, Brunei, and Malaysia, and hopefully in due course other markets such as Indonesia and Vietnam. The base is already being used to service a new customer, Shell China, and sizeable time and cost savings are expected to result.

On-going development of our IP continues to be an important strategy not only in terms of protecting existing IP, but also in terms of developing continuations and new IP that is able to deliver an on-going series of 20 year patent protections. This IP strategy has most recently been particularly active for subsea related designs and technology and we are confident that as these are based around our proprietary POS-GRIP technology that the many new patent applications that we have submitted will in due course be granted.

Creating IP is of course only part of the story – 'know-how' in terms of how to apply our IP is critical. Plexus products and business are all developed around our POS-GRIP friction-grip method of engineering which can be applied to additional upstream and downstream applications where it is necessary to join concentric tubular members, or engage remotely operated connectors, all without the need for threads. Examples include deepwater riser systems, stress joint connectors, riser tensioning systems, LNG terminal solutions, geothermal wellheads pipeline connections, and of course subsea wellheads where our JIP is well advanced and anticipate running a prototype in the field in 2015 calendar year. A further example of such a new product in the process of final testing, and sponsored by Maersk, is our HP/HT Tie-Back Connector system which for the first time will allow HP/HT exploration and pre-drilled wells to be converted to either subsea or platform producing wells. Not only would this enable production to be brought on-line quicker, but it also saves significant amounts of capex for the operator that otherwise would be written off when wells were previously abandoned. We are therefore in the best position to know how to apply the POS-GRIP 'recipe' to such engineering led solutions, and we hope to be able to progress these opportunities over the coming years.

In line with our strategy of extending sales territories and product ranges, we also keep a close eye on commercial opportunities that arise from new or growing energy sources. These can relate to the actual energy source itself, or physical locations. For example we recently undertook a sales visit to Japan to assess what opportunities may exist for our technology. Discussions extended beyond our core business technology, and included early stage future planned extraction of methane hydrates where safety and sealing are paramount, (methane is the chief ingredient of natural gas and can be found all over the world beneath the seafloor or underneath Artic permafrost), as well as mud volcanos for geothermal applications where high temperature wellheads would be required. Further opportunities have also been identified in the Artic offshore Russia and Norway where the ability to disconnect and reconnect wellhead equipment without the use of threaded connectors would have clear cost and safety advantages, and also offshore Western Greece where new offshore licencing rounds are being prepared as a result of nearby Italian and Albanian discoveries which share similar geology.

In summary our key strategic goal over time is for POS-GRIP wellheads, whether for surface or subsea exploration and production applications, to become a new industry standard which is recognised as a superior method of engineering that delivers a quality of metal seal that cannot be matched by conventional wellhead technology. The science based driver for our ability to achieve this goal is simply that unlike conventional wellhead designs available from all other wellhead suppliers, Plexus is uniquely able to deliver and maintain enough interface stress between the perimeter of a metal seal and the wellhead bore, within Hertzian Contact Stress limits, throughout the life of the well. In line with this strategy, we are beginning to actively explore how best to exploit this simple message with potential partners worldwide.

Key Performance Indicators

The Directors monitor the performance of the Group by reference to certain financial and non-financial key performance indicators. The financial indicators include revenue, EBITDA, profit and earnings per share. Non-financial indicators include Health and Safety statistics, equipment utilisation rate, geographical diversity of customer revenues, effectiveness of a range of research and development initiatives for example in relation to new patent activity, and employee headcount and turnover rates.

Principal Risks and Risk Management

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 and environmental 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, operational, and environmental landscape. The introduction of sanctions is one example of such a risk. As a supplier to the industry we in turn can be adversely affected by such events which can disrupt the markets, and affect our ability to execute work for customers and/or collect payment for services performed. To help address such risks, the Group has continued to broaden its geographic footprint and customer base.

(b) **Technology**

The Group is still at a relatively early stage in the commercialisation, marketing and application of its POS-GRIP friction-grip technology beyond jack-up rental exploration wellhead equipment, particularly with regard to new product developments. Current and future contracts may be adversely affected by technology related factors outside the Group's control. These may include unforeseen equipment design issues, test delays during a 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 Group. To mitigate this risk the Group continues to invest in developing and proving the technology and has a policy of on-going training of our own personnel and where appropriate our customers.

(c) **Competitive risk**

The Group operates in highly competitive markets and often competes directly with large multi-national corporations who have greater resources and are more established. Product innovation or technical advances by competitors could adversely affect the Group and lead to a slower take up of the Group's proprietary technology. To mitigate this risk Plexus maintains an extensive suite of patents and trademarks, and actively continues to develop and improve its IP to ensure that it continues to be able to offer unique superior wellhead design solutions.

(d) **Operational**

Shortage of experienced personnel in the oil and gas industry is widely recognised and could deprive Plexus of key personnel necessary for operational activities and research and development initiatives. To mitigate this risk Plexus has developed effective recruitment and training procedures, which combined with the appeal of working in a company with unique technology and engineering solutions has enabled us to continue to grow our staff numbers, and achieve to date a low rate of turnover of personnel.

(e) **Liquidity and finance requirements**

In an economic climate that remains volatile and unpredictable it has become increasingly possible for both existing and potential sources of finance to be closed to businesses for a variety of reasons that have not been an issue in the past. Some of these may even relate to the lender itself in terms of its own capital ratios and lending capacity. Although this is a potential risk the Group took appropriate steps during the year to mitigate this risk by successfully renewing and extending its bank facilities with Bank of Scotland. The Group is required to meet certain financial criteria agreed as covenants in connection with its bank loans and monthly management accounts are prepared and reviewed against the covenant requirements to ensure that the Group's obligations can be met.

(f) **Credit**

The main credit risk is attributable to trade receivables. As the majority of the Group's customers are large international oil companies the risk of non-payment is much reduced, and therefore is more likely to be related to client satisfaction and/or trade sanctions. Customer payments can involve extended period of times especially from countries where exchange control regulations can delay the transfer of funds outside those countries. The Group has credit risk management policies in place and exposure to credit risk is monitored continuously.

Risk assessment

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group. One of the Board's control documents is a detailed "Risks assessment & management document" which categorises risks in terms of - business (including IT), compliance, finance, cash, debtors, fixed assets, other debtors/prepayments, creditors, legal, and personnel. These 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.

Ben van Bilderbeek
Chief Executive

28 October 2014

Board of Directors

Jerome Jeffrey Thrall BBA MBA (aged 64), Non-Executive Chairman

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. Jeff was named President of TEI in 1995. Jeff is also Managing Director of GSI Technologies, a printer of functional electronic products and industrial graphics. Prior to joining TEI, Jeff's professional career included a number of appointments in investment banking, commercial lending and administration.

Bernard Herman van Bilderbeek BSc M.Eng (aged 66), Chief Executive

Ben founded the Plexus business in 1986. He has more than 35 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. In 1996 Ben regained the Plexus Ocean Systems Limited name through which POS-GRIP technology was invented and then developed and commercialised for the oil services wellhead equipment market.

Graham Paul Stevens BA (Hons) (aged 56), Finance Director

Graham has broad experience in financial, corporate, and operational management within both public and private companies including J Sainsbury plc, BSM Group Limited, Sketchley Group plc, and Fii Group plc. He has been involved in a range of industries as a director, investor, and advisor, and overseen a number of acquisitions and disposals, as well as the implementation of turn around and growth strategies. Graham is a non-executive director of Netplay TV PLC, the AIM listed largest UK interactive TV gaming company. He was previously a non-executive director of NRX Global Inc. the worldwide leader in Asset Information Management solutions used by leading companies in asset intensive industries, including oil and gas.

Craig Francis Bryce Hendrie M.Eng(Oxon) (aged 41), Technical Director

After gaining a Masters Degree in Engineering Science from the University of Oxford, Craig began his career with ICI plc in 1996 as a machines engineer. He joined Plexus in 1998 and was instrumental in the development, testing and analysis of the original POS-GRIP products. As Technical Director, Craig is responsible for overseeing new technology and concept development, product testing and analysis, as well as pursuing new applications for POS-GRIP technology both internally and externally.

Geoffrey Edmund Thompson BSc (Hons) M.Eng (aged 60), Non-Executive Director

Geoff has over 39 years' experience in the international oil and gas arena. Geoff's expertise lies in the field of well equipment and well design, including High Pressure High Temperature wellhead equipment technology. He is currently contracted as an independent consultant to Maersk Oil UK for their Culzean HP/HT development, having been, until recently, a Principal Drilling Equipment Engineer with Maersk Oil in Denmark. Prior to this, Geoff was contracted as an independent consultant for 31 years advising international operators and oil service companies including a number of Shell Group Operating Companies on well equipment and all mechanical aspects of well design and technology.

Christopher James Watts Fraser BA (Hons) OBE (aged 51), Non-Executive Director

Christopher has experience in managing large, diverse corporate projects in complex business environments on a global scale. His wide-ranging career includes two terms as a Member of Parliament, as well as a number of years as a management consultant and corporate advisor. Christopher also founded and ran an international marketing and communications group, which had clients in the oil and gas sector.

Charles Edward Jones BSc M.Eng (Age 55), Non-Executive Director

Charles has over 30 years of senior management and Board experience in the energy sector. In 2007, Charles was CEO of Houston-based Forum Oilfield Technology, a global oilfield products company which he successfully merged with three other companies in 2010 to create Forum Energy Technologies (NYSE: FET) and where he remained as President until 2013. Prior to Forum, Charles was COO of privately owned Hydril Company LP, where he played a leading role in the US based drilling and downhole products company's IPO in 2000 and subsequent sale for US$2.1 billion. Before joining Hydril, Charles served as Director of Subsea Businesses for Cooper Cameron Corporation where he developed the global subsea production business.

Directors' Report

The directors present their annual report together with the audited financial statements for the year ended 30 June 2014.

Business review

The directors are aware of the obligations under Section 417 of the Companies Act 2006 ('the Act') and the requirements for the provision of a Business Review. A review of the development and performance during the year consistent with the size and complexity of the business together with commentary on future developments including the main trends and factors likely to affect the business is given in the Chairman's Statement on page 5 and the Strategic Report on page 9. In addition the Strategic Report on page 9 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 certain financial and non-financial indicators included in the highlights on page 1, the Strategic Report on page 9, and the Directors' Report on page 21 meet this requirement. The directors have provided a description of the principal risks and uncertainties facing the Group in the Strategic Report on page 9.

Research and development

The Group actively engages in an on-going research and development programme designed to expand and develop the range of commercial applications deriving from its proprietary POS-GRIP technology. For the year research and development expenditure including the cost of building new test fixtures totalled £3.19m (2013: £1.91m), being amounts expensed through the Statement of Comprehensive Income and capitalised on the Statement of Financial Position during the year.

Results and dividends

The results for the year, showing a profit before taxation of £5.37m (2013: £4.27m), are set out on page 33.

The directors have proposed a final dividend for the year ended 30 June 2014 of 0.62p per share (2013: 0.55p).

Corporate governance

This is the subject of a separate report set out on page 24.

Related party transactions

Details of related party transactions are set out in Note 26 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 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 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' 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 2014 were as follows:

	Number of Ordinary Shares of 1p each 2014	Number of Ordinary Shares of 1p each 2013
J. Jeffrey Thrall [1]	42,704,001	43,404,001
Ben van Bilderbeek [2]	58,700,001	58,700,001
Graham Stevens	15,100	15,100
Craig Hendrie	12,600	12,600
Geoff Thompson	–	–
Christopher Fraser	10,000	10,000
Charles Edward Jones (appointed 18 September 2014)	–	–

1. J. Jeffrey Thrall, has an indirect beneficial interest in a company which controls 32.477% of Mutual Holdings Limited. The number of shares held by Mutual Holdings Limited in the Company at 30 June 2014 was 42,700,001 (2013: 42,700,001). Additionally, J. Jeffrey Thrall holds 4,000 shares directly. During the year, J. Jeffrey Thrall sold his own beneficial interest of 700,000 ordinary shares held by Thrall Enterprises.
2. Ben van Bilderbeek is one of the beneficiaries of a trust which controls 59.962% of the shares of Mutual Holdings Limited and the entire issued share capital of OFM Investment Limited. At the date of this report, Mutual Holdings Limited held 42,700,001 shares and OFM Investment Limited held 16,000,000.

Retirement and re-election

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

Mr. Jones will retire at the Annual General Meeting as required by the Company's articles of association and, being eligible, will offer himself for re-election.

Substantial shareholdings and interests

Shares

At the date of this Annual Report the Company is aware of the following shareholdings in excess of 3% of the Company's issued ordinary share capital:

	% issued share capital
Mutual Holdings Limited 42,700,001	50.3%
OFM Investment Limited 16,000,000	18.8%
Liontrust Investment Partners LLP 4,640,498	5.5%
BlackRock Investment Management 4,624,160	5.4%
J M Finn Nominees Limited 3,600,610	4.2%

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 27.

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.

Events subsequent to 30 June 2014

Subsequent to the year end, the Group acquired a new, and additional, facility adjacent to its existing operational headquarters in Dyce, Aberdeen. The consideration paid for the facility was £2.4m.

Disclosure of information to auditors

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

Annual General Meeting

The Annual General Meeting of the Company will be held on 11 December 2014. The Notice convening the meeting can be found at the back of these financial statements.

In addition to the ordinary business of the meeting which is set out in the proposed resolutions numbered 1 to 8 (inclusive) there are three items of special business, namely the proposed resolutions numbered 9, 10 and 11, the effects of which are to renew the authority given to the directors to allot shares in the capital of the Company, to authorise the Company to make market purchases, of shares and, to dis-apply pre-emption rights. Your attention is drawn to the Notes on each of these resolutions at the foot of the Notice and to the Notes generally.

Auditors

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

Company number

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

By order of the Board

Ben van Bilderbeek
Chief Executive

28 October 2014

Corporate Governance

Introduction

Although the rules of AIM do not require the Company to comply with the UK Corporate Governance Code (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 in respect of each meeting 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 2014 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, J. Jeffrey Thrall and Christopher Fraser 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 2014 the Audit Committee met on two occasions.

Remuneration Committee

The Remuneration Committee comprises two Non-executive Directors, J. Jeffery Thrall and Christopher Fraser 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 2014 the Remuneration Committee met on two occasions.

Board and committee meeting attendance

The table below shows the attendance record of individual directors at Board meetings and committees of which they are members.

	Board		Audit Committee		Remuneration Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
J. Jeffrey Thrall	6	6	2	2	2	2
Ben van Bilderbeek	6	6	–	–	–	–
Graham Stevens	6	6	–	–	–	–
Craig Hendrie	6	3	–	–	–	–
Geoff Thompson	6	6	–	–	–	–
Christopher Fraser	6	5	2	2	2	2
Charles Jones	–	–	–	–	–	–

Appointment of Non-executive Director

Charles Jones was appointed as a Non-executive Director on 18 September 2014.

Retirement and re-election

J. Jeffrey Thrall and Graham Stevens are to retire by rotation at the Annual General Meeting and, being eligible, will offer themselves for re-election.

Charles Jones will retire at the Annual General Meeting as required by the Company's articles of association and, being eligible, will offer himself 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.plexusplc.com) to provide further information to shareholders.

Health and safety

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

Financial reporting

The directors have a commitment to best practice for the Group's external financial reporting in order to present a balanced and comprehensible assessment of the Group's financial position and prospects to its shareholders, employees, customers, suppliers and other third parties. This commitment encompasses all published information including but not limited to the year end and interim financial statements, regulatory news announcements and other public information. The Statement of Directors' Responsibilities for preparing the accounts may be found on page 30.

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 assessment

The Board has established an on-going 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 J. Jeffrey Thrall and Christopher Fraser, and is required to meet at least once a year.

Remuneration policy

The Group's policy is to attract, retain and motivate high calibre executives capable of achieving the Group's objectives. Executive Directors receive salaries, annual bonuses, medical cover, and pension scheme contributions which are intended to be competitive within the sector in which the Group operates.

The Committee determines the policy of the overall remuneration package for Executive Directors and other senior executives. Basic salaries and benefits of all employees are reviewed every year, and the Group and the Committee as part of this annual process seeks advice from external remuneration consultants. In reviewing salaries consideration is given to personal performance, the Group's overall performance and external comparative information.

An annual performance bonus is payable to Executive Directors and senior staff, and each year an exercise is undertaken, again in conjunction with external remuneration consultants to look at market comparisons, benchmarks, relative performance as well as consideration of strategic progress in addition to simply financial ones. Comparator group analysis includes oil and gas exploration companies with broadly similar market capitalisations and numbers of employees, as well as oil and gas service companies where although the market capitalisation range is wide it is relevant as these are the sort of companies with which Plexus may compete for talent. A further comparator group for the Committee to consider is the FTSE AIM 100.

Service contracts

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

Pensions

The Group offers 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 been re-elected as directors either party can terminate upon three months' notice being given. The subsequently appointed Non-executive Directors, Geoff Thompson, Christopher Fraser and Charles Jones, entered into their Letters of Appointment with the Company dated 8 June 2010, 15 March 2012 and 18 September 2014 respectively, and, in the case of Geoff Thompson and Christopher Fraser, having been re-elected as a director at the AGMs held in 2010 and 2012 respectively, are subject to the same termination conditions as applicable to their fellow Non-executive Directors. Charles Jones if re-elected at the AGM will be subject to the same termination conditions.

Directors' remuneration

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

	Short-Term Employee Benefits		Post-Employment Benefits	Share-Based Payment		
	Salary & Fees (incl. annual bonus) £	Benefits £	Pension £	IFRS 2 Charge for Share Options £	**2014 Total £**	2013 Total £
Executive Directors						
Ben van Bilderbeek	638,967	10,149	–	–	**649,116**	401,305
Graham Stevens	328,942	7,847	21,429	–	**358,218**	269,702
Craig Hendrie	318,752	846	22,448	–	**342,046**	263,599
Non-executive Directors						
J Jeffrey Thrall	32,500	–	–	–	**32,500**	32,500
Geoff Thompson	20,000	–	–	–	**20,000**	20,480
Christopher Fraser	30,000	–	–	24,016	**54,016**	44,949
Total	1,369,161	18,842	43,877	24,016	**1,455,896**	1,032,535

Directors' interest in share options

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

Executive 2005 Share Option Scheme

Name	No of Options At 30/06/12	Granted During 12/13	Lapsed During 12/13	Excercised During 12/13	No of Options At 30/06/13	Granted During 13/14	Lapsed During 13/14	Excercised During 13/14	No of Options At 30/06/14	Date of Grant	No of Options Vested At 30/06/14	Expiry Date	Exercise Price (£)
B. van Bilderbeek	388,304	–	–	–	388,304	–	–	(194,152)	194,152	09/12/05	194,152	08/12/15	0.59
B. van Bilderbeek	65,902	–	–	–	65,902	–	–	–	65,902	20/06/07	65,902	19/06/17	0.385
B. van Bilderbeek	332,110	–	–	–	332,110	–	–	–	332,110	17/12/09	332,110	16/12/19	0.41
B. van Bilderbeek	169,642	–	–	–	169,642	–	–	–	169,642	25/03/11	169,642	24/03/21	0.60
G. Stevens	254,407	–	–	–	254,407	–	–	(116,000)	138,407	09/12/05	138,407	08/12/15	0.59
G. Stevens	43,177	–	–	–	43,177	–	–	–	43,177	20/06/07	43,177	19/06/17	0.385
G. Stevens	217,795	–	–	–	217,795	–	–	–	217,795	17/12/09	217,795	16/12/19	0.41
G. Stevens	101,042	–	–	–	101,042	–	–	–	101,042	25/03/11	101,042	24/03/21	0.60
C. Hendrie	254,407	–	–	–	254,407	–	–	–	254,407	09/12/05	254,407	08/12/15	0.59
C. Hendrie	43,177	–	–	–	43,177	–	–	–	43,177	20/06/07	43,177	19/06/17	0.385
C. Hendrie	217,795	–	–	–	217,795	–	–	–	217,795	17/12/09	217,795	16/12/19	0.41
C. Hendrie	105,853	–	–	–	105,853	–	–	–	105,853	25/03/11	105,853	24/03/21	0.60

Non-executive 2005 Share Option Scheme

Name	No of Options At 30/06/12	Granted During 12/13	Lapsed During 12/13	Excercised During 12/13	No of Options At 30/06/13	Granted During 13/14	Lapsed During 13/14	Excercised During 13/14	No of Options At 30/06/14	Date of Grant	No of Options Vested At 30/06/14	Exercise Expiry Date	Price (£)
J. Thrall	40,169	–	–	–	40,169	–	–	–	40,169	09/12/05	40,169	08/12/15	0.59
G. Thompson	100,000	–	–	–	100,000	–	–	–	100,000	08/06/10	100,000	07/06/20	0.60
C. Fraser	–	100,000	–	–	100,000	–	–	–	100,000	05/07/12	33,333	04/07/22	1.18

No options are expected to lapse at the AGM.

The exercise of the options granted on 5 July 2012 are subject to the following vesting conditions being satisfied:

Date Option capable of exercise	Number of Shares over which Option could be capable of exercise depending on TSR Growth
14 days after Company AGM following end of First Assessment Period – 1 July 2012 to 30 June 2013	Up to ⅓ of Shares under Option
14 days after Company AGM following end of Second Assessment Period – 1 July 2013 to 30 June 2014	Up to ⅓ of Shares under Option
14 days after Company AGM following end of Third Assessment Period – 1 July 2014 to 30 June 2015	Up to ⅓ of Shares under Option
14 days after Company AGM following end of Complete Assessment Period – 1 July 2012 to 30 June 2015	Up to all Shares under Option LESS Annual Shares already capable of exercise.

The lowest mid-market price of the Company's shares in the year to 30 June 2014 was 174p on 4 July 2013, and the high in the period to 30 June 2014 was 321p on 16 June 2014. The mid-market price on 30 June 2014 was 288.5p.

Statement of Directors' Responsibilities

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

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

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

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

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

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

By order of the Board

Ben van Bilderbeek
Chief Executive

28 October 2014

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

We have audited the group financial statements of Plexus Holdings plc for the year ended 30 June 2014 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes numbered 1 to 27.

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

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

We read all the financial and non-financial information in the Directors' Report, Chairman's Statement, Strategic Report, Corporate Governance Report and Remuneration Committee Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Plexus Holdings plc for the year ended 30 June 2014.

Matthew Stallabrass
Senior Statutory Auditor
for and on behalf of
Crowe Clark Whitehill LLP, Statutory Auditor
London

28 October 2014

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2014

	Notes	2014 £'000	2013 £'000
Revenue	2	**27,024**	25,566
Cost of sales		**(7,817)**	(7,402)
Gross profit		**19,207**	18,164
Administrative expenses		**(13,928)**	(13,772)
Operating profit	4	**5,279**	4,392
Finance income	6	**5**	7
Finance costs	7	**(124)**	(130)
Share of profit of associate	13	**215**	–
Profit before taxation	4	**5,375**	4,269
Income tax expense	8	**(329)**	(1,213)
Profit after taxation		**5,046**	3,056
Other comprehensive income		**–**	–
Total comprehensive income for the year attributable to the owners of the parent		**5,046**	3,056
Earnings per share	10		
Basic		**6.01p**	3.69p
Diluted		**5.75p**	3.51p

All income arises from continuing operations

Consolidated Statement of Financial Position

at 30 June 2014

	Notes	2014 £'000	2013 £'000
Assets			
Goodwill	*11*	**760**	760
Intangible assets	*12*	**10,437**	8,691
Investment in associate	*13*	**941**	–
Property, plant and equipment	*14*	**13,284**	13,168
Deferred tax assets	*8*	**751**	545
Total non-current assets		**26,173**	23,164
Inventories	*15*	**5,256**	6,032
Trade and other receivables	*16*	**6,463**	4,922
Cash and cash equivalents		**6,353**	2,609
Total current assets		**18,072**	13,563
Total Assets		**44,245**	36,727
Equity and Liabilities			
Called up share capital	*18*	**849**	828
Share premium account	*18*	**20,138**	17,288
Share based payments reserve	*19*	**2,476**	2,741
Retained earnings		**11,117**	6,335
Total equity attributable to equity holders of the parent		**34,580**	27,192
Liabilities			
Bank loans	*22*	**4,000**	4,000
Total non-current liabilities		**4,000**	4,000
Trade and other payables	*17*	**5,482**	5,226
Current income tax liabilities		**183**	309
Total current liabilities		**5,665**	5,535
Total liabilities		**9,665**	9,535
Total Equity and Liabilities		**44,245**	36,727

These financial statements were approved and authorised for issue by the board of directors on 28 October 2014 and were signed on its behalf by:

B van Bilderbeek
Director

G Stevens
Director

Company Number: 03322928

Consolidated Statement of Changes in Equity

for the year ended 30 June 2014

	Called Up Share Capital £'000	Share Premium Account £'000	Share Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 30 June 2012	**827**	**17,280**	**1,726**	**4,057**	**23,890**
Total comprehensive income for the year	–	–	–	3,056	3,056
Share based payments reserve charge	–	–	141	–	141
Issue of ordinary shares	1	8	–	–	9
Net deferred tax movement on share options	–	–	874	–	874
Dividends	–	–	–	(778)	(778)
Balance as at 30 June 2013	**828**	**17,288**	**2,741**	**6,335**	**27,192**
Total comprehensive income for the year	–	–	–	5,046	5,046
Share based payments reserve charge	–	–	26	–	26
Transfer of share based payments reserve charge on exercise of options	–	–	(599)	599	–
Issue of ordinary shares (net of issue costs)	21	2,850	–	–	2,871
Net deferred tax movement on share options	–	–	308	–	308
Dividends	–	–	–	(863)	(863)
Balance as at 30 June 2014	**849**	**20,138**	**2,476**	**11,117**	**34,580**

Consolidated Statement of Cash Flows

for the year ended 30 June 2014

	Notes	2014 £'000	2013 £'000
Cash flows from operating activities			
Profit before taxation		**5,375**	4,269
Adjustments for:			
Depreciation, amortisation and impairment charges		**3,405**	2,956
Loss on disposal of property, plant and equipment		**95**	108
Loss on expiry of option		**–**	60
Charge for share based payments		**26**	141
Investment income		**(5)**	(7)
Interest expense		**124**	130
Share of result in associate		**(215)**	–
Changes in working capital:			
Decrease in inventories		**776**	15
(Increase)/decrease in trade and other receivables		**(1,541)**	1,138
Increase/(decrease) in trade and other payables		**256**	(106)
Cash generated from operating activities		**8,296**	8,704
Income taxes paid		**(353)**	(926)
Net cash generated from operating activities		**7,943**	7,778
Cash flows from investing activities			
Acquisition of associate		**(726)**	–
Purchase of intangible assets		**(2,403)**	(1,491)
Purchase of property, plant and equipment		**(3,016)**	(6,650)
Proceeds of sale of property, plant and equipment		**57**	125
Net cash used in investing activities		**(6,088)**	(8,016)
Cash flows from financing activities			
Net proceeds from issue of new ordinary shares		**2,330**	–
Proceeds from share options exercised		**541**	9
Interest paid		**(124)**	(130)
Interest received		**5**	7
Equity dividends paid		**(863)**	(778)
Net cash generated from/(used in) financing activities		**1,889**	(892)
Net increase/(decrease) in cash and cash equivalents		**3,744**	(1,130)
Cash and cash equivalents at 1 July 2013		**2,609**	3,739
Cash and cash equivalents at 30 June 2014	*22*	**6,353**	2,609

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

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

Issued and EU adopted

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRIC – 21 Levies
- Amendment to IAS 19 – Defined Benefit Plans: Employee Contributions
- Amendment to IAS 36 – Recoverable Amount Disclosures for non-Financial Assets
- Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Issued but not yet EU adopted

- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- Amendment to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Amendment to IAS 27 – Equity Method in Separate Financial Statements

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

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

The financial information has been prepared under the historical cost convention except where fair value adjustments are required.

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

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

b. Going concern

The Group's activities and an outline of the developments taking place in relation to its products, services and marketplace are considered in the Strategic Review on pages 9 to 19 along with an explanation of revenue, trading results and cash flows.

Note 22 to the Financial Statements sets out the company's financial risks and the management of capital risks.

The Group has bank facilities of £6m comprising a £5m revolving credit facility repayable in September 2016 and a £1m overdraft repayable on demand. Together with the profitable trading of the business, these facilities are anticipated to provide sufficient funding for the foreseeable future.

Accordingly, after careful enquiry and review of available financial information, including projections of profitability and cash flows for the year to 30 June 2014, the Directors believe that the company has adequate resources to continue to operate for the foreseeable future and that it is therefore appropriate to continue to adopt the going concern basis of accounting in the preparation of the consolidated and company financial statements.

c. Basis of consolidation

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

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

The financial statements of the Company and its subsidiaries are prepared in sterling (the functional currency), which is the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Group. Transactions and balances in foreign currencies are converted into sterling in accordance with the principles set forth by IAS 21 (“The Effects of Changes in Foreign Exchange Rates”). Accordingly, transactions and balances have been converted as follows:

- Monetary assets and liabilities – at the rate of exchange applicable at the balance sheet date; and
- Income and expense items – at exchange rates applicable as of the date of recognition of those items. Non-monetary items are converted at the rate of exchange used to convert the related balance sheet items i.e. at the time of the transaction. Exchange gains and losses from the aforementioned conversion are recognised in the consolidated statement of comprehensive income.

d. Associate

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

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

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

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

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

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

e. Revenue

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

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

f. Income taxes and deferred taxation

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

As set out in note 19 the group operates a share option scheme. Where the market price of the shares at the year-end exceeds the option price there is a potential tax deduction. This is treated as a deferred tax asset. This is recognised in the income statement to the extent that a charge has been recognised as a cost on the share option. The balance of the credit is recognised directly in equity.

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.

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

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

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

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

The cash flows are based upon a 12 year period, and a revenue growth rate of 5% has been applied to periods beyond the current budget. The company's Weighted Average Cost of Capital for discounting purposes has been measured at 8.4%. The cashflows are based upon approved budgets for the following 12 months, beyond this they are based upon management's expectations of future developments.

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

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.

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

In all cases the amortisation period represents the expected useful life of the asset.

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

Expenditure on research and development, which does not meet the capitalisation criteria, is written off to the Statement of Comprehensive Income in the period in which it is incurred.

The carrying value of intangible assets is reviewed on an on-going basis by the directors and, where appropriate, provision is made for any indication of impairment in value. Where impairment arises, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

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

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

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

The cash flows are based upon a 12 year period, the remaining life of the Intellectual Property, and a revenue growth rate of 5% has been applied to periods beyond the current budget. The company's Weighted Average Cost of Capital for discounting purposes has been measured at 8.4%. The cashflows are based upon approved budgets for the following 12 months, beyond this they are based upon management's expectations of future developments.

It would require a substantial movement (over 30%) in any of these assumptions before there would be any impairment to intangible assets.

An impairment loss is recognised immediately in the Statement of Comprehensive Income.

i. Property, plant and equipment

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

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

Buildings	Over the remaining life of the lease on the land on which the building is constructed
Tenant improvements	Over the remaining life of the lease of the relevant building
Equipment	7% – 50% per annum
Motor vehicles	20% per annum

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

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

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

j. 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.

k. 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 statement of financial position date and the gains or losses on translation are included in the Statement of Comprehensive Income.

The functional currency of the Group is pounds sterling.

l. Leases

Operating lease rentals are charged to the Statement of Comprehensive Income 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 statement of financial position 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.

m. 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.

n. Construction contracts and work in progress

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

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

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

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

o. Pensions

The Group offers 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.

p. Dividends

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

q. 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.

r. 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.

s. Management of capital

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

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

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

t. 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.

u. 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. Variations in the estimated inputs would vary the charges to the consolidated statement of comprehensive income. Full details of the model and inputs are provided in note 19.

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. Changes to these estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods.

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. Changes to these estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods.

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. Changes to these estimates can result in significant variations in the carrying value and amounts charged to the consolidated statement of comprehensive income in specific periods.

When measuring goodwill and intangible assets for impairment a range of assumptions are required and these are detailed above in the Goodwill and Intangible Asset notes above.

2. Revenue

	2014 £'000	2013 £'000
By geographical area		
UK	**9,892**	9,663
Europe	**6,905**	7,157
Rest of World	**10,227**	8,746
	27,024	25,566

The revenue information above is based on the location of the customer.

3. Segment reporting

The Group derives revenue from the sale of its POS-GRIP technology and associated products, the rental of wellheads utilising the POS-GRIP technology and service income principally derived in assisting with the commissioning and on-going 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.

Per IFRS 8, the operating segment is based on internal reports about components of the group, which are regularly reviewed and used by the board of directors being the Chief Operating Decision Maker ("CODM").

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

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

	2014 £'000	2013 £'000
Customer 1	**5,110**	1,183
Customer 2	**4,472**	437
Customer 3	**3,576**	1,121

4. Group operating profit

Profit on ordinary activities before taxation is stated after charging.

	2014 £'000	2013 £'000
Depreciation of tangible assets	**2,748**	2,394
Amortisation of intangible assets:		
– Intellectual property rights	**330**	330
– Research and development	**308**	219
– Computer software	**19**	13
Operating lease charges:		
– land and buildings	**521**	517
– other	**91**	92
Foreign currency exchange (gain)/loss	**(35)**	7
Loss on disposal of property, plant and equipment	**95**	108
Loss on expiry of option	**–**	60
Directors' emoluments	**1,456**	1,033
Inventories recognised as expense	**2,016**	1,892
Inventory write down provision	**200**	159

4. Group operating profit (continued)

Auditors' remuneration:

Fees payable to the Company's auditors for the audit of the Company's annual accounts	**16**	12
The audit of the Company's subsidiary pursuant to legislation	**30**	23
Audit related assurance services	**2**	2
Total audit fees	**48**	37

Key management are considered to be the Board of Directors and details of Directors' remuneration are given in the remuneration report on page 27 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:

	2014 Number	2013 Number
Management	**11**	10
Technical	**100**	91
Administrative	**31**	28
	142	129

The aggregate payroll costs of these persons were as follows:

	2014 £'000	2013 £'000
Wages and salaries	**9,973**	9,522
Social security costs	**749**	645
Pension contributions to defined contribution plans	**355**	332
Share based payments	**24**	141
	11,101	10,640

Details of Directors remuneration is given in the remuneration report on page 27 and this forms part of the financial statements.

6. Finance income

	2014 £'000	2013 £'000
Bank interest receivable	**–**	–
Other interest	**5**	7
	5	7

7. Finance costs

	2014 £'000	2013 £'000
On bank loans and overdraft	**119**	122
Other interest	**5**	8
	124	130

8. Income tax expense

(i) The taxation charge for the year comprises:

	2014 £'000	2013 £'000
UK Corporation tax:		
Current tax on income for the year	**483**	701
Adjustment in respect of prior years	**(350)**	(391)
	133	310
Foreign tax		
Current tax on income for the year	**81**	91
Adjustment in respect of prior years	**13**	10
	94	101
Total current tax	**227**	411
Deferred tax:		
Origination and reversal of timing differences including share options	**(42)**	247
Adjustment in respect of prior years	**144**	555
Total deferred tax	**102**	802
Total tax charge	**329**	1,213

The effective rate of tax is 6% (2013: 28%)

(ii) Factors affecting the tax charge for the year

	2014 £'000	2013 £'000
Profit on ordinary activities before tax	**5,375**	4,269
Tax on profit at standard rate of UK corporation tax of 22.5% (2013: 23.75%)	**1,209**	1,014
Effects of:		
Expenses not deductible for tax purposes	**217**	263
Income from associate not subject to tax	**(48)**	–
Effect of R&D tax credits	**(279)**	(277)
Effect of change in tax rate	**(128)**	(14)
Tax adjustments on share based payments	**(449)**	53
Adjustments in respect of prior year	**(193)**	174
Total tax charge	**329**	1,213

8. Income tax expense (continued)

(iii) Movement in deferred tax asset balance

	2014 £'000	2013 £'000
Deferred tax asset at beginning of year	**545**	473
Charge to Statement of Comprehensive Income	**(102)**	(802)
Deferred tax movement on share options	**308**	874
Deferred tax asset at end of year	**751**	545

(iv) Deferred tax balance

The deferred tax asset balance is made up of the following items:	2014 £'000	2013 £'000
Difference between depreciation and capital allowances	**(1,232)**	(1,107)
Share based payments	**1,956**	1,620
Tax losses	**27**	32
Deferred tax asset at end of year	**751**	545

9. Dividends

	2014 £'000	2013 £'000
Ordinary Shares Interim paid for the period to 31 December 2013 of 0.48p (2013: 0.44p) per share	**407**	364
Ordinary Shares Final dividend for the year ended 30 June 2014 of 0.62p (2013: 0.55p) per share	**526**	456

The proposed final dividend has not been accrued at the statement of financial position date in accordance with IFRS.

10. Earnings per share

	2014 £'000	2013 £'000
Profit attributable to shareholders	**5,046**	3,056
	Number	Number
Weighted average number of shares in issue	**83,991,918**	82,747,275
Dilution effects of share schemes	**3,728,098**	4,275,461
Diluted weighted average number of shares in issue	**87,720,016**	87,022,736
Basic earnings per share	**6.01p**	3.69p
Diluted earnings per share	**5.75p**	3.51p

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

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

11. Goodwill

	£'000
Cost	
As at 1 July 2012	760
Additions	–
As at 30 June 2013	760
Additions	–
As at 30 June 2014	**760**
Impairment	
As at 1 July 2012	–
As at 30 June 2013	–
As at 30 June 2014	–
Net Book Value	
As at 30 June 2014	**760**
As at 30 June 2013	760
As at 30 June 2012	760

Note 1(g) provides information on the Goodwill.

12. Intangible fixed assets

	Intellectual Property £'000	Patent and Other Development £'000	Computer Software £'000	Total £'000
Cost				
As at 1 July 2012	6,440	3,895	157	10,492
Additions	–	1,458	33	1,491
As at 30 June 2013	6,440	5,353	190	11,983
Additions	–	2,367	36	2,403
As at 30 June 2014	**6,440**	**7,720**	**226**	**14,386**
Amortisation				
As at 1 July 2012	2,032	562	136	2,730
Charge for the year	330	219	13	562
As at 30 June 2013	2,362	781	149	3,292
Charge for the year	330	308	19	657
As at 30 June 2014	**2,692**	**1,089**	**168**	**3,949**
Net Book Value				
As at 30 June 2014	**3,748**	**6,631**	**58**	**10,437**
As at 30 June 2013	4,078	4,572	41	8,691
As at 30 June 2012	4,408	3,333	21	7,762

Patent and other development costs are internally generated.

13. Investments

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

Subsidiary undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
Plexus Ocean Systems Limited	Scotland	Supply of wellheads and associated equipment for oil and gas drilling	100%
Plexus Holdings USA, Inc.	USA	Investment Holding	100%
Plexus Ocean Systems US, LLC	USA	Investment Holding	100%
Plexus Deepwater Technologies Limited	USA	Dormant	100%
Plexus Response Services Limited	Turks and Caicos Islands	Commercial exploitation of subsea applications	100%
Plexus Subsea International Limited	Turks and Caicos Islands	Commercial exploitation of subsea applications	100%
Plexus Ocean Systems (Malaysia) Sdn Bhd	Malaysia	Supply of wellheads and associated equipment for oil and gas drilling	100%
Plexus Ocean Systems (Brunei) Sdn Bhd	Brunei	Supply of wellheads and associated equipment for oil and gas drilling	100%
Plexus Ocean Systems (Singapore) Pte. Ltd.	Singapore	Supply of wellheads and associated equipment for oil and gas drilling	100%
Afrotel Corporation Ltd	Turks and Caicos Islands	Investment Holding	100%

The acquisition of Afrotel Corporation Ltd during the year by Plexus Ocean Systems Limited did not give rise to any Goodwill or Intangible Asset.

Associate undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
KSW Engineering Limited	Scotland	Manufacturer of specialist oil and gas equipment	25%

The group's investments are unlisted.

The summary financial information of the Group's associate, extracted on a 100% basis from the accounts for the 11 months ended 30 June are as follows:

	£'000
Assets	8,464
Liabilities	5,037
Revenue	8,158
Profit	862

Value of associate investment	**£'000**
Investment in associate during the year	726
Share of profit in the year	215
Investment in associate at 30 June 2014	**941**

14. Property, plant and equipment

	Buildings £'000	Tenant Improvements £'000	Equipment £'000	Assets under Construction £'000	Motor Vehicles £'000	Total £'000
Cost						
As at 1 July 2012	685	213	17,094	851	47	18,890
Additions	287	140	736	5,487	–	6,650
Transfers	–	–	5,679	(5,679)	–	–
Disposals	–	–	(915)	–	(5)	(920)
As at 30 June 2013	972	353	22,594	659	42	24,620
Additions	2	77	430	2,505	2	3,016
Transfers	–	–	2,904	(2,904)	–	–
Disposals	–	–	(535)	–	–	(535)
As at 30 June 2014	**974**	**430**	**25,393**	**260**	**44**	**27,101**
Depreciation						
As at 1 July 2012	259	39	9,434	–	13	9,745
Charge for the year	66	37	2,279	–	12	2,394
On disposals	–	–	(685)	–	(2)	(687)
As at 30 June 2013	325	76	11,028	–	23	11,452
Charge for the year	80	50	2,612	–	6	2,748
On disposals	–	–	(383)	–	–	(383)
As at 30 June 2014	**405**	**126**	**13,257**	**–**	**29**	**13,817**
Net book value						
As at 30 June 2014	**569**	**304**	**12,136**	**260**	**15**	**13,284**
As at 30 June 2013	647	277	11,566	659	19	13,168
As at 30 June 2012	426	174	7,660	851	34	9,145

15. Inventories

	2014 £'000	2013 £'000
Raw materials and consumables	**1,621**	1,720
Work in progress	**296**	313
Finished goods and goods for resale	**3,339**	3,999
	5,256	6,032

16. Trade and other receivables

	2014	2013
	£'000	£'000
Trade receivables	**5,743**	4,042
Prepayments and other amounts	**720**	880
	6,463	4,922

The ageing of trade receivables at the year end was:

	2014	2013
Not past due	**2,200**	3,197
Past due 0-30 days	**2,646**	519
Past due 30+ days	**897**	326
	5,743	4,042

17. Trade and other payables

	2014	2013
	£'000	£'000
Trade payables	**1,777**	1,007
Non trade payables and accrued expenses	**3,705**	4,219
	5,482	5,226

	2014	2013
The maturity of ageing of trade and other payables at the year end was:		
Due within 30 days	**2,031**	2,168
Due in 30 – 90 days	**568**	255
Due in 90 days – 6 months	**2,883**	2,803
Due in 6 months – One year	**–**	–
	5,482	5,226

18. Share Capital

	2014	2013
	£'000	£'000
Authorised:		
Equity: 110,000,000 (2013: 110,000,000) Ordinary shares of 1p each	**1,100**	1,100
Allotted, called up and fully paid:		
Equity: 84,892,673 (2013: 82,768,672) Ordinary shares of 1p each	**849**	828

Share issue during the year:	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 30 June 2013	82,768,672	828	17,288	18,116
On 29 July 2013	36,377	–	16	16
On 5 December 2013	2,087,624	21	3,004	3,025
Less share issue costs	–	–	(170)	(170)
At 30 June 2014	**84,892,673**	**849**	**20,138**	**20,987**

18. Share Capital (continued)

During the period the Group issued new shares as a result of the following transactions:

	Number of shares	Price per share	Aggregate nominal value £	Total aggregate value £
29 July 2013				
- Share options	31,313	41.00p	313	12,838
- Share options	5,064	60.00p	51	3,038
	36,377		364	15,876
5 December 2013				
- Issue of new shares	1,020,408	245.00p	10,204	2,500,000
- Share options	125,445	38.50p	1,254	48,296
- Share options	439,871	41.00p	4,399	180,347
- Share options	38,630	54.75p	386	21,150
- Share options	310,152	59.00p	3,102	182,990
- Share options	153,118	60.00p	1,531	91,871
	2,087,624		20,876	3,024,654
Total	2,124,001		21,240	3,040,530

	Number of shares		Aggregate nominal value £	Total aggregate value £
Split by type				
Issue of new shares	1,020,408		10,204	2,500,000
Share options	1,103,593		11,036	540,530
Total	2,124,001		21,240	3,040,530

The excess net proceeds have been credited to the share premium account.

19. Share based payments

Share options have been granted to subscribe for ordinary shares, which are exercisable between 2006 and 2022 at prices ranging from £0.385 to £1.18. At 30 June 2014, there were 4,172,540 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.

19. Share based payments (continued)

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

	2014 No of Shares	**2014** Weighted average price	2013 No of Shares	2013 Weighted average price
Outstanding at the beginning of the period	**5,300,522**	**0.52**	5,513,982	0.49
Granted during the period	**–**	**–**	100,000	1.18
Lapsed due to failure to meet TSR criteria during the period	**–**	**–**	–	–
Forfeited during the period by leaving employment	**(24,389)**	**0.59**	(291,460)	0.55
Exercised during the period	**(1,103,593)**	**0.49**	(22,000)	0.40
Outstanding at the end of the period	**4,172,540**	**0.53**	5,300,522	0.52
Exercisable at the end of the period	**4,105,873**	**0.52**	4,214,636	0.48

The aggregate of the estimated fair values of the options granted that are outstanding at 30 June 2014 is £755k (2013: £1,004k). 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 £1.18
Option exercise price at date of grant	varies from	£0.385 to £1.18
Expected volatility	varies from	35.7% to 76.6%
Expected term	varies from	4.5 years to 6.3years
Risk-free interest rate	varies from	0.4% to 5.7%
Expected dividend yield		0% to 1.7%

At the time of granting the older options, 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. Since then sufficient historical share price data has been built up to enable the expected volatility to be based upon the Company's own share price volatility. The expected term used has been adjusted based on the management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. The risk-free interest rate is taken as the implied yield at grant available on government securities with a remaining term equal to the average expected term. At the time of granting the older options, no dividends had been paid and the directors did not envisage paying one therefore the dividend yield was 0%. Since then the directors have introduced a dividend policy and at the time of the grants awarded the expected dividend yield varies between 1.2% to 1.7%.

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

The Group has recognised an expense in the current year of £26k (2013: £141k) towards equity settled share based payments.

The weighted average contractual life of the share options outstanding at the end of the period is 4 years and 11 months.

20. Reconciliation of net cash flow to movement in net cash/(debt)

	2014	2013
	£'000	£'000
Increase/(decrease) in cash in the year	**3,744**	(1,130)
Movement in net cash/(debt) in year	**3,744**	(1,130)
Net debt at start of year	**(1,391)**	(261)
Net cash/(debt) at end of year	**2,353**	(1,391)

21. Analysis of net cash/(debt)

	At beginning of year	**Cash flow**	**At end of year**
	£'000	**£'000**	**£'000**
Cash in hand and at bank	2,609	3,744	6,353
Bank loans	(4,000)	–	(4,000)
Total	(1,391)	3,744	2,353

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 statement of financial position 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.

As the Group does not use foreign exchange hedges, the consolidated statement of comprehensive income would be affected by a loss/gain of approximately £48k (2013: £7k) by a reasonably possible 10 percentage point fluctuation down/up in the exchange rate between sterling and the US dollar, and by a gain/loss of approximately £18k (2013: £31k) by a reasonably possible 10 percentage point fluctuation down/up in the exchange rate between sterling and the euro, by a gain/loss of approximately £114k (2013: nil) by a reasonably possible 10 percentage point fluctuation down/up in the exchange rate between sterling and the Malaysian Ringgit.

22. Financial instruments and risk management (continued)

(ii) Interest rate risk

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

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

The consolidated income statement would be affected by gain/loss £40k (2013: £40k) by a reasonably possible 1 percentage point change down/up in LIBOR interest rates on a full year basis.

(iii) Price risk

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

(b) Credit risk

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

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

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

Management review trade receivables across the Group based on receivable days calculations to assess performance. There is significant management focus on receivables that are overdue. All receivables are with large corporations with good credit history with which the entity has not experienced any recoverability issues in the past. No debtor allowance has been provided for within the accounts.

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

The currency composition of trade receivable at the year end was:

	2014 **£'000**	2013 £'000
Sterling	**5,376**	2,861
US Dollar	**65**	168
Euro	**108**	123
Malaysian Ringgit	**–**	890
Australian Dollars	**194**	–
	5,743	4,042

(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.

22. Financial instruments and risk management (continued)

Financial assets and liabilities

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

		Floating rates £'000	Non-interest bearing £'000	Book and fair value £'000
30 June 2014				
Cash and liquid resources	– Sterling	5,051	–	5,051
	– US Dollar	38	45	83
	– Euro	72	–	72
	– Malaysian Ringgit	–	1,142	1,142
	– Brunei Dollar	–	5	5
		5,161	1,192	6,353
30 June 2013				
Cash and liquid resources	– Sterling	1,656	–	1,656
	– US Dollar	561	44	605
	– Euro	218	–	218
	– Egyptian Pounds	–	1	1
	– Malaysian Ringgit	–	126	126
	– Brunei Dollar	–	3	3
		2,435	174	2,609

At 30 June 2014 the Group had £6,353k of cash. The average rate of interest earned in the year is on a floating rate basis and ranged between 0% and 0.1% on sterling deposits.

The Group has a facility of £7,000,000 that is secured by a fixed and floating charge over the assets of the Group. At 30 June 2014 the Group had drawn £4,000,000 on that facility. The interest payable is on a floating rate basis and ranged between 3.0% and 3.1% in the year. The facility comprises of a £5,000,000 revolving credit facility repayable in September 2016 and a £2,000,000 overdraft repayable on demand.

The interest rate and currency profiles of the Group's financial liabilities at 30 June 2014 are as follows:

	Floating rates £'000	Non-interest bearing £'000	Book and fair value £'000
30 June 2014			
Bank revolving credit facility – Sterling	4,000	–	4,000
30 June 2013			
Bank revolving credit facility – Sterling	4,000	–	4,000

Maturity of Financial Liabilities:

	Due within 1 Year £'000	Due between 2–5 Years £'000	Due after 5 Years £'000	Total £'000
30 June 2014				
Bank revolving credit facility – Sterling	–	4,000	–	4,000
30 June 2013				
Bank revolving credit facility – Sterling	–	4,000	–	4,000

23. Operating lease commitments/Financial commitments

Operating lease commitments where the group is the lessee

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

	2014 £'000	2013 £'000
Within one year	**386**	468
Within two to five years	**175**	602
After five years	**–**	–
	561	1,070

Operating lease commitments where the group is the lessor

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

	2014 £'000	2013 £'000
Within one year	**–**	701
Within two to five years	**–**	–
After five years	**–**	–
	–	701

The Group had a capital commitment to acquire a facility for £2,400k (as detailed in note 25) as at 30 June 2014 (30 June 2013: £nil).

24. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2014 (30 June 2013: £nil).

25. Post balance sheet events

Subsequent to the year end, the Group acquired an additional facility adjacent to its existing operational headquarters in Dyce, Aberdeen. The consideration paid for the facility was £2,400k.

26. 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.

26. Related party transactions (continued)

Transactions

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

	2014	2013
	£'000	£'000
Purchase of goods and services from Other Related Parties	**426**	394

Other related parties were @SIPP (Pension Trustees) Limited, OFM Holdings Limited and Plexus Properties International Limited. The transactions related to accommodation, rent and related charges. @SIPP (Pension Trustees) Limited are the trustees of Ben van Bilderbeek's pension fund. OFM Holdings Limited is a trust of which Ben van Bilderbeek's family are beneficiaries. Plexus Properties International Limited is a company in which Ben van Bilderbeek's family are shareholders.

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

27. General information

These financial statements are for Plexus Holdings plc ("the company") and subsidiary undertakings. The company is registered, and domiciled, in England and Wales and incorporated under the Companies Act 2006. The nature of the company's operations and its principal activities are set out in the strategic report on page 9 and the directors' report on page 21.

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

We have audited the parent company financial statements of Plexus Holdings plc for the year ended 30 June 2014 which comprise the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity, the Parent Company Statement of Cash Flows and the related notes numbered 1 to 12.

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

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

Respective responsibilities of directors and auditors

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

Scope of the audit of the financial statements

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

We read all the financial and non-financial information in the Directors' Report, Chairman's Statement, Strategic Report, Corporate Governance Report and Remuneration Committee Report to identify material inconsistencies with the audited Financial Statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of Plexus Holdings plc for the year ended 30 June 2014.

Matthew Stallabrass
Senior Statutory Auditor
for and on behalf of
Crowe Clark Whitehill LLP, Statutory Auditor
London

28 October 2014

Parent Company Statement of Financial Position

at 30 June 2014

	Notes	2014 £'000	2013 £'000
Assets			
Intangible assets	*3*	**9,700**	7,911
Investments	*4*	**8,294**	8,294
Total Non-current assets		**17,994**	16,205
Trade and other receivables	*5*	**4,222**	3,038
Cash at bank and in hand	*8*	**786**	12
Total current assets		**5,008**	3,050
Total Assets		**23,002**	19,255
Equity and Liabilities			
Called up share capital	*7*	**849**	828
Share premium account		**20,138**	17,288
Share based payments reserve		**892**	930
Retained earnings		**330**	(678)
Total equity attributable to equity holders of the company		**22,209**	18,368
Liabilities			
Deferred tax liabilities		**147**	179
Total non-current liabilities		**147**	179
Trade and other payables	*6*	**646**	708
Current income tax liabilities		**–**	–
Total current liabilities		**646**	708
Total liabilities		**793**	887
Total Equity and Liabilities		**23,002**	19,255

These financial statements were approved and authorised for issue by the board of directors on 28 October 2014 and were signed on its behalf by:

B van Bilderbeek
Director

G Stevens
Director

Company Number: 03322928

Parent Company Statement of Changes in Equity

for the year ended 30 June 2014

	Called Up Share Capital £'000	Share Premium Account £'000	Share Based Payments Reserve £'000	Retained Earnings £'000	Total £'000
Balance as at 30 June 2012	**827**	**17,280**	**632**	**1,774**	**20,513**
Total comprehensive income for the period	–	–	–	(1,674)	(1,674)
Share based payments reserve charge	–	–	46	–	46
Issue of ordinary shares	1	8	–	–	9
Deferred tax movement relating to share options	–	–	252	–	252
Dividends	–	–	–	(778)	(778)
Balance as at 30 June 2013	**828**	**17,288**	**930**	**(678)**	**18,368**
Total comprehensive income for the period	–	–	–	1,657	1,657
Share based payments reserve charge	–	–	26	–	26
Transfer of share based payments reserve charge on exercise of options	–	–	(214)	214	–
Issue of ordinary shares (net of issue costs)	21	2,850	–	–	2,871
Deferred tax movement relating to share options	–	–	150	–	150
Dividends	–	–	–	(863)	(863)
Balance as at 30 June 2014	**849**	**20,138**	**892**	**330**	**22,209**

Parent Company Statement of Cash Flows

at 30 June 2014

	Notes	2014 £'000	2013 £'000
Cash flows from operating activities			
Profit/(loss) before taxation		**1,775**	(986)
Adjustments for:			
Amortisation		**578**	489
Charge for share based payments		**26**	46
Investment income		**(104)**	(126)
Changes in working capital:			
(Increase)/decrease in trade and other receivables		**(1,184)**	2,679
Decrease in trade and other payables		**(62)**	(4)
Cash generated from operations		**1,029**	2,098
Income taxes paid		**–**	–
Net cash generated from operations		**1,029**	2,098
Cash flows from investing activities			
Purchase of intangible assets		**(2,367)**	(1,458)
Net cash used in investing activities		**(2,367)**	(1,458)
Cash flows from financing activities			
Net proceeds from issue of new ordinary shares		**2,330**	–
Proceeds from share options exercised		**541**	9
Interest received		**104**	126
Equity dividends paid		**(863)**	(778)
Net cash generated from/(used in) financing activities		**2,112**	(643)
Net increase/(decrease) in cash and cash equivalents		**774**	(3)
Cash and cash equivalents at 1 July 2013		**12**	15
Cash and cash equivalents at 30 June 2014	*8*	**786**	12

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

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

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

Issued and EU adopted

- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRIC – 21 Levies
- Amendment to IAS 19 – Defined Benefit Plans: Employee Contributions
- Amendment to IAS 36 – Recoverable Amount Disclosures for non-Financial Assets
- Amendment to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

Issued but not yet EU adopted

- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers
- Amendment to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)
- Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)
- Amendment to IAS 27 – Equity Method in Separate Financial Statements

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

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

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

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

b. Income taxes and deferred taxation

The income tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

As set out in note 19 of the group accounts, the company operates a share option scheme. Where the market price of the shares at the year-end exceeds the option price there is a potential tax deduction. This is treated as a deferred tax asset. This is recognised in the income statement to the extent that a charge has been recognised as a cost on the share option. The balance of the credit is recognised directly in equity.

c. 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 Statement of Comprehensive Income.

Expenditure on research and development, which does not meet the capitalisation criteria, is written off to the Statement of Comprehensive Income in the period in which it is incurred.

The carrying value of intangible assets is reviewed on an on-going basis by the directors and, where appropriate, provision is made for any impairment in value. It would require a substantial movement (over 30%) in the assumptions employed in valuations before there would be any impairment to intangible assets.

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. 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 statement of financial position date and the gains or losses on translation are included in the Statement of Comprehensive Income.

g. Pensions

The Group offers 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.

h. Dividends

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

i. 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.

j. Share based payments

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

k. 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 19 to the Group accounts.

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

When measuring Intellectual Property for impairment a range of assumptions are required and these are detailed in the Intangible Assets note above.

2. Profit for the year

As permitted by section 480(4) of the Companies Act 2006, the parent company's Statement of Comprehensive Income has not been included in these financial statements. The parent company's profit after tax for the year was £1,657k (2013: loss of £1,674k).

3. Intangible fixed assets

	Intellectual Property £'000	Patent and Other Development £'000	Total £'000
Cost			
As at 1 July 2012	4,171	3,628	7,799
Additions	–	1,458	1,458
As at 30 June 2013	4,171	5,086	9,257
Additions	–	2,367	2,367
As at 30 June 2014	**4,171**	**7,453**	**11,624**
Amortisation			
As at 1 July 2012	563	294	857
Charge for the year	270	219	489
As at 30 June 2013	833	513	1,346
Charge for the year	270	308	578
As at 30 June 2014	**1,103**	**821**	**1,924**
Net Book Value			
As at 30 June 2014	**3,068**	**6,632**	**9,700**
As at 30 June 2013	3,338	4,573	7,911
As at 30 June 2012	3,608	3,334	6,942

Patent and other development costs are internally generated.

4. Investments

	£'000
Subsidiary undertaking	
As at 1 July 2012	8,294
As at 30 June 2013	8,294
As at 30 June 2014	**8,294**

The Company's subsidiary and associated undertakings are:

Subsidiary undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
Plexus Ocean Systems Limited	Scotland	Supply of wellheads and associated equipment for oil and gas drilling	100%
Plexus Holdings USA, Inc.	USA	Investment Holding	100%
Plexus Ocean Systems US, LLC	USA	Investment Holding	100%
Plexus Deepwater Technologies Limited	USA	Dormant	100%
Plexus Response Services Limited	Turks and Caicos Islands	Commercial exploitation of subsea applications	100%
Plexus Subsea International Limited	Turks and Caicos Islands	Commercial exploitation of subsea applications	100%
Plexus Ocean Systems (Malaysia) Sdn Bhd	Malaysia	Supply of wellheads and associated equipment for oil and gas drilling	100%
Plexus Ocean Systems (Brunei) Sdn Bhd	Brunei	Supply of wellheads and associated equipment for oil and gas drilling	100%
Plexus Ocean Systems (Singapore) Pte. Ltd.	Singapore	Supply of wellheads and associated equipment for oil and gas drilling	100%
Afrotel Corporation Ltd	Turks and Caicos Islands	Investment Holding	100%

The acquisition of Afrotel Corporation Ltd during the year by Plexus Ocean Systems Limited did not give rise to any Goodwill or Intangible Asset.

Associate undertaking	Country of Registration	Nature of Business	Percentage of Ordinary Shares held
KSW Engineering Limited	Scotland	Manufacturer of specialist oil and gas equipment	25%

5. Trade and other receivables

	2014 **£'000**	2013 £'000
Receivables due from group companies	**4,187**	2,995
Prepayments and other amounts	**35**	43
	4,222	3,038

Receivables due from group companies relates to an amount due from a subsidiary which is not impaired and carries no credit risk. Prepayments relate to prepaid amounts for services to be consumed over the next 12 months. There is no indication of impairment of any of these amounts.

6. Trade and other payables

	2014 **£'000**	2013 £'000
Trade payables	**20**	20
Non trade payables and accrued expenses	**626**	688
	646	708
The maturity of ageing of trade and non trade payables at the year end was:		
Due within 30 days	**20**	20
Due in 30 – 90 days	**42**	31
Due in 90 days – 6 months	**584**	657
Due in 6 months – One year	**–**	–
	646	708

7. Share capital

	2014 **£'000**	2013 £'000
Allotted, called up and fully paid:		
Equity: 84,892,673 (2013: 82,768,672) Ordinary shares of 1p each	**849**	828

Share issue during the year:

	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 30 June 2013	82,768,672	828	17,288	18,116
On 29 July 2013	36,377	–	16	16
On 5 December 2013	2,087,624	21	3,004	3,025
Less share issue costs	–	–	(170)	(170)
At 30 June 2014	**84,892,673**	**849**	**20,138**	**20,987**

7. Share capital (continued)

During the period the Group issued new shares as a result of the following transactions:

	Number of shares	Price per share	Aggregate nominal value £	Total aggregate value £
29 July 2013				
- Share options	31,313	41.00p	313	12,838
- Share options	5,064	60.00p	51	3,038
	36,377		364	15,876
5 December 2013				
- Issue of new shares	1,020,408	245.00p	10,204	2,500,000
- Share options	125,445	38.50p	1,254	48,296
- Share options	439,871	41.00p	4,399	180,347
- Share options	38,630	54.75p	386	21,150
- Share options	310,152	59.00p	3,102	182,990
- Share options	153,118	60.00p	1,531	91,871
	2,087,624		20,876	3,024,654
Total	2,124,001		21,240	3,040,530
Split by type				
Issue of new shares	1,020,408		10,204	2,500,000
Share options	1,103,593		11,036	540,530
Total	2,124,001		21,240	3,040,530

The excess net proceeds have been credited to the share premium account.

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

	2014 £'000	2013 £'000
Movement in net cash in year	**774**	(3)
Net cash at start of year	**12**	15
Net cash at end of year	**786**	12

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.

9. Financial instruments and risk management (continued)

(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 statement of financial position 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. A reasonably possible 10% fluctuation up/down in the exchange rate between sterling and the US dollar would result in a corresponding gain/loss in the statement of comprehensive income of approximately £58k (2013 £65k).

(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.

The bank facility provided to the Group includes a fixed and floating charge over the assets of the Company.

10. Operating lease commitments/Financial commitments

The Company had no capital commitments as at 30 June 2014 (30 June 2013: £nil).

11. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2014 (30 June 2013: £nil).

12. Related party transactions

Control

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

Ultimate parent company

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

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

Transactions

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

	2014	2013
	£'000	£'000
Receivables from Subsidiary Undertakings	**4,187**	2,995

Corporate Information

Directors	**Jerome Jeffery Thrall†** (Non-Executive Chairman) **Bernard Herman van Bilderbeek** (Chief Executive) **Graham Paul Stevens** (Finance Director) **Craig Francis Bryce Hendrie** (Technical Director) **Geoffrey Edmund Thompson** (Non-Executive Director) **Christopher James Watts Fraser†** (Non-Executive Director) **Charles Edward Jones** (Non-Executive Director) † Member of Audit and Remuneration committees
Registered Office	Thames House Portsmouth Road Esher Surrey KT10 9AD
Company Number	03322928
Company Secretary	**Douglas Armour FCIS** **Equiniti David Venus Limited** Thames House Portsmouth Road Esher Surrey KT10 9AD
Nominated Adviser and Broker	**Cenkos Securities plc** 66 Hanover Street Edinburgh EH2 1EL 6.7.8 Tokenhouse Yard London EC2R 7AS
Auditor	**Crowe Clark Whitehill LLP** St Bride's House 10 Salisbury Square London EC4Y 8EH
Solicitors to the Company	**Fox Williams LLP** Ten Dominion Street London EC4M 2EE **Ledingham Chalmers LLP** 52-54 Rose Street Aberdeen AB10 1HA
Registrars	**SLC Registrars** Thames House Portsmouth Road Esher Surrey KT10 9AD

PLEXUS HOLDINGS PLC

("the Company")

(Company number 3322928)

Notice is given that the annual general meeting of the members of the Company will be held at the offices of Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London EC2R 7AS on Thursday 11 December 2014 at 2:30 p.m., to consider and, if thought fit, pass the following resolutions, of which resolutions 1 to 9 (inclusive) will be proposed as ordinary resolutions and resolutions 10 and 11 will be proposed as special resolutions:

Ordinary Business:

Report and Accounts

1. To receive the Audited Accounts and Reports of the Directors and Auditors for the year ended 30 June 2014.

Final Dividend

2. To decide a final dividend of 0.62 pence per ordinary share as recommended by the directors to the shareholders on the register as at 7 November 2014, such dividend to be paid on 17 December 2014.

Remuneration Report

3. To approve the Report on Directors' Remuneration for the year ended 30 June 2014.

Re-election of Directors

4. To re-elect J. Jeffrey Thrall as a director who is retiring in accordance with article 72.(B) of the Articles and being eligible, offers himself for re-election.
5. To re-elect Graham Stevens as a director who is retiring in accordance with article 72.(B) of the Articles and being eligible, offers himself for re-election.
6. To re-elect Charles Jones as a director who is retiring in accordance with article 69.(B) of the Articles and being eligible, offers himself for re-election.

Re-appointment of Auditor

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

Auditor's Remuneration

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

Special Business:

Directors' Authority to Allot Shares

9. That in substitution for all existing authorities, the directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal amount of £254,678.02 during the period from the date of the passing of this resolution and expiring on the date of the next annual general meeting or on 31 December 2015, whichever is earlier, but so that this authority shall allow the Company to make offers or agreements before the expiry of this authority which would, or might, require shares to be allotted or rights to subscribe for or convert security into shares to be granted after such expiry.

Purchase of Own Shares

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

    (a) the maximum number of Shares to be repurchased shall be 4,244,634 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 2015; and

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

Authority to Dis-apply Pre-emption Rights

11. That, subject to Resolution 8 above being passed and Section 551 of the Act, the Directors be empowered, pursuant to Section 570 of the Act, to allot equity securities (as defined in Section 560 of the Act) as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

    (a) during the period expiring on the date of the next Annual General Meeting of the Company or, if earlier, on 31 December 2015 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 £84,892.67 representing the nominal value of 10% of the Company's issued share capital at the date of this Notice; and

    (c) and shall include the power to sell treasury shares under Section 727 of the Act.

Date: 7 November 2014.

By Order of the Board

Douglas Armour FCIS
Company Secretary

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

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

Your attention is drawn to the notes appearing overleaf.

Notes:

1. A member entitled to attend and vote at the above meeting has the right to appoint a proxy or proxies to attend and vote in his place. A proxy need not be a member of the Company.
2. The form of proxy and the power of attorney or other authority, if any, under which it is signed, or a copy of such power or authority certified by a notary, must be completed and returned to the offices of the Company's registrars, SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD, to arrive not less than 48 hours before the date set for the meeting or adjourned meeting.
3. In accordance with regulation 41 of the Uncertificated Securities Regulations 2001, (as amended) only those persons entered in the register of members of the company as the holders of Ordinary shares at 6.00pm on the pre-penultimate day of the AGM, are entitled to attend and vote at the meeting in respect of the shares held by them at the relevant time. Any changes made to the register of members of the Company after that time will be disregarded in determining the right of any person to attend or vote at the meeting.
4. **Resolutions 4 and 5** – Article 72.(B) of the Company's articles of association require that one third of the directors of the Company who have held office since the last annual general meeting, must retire by rotation and, if they are eligible, may offer themselves for re-election.
5. **Resolution 6** – Article 69.(B) of the Company's articles of association requires that any person who has been appointed as a director since the last annual general meeting, must retire at the next annual general meeting following such appointment and if they are eligible, may offer themselves for re-election. Persons retiring under the provisions of Article 69.(B) are not counted in calculating the number of directors who are required to retire by rotation which is the subject matter of Resolutions 4 and 5 above.
6. **Resolutions 7 and 8** – The Auditors are required to be reappointed at each Annual General Meeting at which accounts are presented. The Board on the recommendation of the Audit Committee, which has evaluated the effectiveness and independence of the external auditors, is proposing the re-appointment of Crowe Clark Whitehill LLP. Resolution 8 is proposed to authorise the Board to fix the remuneration of the Auditors.
7. **Resolution 9** – This resolution is to renew the authority given to the directors to allot shares or rights to subscribe for or convert security into shares in the capital of the Company subject to the conditions of the Act. The authority to be given by this resolution is limited to the allotment of 25,467,802 Ordinary shares representing 30% of the issued share capital at the date of this Notice and shall be in substitution for all existing authorities but shall be without prejudice to any allotment of shares or grant of rights to subscribe for or convert security into shares already made or offered or agreed to be made pursuant to such authorities. The authority shall expire at the next Annual General Meeting or on 31 December 2015, whichever is earliest.
8. **Resolution 10** – This resolution is to authorise the Company to make market purchases of up to 5% of its own Shares in issue as set out in the resolution. The authority will expire at the next Annual General Meeting or on 31 December 2015, 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 be to the advantage of the Company and its shareholders as a whole. The principal aim of this share buy-back facility is to enhance shareholder value by acquiring shares at a discount to net asset value, as and when the directors consider this to be appropriate. The purchase of shares when they are trading at a discount to net asset value per share, and their cancellation, should result in an increase in the resulting net asset value per share for the remaining Ordinary shares. The Company will also be in a better position to address any imbalance between supply and demand for the shares that may be reflected in the discount to net asset value at which the Company's shares trade on the London Stock Exchange.

   The Directors intend that any Shares purchased under this authority will be held by the Company as treasury shares, within the limits allowed by the law, unless the Directors consider that purchasing the Shares and cancelling them would be to the advantage of the Company and its shareholders. The Directors may dispose of treasury shares in accordance with relevant legislation and the authority relating to rights of pre-emption granted by shareholders in general meeting (see Resolution 11 and the note thereto).

9. **Resolution 11** – When shares are to be allotted for cash, section 561(1) of the Companies Act 2006 provides that existing shareholders have pre-emption rights and that any new shares are offered first to such shareholders in proportion to their existing shareholdings. This resolution is seeking to authorise the Directors to allot Shares of up to an aggregate nominal amount of £82,805.05 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 2015, whichever is earlier.

   Whilst the Directors have no intention at the present time of issuing relevant securities, other than pursuant to existing rights under employee share schemes, they are seeking annual renewal of this authority in accordance with best practice and to ensure the Company has maximum flexibility in managing capital resources.

10. The following documents, which are available for inspection during normal business hours at the registered office of the Company on any business day, will also be available for inspection on the day of the meeting until the Company's normal close of business:

    (a) copies of Executive Directors' service contracts with the Company;
    (b) copies of Non-Executive Directors' letters of appointment; and
    (c) a copy of the Company's Memorandum & Articles of Association.

Form of Proxy

Plexus Holdings plc

("the Company")

For use at the Annual General Meeting of the Company to be held at the offices of Cenkos Securities plc, 6.7.8 Tokenhouse Yard, London EC2R 7AS on Thursday 11 December 2014 at 2:30 p.m.

I/We ....

(in BLOCK CAPITALS please)

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

.... to act as my/our proxy to vote for me/us

and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday 11 December 2014 and at every adjournment thereof and to vote for me/us on my/our behalf as directed below.

Please indicate with an 'X' in the spaces below how you wish you vote to be cast. If no indication is given your proxy will vote for or against the resolutions or abstain from voting as your proxy may decide.

	Resolutions	**For**	**Against**	**Abstain**
1.	To receive the accounts for the year ended 30 June 2014.			
2.	To declare a final dividend of 0.62p per share as recommended by the directors.			
3.	To approve the Report on Directors' Remuneration.			
4.	To re-elect J. Jeffrey Thrall as a director of the Company.			
5.	To re-elect Graham Stevens as a director of the Company.			
6.	To re-elect Charles Jones as a director of the Company.			
7.	To re-appoint Crowe Clark Whitehill LLP as auditors of the Company.			
8.	To authorise the Board to determine the auditors' remuneration.			
9.	To authorise the directors to allot shares in the capital of the Company to the extent set out in the Notice of the Meeting.			
10.	To authorise the Company to make market purchases to the extent set out in the Notice of the Meeting.			
11.	To dis-apply pre-emption rights on allotment of equity securities to the extent set out in the Notice of the Meeting.			

Signed .... Dated 2014

Notes

1. A member entitled to attend and vote at the above meeting has the right to appoint a proxy or proxies to attend and vote in his place. A proxy need not be a member of the Company.
2. If any other proxy is preferred, strike out the words "Chairman of the Meeting" and add the name and address of the proxy you wish to appoint and initial the alteration. The proxy need not be a member.
3. If the appointer is a corporation this form must be completed under its common seal or under the hand of some officer or attorney duly authorised in writing.
4. The signature of any one of joint holders will be sufficient, but the names of all the joint holders should be stated.
5. To be valid, this form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power must reach the registrars of the Company at SLC Registrars, Thames House, Portsmouth Road, Esher, Surrey KT10 9AD not less than forty-eight hours before the time appointed for holding the General Meeting or adjournment as the case may be.
6. The completion of this form will not preclude a member from attending the Meeting and voting in person.
7. Any alteration of this form must be initialled.

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SLC Registrars
Thames House
Portsmouth Road
Esher
KT10 9AD

FIRST FOLD

SECOND FOLD

POS-GRIP HGSS™ Subsea Wellhead components are assembled for testing

POS
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