INTERIM REPORT 2015/16

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Chairman's Statement

I am very pleased to report on a period of further solid progress for the Group.

In the six months to 30 September 2015, profit before tax and amortisation rose 6% to £17.2 million (2014: £16.2 million) on revenues 4% ahead at £105.1 million (2014: £101.3 million). Earnings per share pre-amortisation increased 7% to 35.14 pence (2014: 32.81 pence) and very pleasingly, return on capital employed improved significantly to 16.1% (2014: 14.9%) once again demonstrating the success of our continuing focus on enhancing the quality of earnings.

Overall, this is a very satisfactory set of results particularly against the more subdued economic background witnessed during 2015. As we foresaw at the end of the last financial year, challenges have existed in both the oil and gas and transmission markets, but stable demand elsewhere has more than compensated.

Capital investment on fleet in the period was broadly in line with prior year at £23.4 million and borrowings at the period end stood at £81.8 million (1 April 2015: £66.8 million).

Reflecting the strength of these results, your Board is declaring an interim dividend of 5.35 pence per share (2014: 5.0 pence per share), payable on 8 January 2016 to shareholders on the register as at 4 December 2015.

Post the period end, on 2 November 2015, the Group acquired Test and Measurement Limited for a consideration of £3.95 million. This testing and calibration business will be operated as a new business stream within Hire Station by ESS Safeforce. Considerable synergies exist between the two businesses and we are very positive about the growth opportunities that this business will provide.

Review of Operations

UK Forks

UK Forks posted profits of £2.9 million, up 25% (2014: £2.3 million) on revenues 7% ahead at £9.8 million (2014: £9.1 million).

Steady demand from the housebuilding sector enabled us to continue to secure opportunities based upon our demonstrably superior levels of customer service. Elsewhere, non-residential construction activity was stable. Refreshment of the rental fleet also delivered useful profit on disposal of older assets. We anticipate a sustained contribution from the housebuilding sector and believe that there is upside to be enjoyed from the general construction sector.

Groundforce

Groundforce delivered another very strong set of results with operating profits 12% ahead at £5.6 million (2014: £5.0 million). Revenues rose 9% to £24.5 million (2014: £22.6 million).

Whilst Groundforce experienced some weakening in demand during the transition to the water industry's new five year asset management programme (AMP6), housebuilding and inner city basement propping schemes remained strong. We look forward to the new AMP6 contracts starting to come on stream later in the year.

Airpac Bukom

Given Airpac Bukom's significant exposure to the oil and gas exploration and development sector, it was impossible for Airpac to escape the impact of a halving in the price of oil over the last 12 months. Whilst revenues were down 25% at £8.5 million (2014: £11.2 million) the business successfully mitigated some of the impact of this reduction in revenue to deliver profits of £1.0 million (2014: £1.7 million).

However, there are positives. Liquefied Natural Gas related work in South East Asia and Australia continued to make a strong contribution to divisional results and elsewhere progress is being made to take the fullest advantage of all opportunities.

The industry as a whole is now having to come to terms with the implications of a perhaps prolonged period of low oil prices. We are responding to these challenges by demonstrating a nimble and proactive approach to the energy markets whilst ensuring that our cost base is appropriate.

Hire Station

Hire Station delivered an outstanding performance with profits up 27% to £6.1 million (2014: £4.8 million) on revenues up 9% to £39.2 million (2014: £36.1 million). All three elements of the business; Tools, ESS Safeforce and MEP, contributed to this excellent result.

Our long term focus on the quality and availability of rental assets continues to yield benefits in terms of both customer recruitment and satisfaction and also business profitability. Executing the basics to a high standard remains the focus for the business. Growth opportunities exist for all three elements of Hire Station and we anticipate the division making further tangible progress in the second half.

Torrent Trackside

Torrent Trackside had a good first half with profits increasing to £1.7 million (2014: £1.3 million) as revenues increased by 21% to £15.7 million (2014: £13.0 million).

The acquisition of the trackside plant and equipment rental business from Balfour Beatty Rail Limited in July 2014 has been successfully integrated and made a useful contribution in the period. The new Network Rail CP5 programme is now gaining momentum.

There appears to be regular speculation about the future structure of the rail industry, but despite this background of uncertainty we remain positive about the opportunities offered by this sector and confident in our ability to respond to whatever structural changes may result.

TPA

TPA profits fell back to £0.9 million (2014: £2.0 million), as revenues reduced by 21% to £7.4 million (2014: £9.3 million).

In the UK, the anticipated improvement in demand from the transmission sector did not occur. This, combined with drier weather, led to excess capacity in the market and created a shortfall in demand for our products. The experience was similar in mainland Europe, with lack of transmission work and a quieter renewable energy segment.

The programme of works in the second half and into next year, both in the UK and in Europe, looks more supportive and new product introductions are starting to make a useful contribution.

Outlook

This period has once again demonstrated the Group's ability to deliver good results even when some of our markets are performing at less than full capacity. This continues the excellent progress delivered over previous years.

We see opportunity across all divisional segments in Vp and will continue to deploy our robust financial strength to deliver further value growth to our shareholders.

The Board has every reason to believe that the Group will be in a position to deliver a very satisfactory result for the year as a whole.

Jeremy Pilkington
Chairman
25 November 2015

Condensed Consolidated Income Statement

For the period ended 30 September 2015

	Note	**Six months to 30 Sept 2015 (unaudited) £000**	Six months to 30 Sept 2014 (unaudited) £000	Full year to 31 Mar 2015 (audited) £000
Revenue	3	**105,118**	101,328	205,602
Cost of sales		**(73,589)**	(70,916)	(148,773)
Gross profit		**31,529**	30,412	56,829
Administrative expenses		**(14,210)**	(13,968)	(29,733)
Operating profit	3	**17,319**	16,444	27,096
Net financial expenses		**(991)**	(927)	(2,023)
Profit before amortisation and taxation		**17,189**	16,235	26,757
Amortisation of intangibles		**(861)**	(718)	(1,684)
Profit before taxation		**16,328**	15,517	25,073
Income tax expense	4	**(3,351)**	(3,284)	(5,202)
Net profit for the period		**12,977**	12,233	19,871
Basic earnings per share	7	**33.37p**	31.36p	51.03p
Diluted earnings per share	7	**31.23p**	28.49p	47.01p
Dividend per share	8	**5.35p**	5.00p	16.50p

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 September 2015

	Six months to 30 Sept 2015 (unaudited)	Six months to 30 Sept 2014 (unaudited)	Full year to 31 Mar 2015 (audited)
	£000	£000	£000
Profit for the period	**12,977**	12,233	19,871
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gains on defined benefit pension scheme	**-**	-	(55)
Tax on items taken direct to equity	**-**	-	12
Foreign exchange translation difference	**(153)**	(532)	(1,028)
Items that may be subsequently reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges	**552**	(165)	(1,011)
Other comprehensive income	**399**	(697)	(2,082)
Total comprehensive income for the period	**13,376**	11,536	17,789

Condensed Consolidated Statement of Changes in Equity

For the period ended 30 September 2015

	Six months to 30 Sept 2015 (unaudited)	Six months to 30 Sept 2014 (unaudited)	Full year to 31 Mar 2015 (audited)
	£000	£000	£000
Total comprehensive income for the period	**13,376**	11,536	17,789
Tax movements to equity	**1,058**	667	1,145
Share option charge in the period	**1,012**	823	1,894
Net movement relating to shares held by Vp Employee Trust	**(8,360)**	(7,122)	(11,059)
Dividends to shareholders	**(4,490)**	(4,039)	(5,986)
Change in equity during the period	**2,596**	1,865	3,783
Equity at the start of the period	**111,767**	107,984	107,984
Equity at the end of the period	**114,363**	109,849	111,767

There were no movements in issued share capital, the capital redemption reserve or share premium in the reported periods.

Condensed Consolidated Balance Sheet

At 30 September 2015

	Note	30 Sept 2015 (unaudited) £000	31 Mar 2015 (audited) £000	30 Sept 2014 (unaudited) £000
Non-current assets				
Property, plant and equipment	5	**155,906**	147,817	135,758
Goodwill		**35,846**	35,846	35,846
Intangible assets	6	**6,687**	7,548	8,514
Employee benefits		**1,231**	1,043	877
Total non-current assets		**199,670**	192,254	180,995
Current assets				
Inventories		**4,981**	6,495	5,655
Trade and other receivables		**44,039**	41,102	44,445
Cash and cash equivalents		**2,215**	5,236	7,582
Total current assets		**51,235**	52,833	57,682
Total assets		**250,905**	245,087	238,677
Current liabilities				
Interest bearing loans and borrowings		**-**	-	(3)
Income tax payable		**(1,567)**	(1,948)	(2,816)
Trade and other payables		**(46,623)**	(54,988)	(48,933)
Total current liabilities		**(48,190)**	(56,936)	(51,752)
Non-current liabilities				
Interest bearing loans and borrowings		**(84,000)**	(72,000)	(73,000)
Deferred tax liabilities		**(4,352)**	(4,384)	(4,076)
Total non-current liabilities		**(88,352)**	(76,384)	(77,076)
Total liabilities		**(136,542)**	(133,320)	(128,828)
Net assets		**114,363**	111,767	109,849
Equity				
Issued share capital		**2,008**	2,008	2,008
Capital redemption reserve		**301**	301	301
Share premium		**16,192**	16,192	16,192
Hedging reserve		**(549)**	(1,101)	(255)
Retained earnings		**96,384**	94,340	91,576
Total equity attributable to equity holders of parent		**114,336**	111,740	109,822
Non-controlling interest		**27**	27	27
Total equity		**114,363**	111,767	109,849

Condensed Consolidated Statement of Cash Flows

For the period ended 30 September 2015

	Note	**Six months to 30 Sept 2015 (unaudited)**	Six months to 30 Sept 2014 (unaudited)	Full year to 31 Mar 2015 (audited)
		£000	£000	£000
Cash flows from operating activities				
Profit before taxation		**16,328**	15,517	25,073
Adjustment for:				
Pension fund contributions in excess of service cost		**(188)**	(188)	(409)
Share based payment charges		**1,012**	823	1,894
Depreciation	5	**13,274**	12,073	25,023
Amortisation of intangibles		**861**	718	1,684
Net financial expense		**991**	927	2,023
Profit on sale of property, plant and equipment		**(3,156)**	(2,102)	(3,277)
Operating cash flow before changes in working capital and provisions		**29,122**	27,768	52,011
Decrease/(increase) in inventories		**1,514**	(14)	(854)
Increase in trade and other receivables		**(2,937)**	(6,089)	(2,746)
(Decrease)/increase in trade and other payables		**(5,296)**	3,121	6,114
Cash generated from operations		**22,403**	24,786	54,525
Interest paid		**(1,003)**	(923)	(2,016)
Interest element of finance lease rental payments		**-**	(1)	(2)
Interest received		**4**	4	1
Income tax paid		**(2,711)**	(887)	(2,873)
Net cash flows from operating activities		**18,693**	22,979	49,635
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		**9,234**	5,757	11,982
Purchase of property, plant and equipment		**(29,814)**	(24,346)	(52,887)
Acquisition of businesses and subsidiaries (net of cash and overdrafts)		**-**	(5,405)	(5,405)
Net cash flows used in investing activities		**(20,580)**	(23,994)	(46,310)
Cash flows from financing activities				
Purchase of own shares by Employee Trust		**(8,360)**	(7,122)	(11,059)
Repayment of loans		**-**	(9,000)	(10,000)
New loans		**12,000**	20,000	20,000
Payment of hire purchase and finance lease liabilities		**-**	(14)	(17)
Dividends paid	8	**(4,490)**	(4,039)	(5,986)
Net cash flows used in financing activities		**(850)**	(175)	(7,062)
Net decrease in cash and cash equivalents		**(2,737)**	(1,190)	(3,737)
Effect of exchange rate fluctuations on cash held		**(284)**	(206)	(5)
Cash and cash equivalents at beginning of period		**5,236**	8,978	8,978
Cash and cash equivalents at end of period	9	**2,215**	7,582	5,236

Notes to the Condensed Consolidated Interim Financial Statements

1. Basis of Preparation

Vp plc (the "Company") is a company incorporated and domiciled in the United Kingdom. The Condensed Consolidated Interim Financial Statements of the Company for the half year ended 30 September 2015 comprise the financial information of the Company and its subsidiaries (together referred to as the "Group").

This interim announcement has been prepared in accordance with the Disclosure and Transparency Rules of the UK Financial Services Authority and the requirements of IAS34 ("Interim Financial Reporting") as adopted by the EU. The accounting policies applied are consistent for all periods presented and are in line with those applied in the annual financial statements for the year ended 31 March 2015, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU. There are no new IFRSs or IFRICs that are effective for the first time in the current year which are expected to have a significant impact on the Group.

The interim announcement was approved by the Board of Directors on 24 November 2015.

The Condensed Consolidated Interim Financial Statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

The comparative figures for the financial year ended 31 March 2015 are extracted from the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2015.

The Group continues to be in a healthy financial position with total banking facilities of £100 million, including an overdraft facility. Since the year end net debt has increased by £15.0 million to £81.8 million. The Board has evaluated the banking facilities and the associated covenants on the basis of current forecasts, taking into account the current economic climate and an appropriate level of sensitivity analysis. Having reassessed the principal risks the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the interim financial information.

2. Risks and Uncertainties

The principal risks and uncertainties facing the Group and the ways in which they are mitigated are described on page 21 of the 31 March 2015 Annual Report and Accounts. The principal risks and uncertainty are market risk, competition, investment/product management, people, safety and financial risks. These risks and uncertainties remain the same for this interim financial report.

3. Summarised Segmental Analysis

	Revenue		**Operating Profit**	
	Sept 2015	Sept 2014	**Sept 2015**	Sept 2014
	£000	£000	**£000**	£000
Groundforce	**24,543**	22,566	**5,556**	4,962
UK Forks	**9,785**	9,128	**2,919**	2,343
Airpac Bukom	**8,460**	11,228	**1,003**	1,713
Torrent Trackside	**15,748**	13,035	**1,677**	1,300
TPA	**7,376**	9,288	**915**	2,021
Hire Station	**39,206**	36,083	**6,110**	4,823
	105,118	101,328	**18,180**	17,162
Amortisation			**(861)**	(718)
			17,319	16,444

There has been no material change in the total net assets or liabilities from the amounts disclosed in the last annual financial statements.

4. Income Tax

The effective tax rate is 20.5% in the period to 30 September 2015 (30 September 2014: 21.2%). The effective rate for the period reflects the current standard tax rate of 20% (2014: 21%), as adjusted for estimated permanent differences for tax purposes offset by gains covered by exemptions. On 26 October 2015 the Finance Bill 2015/16 passed through the House of Commons and so is now substantively enacted for IFRS purposes. The Bill includes changes in the corporation tax rate from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. This will require a release from the deferred tax balance in the full year accounts to reflect the future reduction in the tax rate. This release from the change in tax rate has not been reflected in this interim statement.

5. Property, Plant and Equipment

	Sept 2015	Sept 2014	Mar 2015
	£000	£000	£000
Opening carrying amount	**147,817**	124,834	124,834
Additions	**27,297**	25,587	56,337
Acquisitions	**-**	1,389	1,389
Depreciation	**(13,274)**	(12,073)	(25,023)
Disposals	**(6,078)**	(3,655)	(8,705)
Effect of movements in exchange rates	**144**	(324)	(1,015)
Closing carrying amount	**155,906**	135,758	147,817

The value of capital commitments at 30 September 2015 was £7,029,000 (31 March 2015: £7,630,000).

Notes to the Condensed Consolidated Interim Financial Statements

6. Acquisitions

There were no acquisitions in the period. However, on 2 November 2015 the Group acquired the entire issued share capital of Test & Measurement Group Limited for consideration of £3.95 million.

7. Earnings Per Share

Earnings per share have been calculated on 38,887,444 shares (2014: 39,010,574 shares) being the weighted average number of shares in issue during the period. Diluted earnings per share have been calculated on 41,554,659 shares (2014: 42,930,653 shares) adjusted to reflect conversion of all potentially dilutive ordinary shares. Basic earnings per share before the amortisation of intangibles was 35.14 pence (2014: 32.81 pence) and was based on an after tax add back of £689,000 (2014: £567,000) in respect of the amortisation of intangibles. Diluted earnings per share before amortisation of intangibles was 32.89 pence (2014: 29.82 pence).

8. Dividends

The Directors have declared an interim dividend of 5.35 pence (2014: 5.0 pence) per share payable on 8 January 2016 to shareholders on the register at 4 December 2015. The dividend declared will absorb an estimated £2,087,000 (2014: £1,947,000) of shareholders funds. The dividend proposed at the year-end was subsequently approved at the AGM in July 2015 and £4,490,000 was paid in the period (2014: £4,039,000 was paid). The cost of dividends in the Statement of Changes in Equity is after adjustments for the interim and final dividends waived by the Vp Employee Trust in relation to the shares it holds for the Group's share option schemes.

9. Analysis of Net Debt

	As at 1 Apr 2015 £000	Cash Flow £000	As at 30 Sept 2015 £000
Cash and cash equivalents	5,236	(3,021)	2,215
Revolving credit facilities	(72,000)	(12,000)	(84,000)
	(66,764)	(15,021)	(81,785)

On 11 May 2015 the £35 million revolving credit facility which was due to expire in May 2016 was replaced with a new five year £45 million facility expiring in May 2020. The Group's bank facilities therefore comprise a £45 million committed five year revolving credit facility which expires in May 2020, a £30 million committed four and a half year revolving credit facility expiring in October 2017 and a £20 million committed revolving facility taken out in June 2014 which also expires in October 2017, together with an uncommitted step up facility of £20 million and overdraft facilities totalling £5 million.

10. Related Party Transactions

Transactions between Group Companies, which are related parties, have been eliminated on consolidation and therefore do not require disclosure. The Group has not entered into any other related party transactions in the period which require disclosure in this interim statement.

11. Forward Looking Statements

The Chairman's Statement includes statements that are forward looking in nature. Forward looking statements involve known and unknown risks, assumptions, uncertainties and other factors which may cause the actual results, performance or achievements of the Group to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Except as required by the Listing Rules and applicable law, the Company undertakes no obligation to update, review or change any forward looking statements to reflect events or developments occurring after the date of this report.

Responsibility statement of the Directors in respect of the half-yearly financial report

We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU
- the interim management report includes a fair review of the information required by:

(a) DTR 4.2.7R of the *Disclosure and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the *Disclosure and Transparency Rules,* being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

By order of the Board
25 November 2015

The Board

The Directors who served during the six months to 30 September 2015 were:

• Jeremy Pilkington (Chairman) • Neil Stothard (Group Managing Director) • Allison Bainbridge (Group Finance Director)

• Steve Rogers (Non-executive Director) • Phil White (Non-executive Director)

Notes to the Condensed Consolidated Interim Financial Statements

Independent Review Report to Vp plc

Report on the Condensed Consolidated Interim Financial Statements

Our conclusion

We have reviewed the Condensed Consolidated Interim Financial Statements, defined below, in the Interim Report of Vp plc for the six months ended 30 September 2015. Based on our review, nothing has come to our attention that causes us to believe that the Condensed Consolidated Interim Financial Statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority. This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The Condensed Consolidated Interim Financial Statements, which are prepared by Vp plc, comprise:

- the Condensed Consolidated Balance Sheet as at 30 September 2015;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the Condensed Consolidated Interim Financial Statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The Condensed Consolidated Interim Financial Statements included in the Interim Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of Condensed Consolidated Financial Statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed Consolidated Interim Financial Statements.

Responsibilities for the Condensed Consolidated Interim Financial Statements and the review

Our responsibilities and those of the Directors

The Interim Report, including the Condensed Consolidated Interim Financial Statements, is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express to the Company a conclusion on the Condensed Consolidated Interim Financial Statements in the Interim Report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of complying with the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

The maintenance and integrity of the Vp plc website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PricewaterhouseCoopers LLP
Chartered Accountants
Leeds

25 November 2015