INTERIM REPORT 2014/15

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Chairman's Statement

I am delighted to be able to report another excellent set of interim results.

In the six months to 30 September 2014, profit before tax and amortisation increased by 27% to £16.2 million (2013: £12.8 million) on revenues up by 11% at £101.3 million (2013: £91.3 million). Return on capital employed improved once again to 14.9% (2013: 13.9%) and basic earnings per share rose 22% to 31.36 pence (2013: 25.73 pence).

This is a very positive start to the financial year and reflects the continuation of the improving trading conditions which the Group enjoyed towards the end of last year. Housebuilding continued to be buoyant and pleasingly, we also saw sustained improvement in the general construction market. The key infrastructure sectors of water, electricity transmission and rail experienced some expected, temporary disruption due to the changeover of their long term investment programmes. We are optimistic about the future opportunities that will arise from the new programmes.

During the period, capital investment in our rental fleet was 30% higher than the prior year at £23.9 million as we invested to support strengthening demand. In July 2014, we completed the acquisition of the trackside plant and equipment rental business of Balfour Beatty Rail Limited for a consideration of £5.5 million, which has since been successfully integrated into Torrent Trackside. Borrowings at the period end stood at £65 million (31 March 2014: £53 million).

Your Board has been mindful for some time of a growing imbalance between the scale of the interim and final dividend distributions. We are therefore declaring an interim dividend of 5.0 pence per share (2013: 3.6 pence per share), both to address the historic imbalance referred to above but also to reflect this excellent set of results. This rate of increase should not be taken as indicative of the likely increase for the year as a whole. The interim dividend is payable on 2 January 2015 to shareholders on the register as at 5 December 2014.

Review of Operations

Groundforce

Groundforce delivered another solid result with operating profits 7% ahead at £5.0 million (2013: £4.6 million) on revenues up 8% at £22.6 million (2013: £20.8 million).

In the UK, the division has again benefitted from infrastructure and major civil engineering projects such as Crossrail. We anticipate some slow down on water activity as AMP5 draws to a close in March 2015, but we expect continuing demand from the housebuilding, construction and transmission sectors to more than compensate. We have seen major civil engineering activity spread out from the South East to the wider UK market and we expect this positive trend to continue. In Europe, Groundforce has had a satisfactory first half and continues to build momentum.

UK Forks

UK Forks delivered an outstanding result with profits up by 54% to £2.3 million (2013: £1.5 million), on revenues ahead by just under 9% at £9.1 million (2013: £8.4 million). Housebuilding remained the most buoyant sector for UK Forks but it was also very pleasing to finally see some sustained growth in demand from the general construction market.

Our continuing ability to demonstrate to our customers the commercial value of superior service and product support enabled us to convert these opportunities into profitable growth. We have continued to invest strongly in the business with rental fleet additions of £5.2 million (2013: £3.8 million) in the first half and we remain very positive about the prospects for UK Forks.

Airpac Bukom

Airpac Bukom's profits more than doubled in the period to £1.7 million (2013: £0.7 million), albeit compared with a low base last year. Revenues grew by 16% to £11.2 million (2013: £9.6 million).

The improvement in trading came primarily from the anticipated uplift in Liquefied Natural Gas ("LNG") related work in South East Asia and Australia. Airpac Bukom's primary market of well testing has experienced some volatility. Conflict zones have made operations in certain regions of the world problematic and the recent softness in the oil price has also not been helpful. Despite this background, the division has continued to make good progress in the Americas and the Middle East/North Africa regions. Elsewhere, Airpac Bukom continues to expand its product capability and geographical reach in response to customer requirements. The business remains focussed on growth from its established international hub network, in support of well test, rig maintenance and LNG contracts in particular.

Torrent Trackside

Torrent Trackside increased revenues to £13.0 million (2013: £10.6 million) although profits slipped back marginally to £1.3 million (2013: £1.5 million). During the period, Torrent acquired the trackside plant and equipment rental activity of Balfour Beatty Rail Limited for a cash consideration of £5.5 million. A combination of investment in enhanced operational capability and the financial impact of integrating the new acquisition have seen margins fall back temporarily. Network Rail's new five year investment programme (CP5), which started in April 2014, is now gaining momentum and the rail infrastructure as a whole continues to receive significant capital investment. Torrent is in an excellent position to benefit from these upgrade programmes and we anticipate good progress going forward.

TPA

TPA profits reduced to £2.0 million (2013: £2.7 million) on the back of reduced revenues of £9.3 million (2013: £9.8 million). In the UK, drier weather, changes to the structure of transmission contracts and over-capacity led to margin pressure. Further investment in plastic panels is being made in order to increase the versatility of TPA's offering but we expect that these challenging trading conditions in the UK will extend into the second half of the year. In contrast, Europe continued to enjoy much better trading as demand from the transmission and wind sectors in particular, held up well.

Hire Station

Hire Station delivered an outstanding performance with profits up 78% to £4.8 million (2013: £2.7 million) on revenues up 13% at £36.1 million (2013: £31.9 million). Revenue growth was supported by fleet investment of £8.8 million (2013: £7.9 million) and improved product selection and availability. The Tools business in particular benefitted from improved demand from general construction customers.

All three elements of the business; Tools, ESS Safeforce and MEP, reported increased profits. Hire Station's sustained focus on the quality of each element of the hiring process (availability, delivery and reliability) is paying dividends in a market where customer discernment on the back of higher activity levels is playing a more prominent role in procurement decisions.

Prospects for the division remain very positive for the remainder of the financial year.

Outlook

We regard these half year figures as an outstanding set of results and the trading trajectory into the second half of the year gives us every confidence that the Group can deliver a very satisfactory result for the year as a whole.

Jeremy Pilkington
Chairman
27 November 2014

Condensed Consolidated Income Statement

For the period ended 30 September 2014

	Note	**Six months to 30 Sept 2014 (unaudited)**	Six months to 30 Sept 2013 (unaudited)	Full year to 31 Mar 2014 (audited)
		£000	£000	£000
Revenue	3	**101,328**	91,253	183,064
Cost of sales		**(70,916)**	(64,335)	(133,470)
Gross profit		**30,412**	26,918	49,594
Administrative expenses		**(13,968)**	(13,720)	(28,883)
Operating profit	3	**16,444**	13,198	20,711
Net financial expenses		**(927)**	(931)	(1,778)
Profit before amortisation and taxation		**16,235**	12,794	20,053
Amortisation of intangibles		**(718)**	(527)	(1,120)
Profit before taxation		**15,517**	12,267	18,933
Income tax expense	4	**(3,284)**	(2,206)	(3,238)
Net profit for the period		**12,233**	10,061	15,695
Basic earnings per share	7	**31.36p**	25.73p	39.78p
Diluted earnings per share	7	**28.49p**	23.55p	36.31p
Dividend per share	8	**5.00p**	3.60p	14.00p
Interim dividends proposed/paid (£000)		**1,945**	1,442	1,442
Final dividend paid (£000)		**4,039**	3,520	3,520

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 September 2014

	Six months to 30 Sept 2014 (unaudited)	Six months to 30 Sept 2013 (unaudited)	Full year to 31 Mar 2014 (audited)
	£000	£000	£000
Profit for the period	**12,233**	10,061	15,695
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Actuarial gains on defined benefit pension scheme	**-**	-	233
Tax on items taken direct to equity	**-**	-	(53)
Impact of tax rate change	**-**	(86)	(118)
Foreign exchange translation difference	**(532)**	(100)	(181)
Items that may be subsequently reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedges	**(165)**	480	704
Other comprehensive income	**(697)**	294	585
Total comprehensive income for the period	**11,536**	10,355	16,280

Condensed Consolidated Statement of Changes in Equity

For the period ended 30 September 2014

	Six months to 30 Sept 2014 (unaudited)	Six months to 30 Sept 2013 (unaudited)	Full year to 31 Mar 2014 (audited)
	£000	£000	£000
Total comprehensive income for the period	**11,536**	10,355	16,280
Tax movements to equity	**667**	1,383	2,876
Impact of tax rate change	**-**	(80)	(274)
Share option charge in the period	**823**	904	1,735
Net movement relating to shares held by Vp Employee Trust	**(7,122)**	(613)	(8,593)
Dividends to shareholders	**(4,039)**	(3,520)	(4,962)
Change in equity during the period	**1,865**	8,429	7,062
Equity at the start of the period	**107,984**	100,922	100,922
Equity at the end of the period	**109,849**	109,351	107,984

Condensed Consolidated Balance Sheet

At 30 September 2014

	Note	**30 Sept 2014 (unaudited)**	31 Mar 2014 (audited)	30 Sept 2013 (unaudited)
		£000	£000	£000
Non-current assets				
Property, plant and equipment	5	**135,758**	124,834	117,883
Goodwill		**35,846**	35,846	35,575
Intangible assets	6	**8,514**	5,505	6,053
Employee benefits		**877**	689	268
Total non-current assets		**180,995**	166,874	159,779
Current assets				
Inventories		**5,655**	5,352	5,508
Trade and other receivables		**44,445**	38,356	45,139
Cash and cash equivalents		**7,582**	8,978	4,858
Total current assets		**57,682**	52,686	55,505
Total assets		**238,677**	219,560	215,284
Current liabilities				
Interest bearing loans and borrowings		**(3)**	(17)	(50)
Income tax payable		**(2,816)**	(632)	(2,565)
Trade and other payables		**(48,933)**	(44,396)	(37,561)
Total current liabilities		**(51,752)**	(45,045)	(40,176)
Non-current liabilities				
Interest bearing loans and borrowings		**(73,000)**	(62,000)	(61,003)
Deferred tax liabilities		**(4,076)**	(4,531)	(4,754)
Total non-current liabilities		**(77,076)**	(66,531)	(65,757)
Total liabilities		**(128,828)**	(111,576)	(105,933)
Net assets		**109,849**	107,984	109,351
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		**(255)**	(90)	(314)
Retained earnings		**91,576**	89,546	91,137
Total equity attributable to equity holders of parent		**109,822**	107,957	109,324
Non-controlling interest		**27**	27	27
Total equity		**109,849**	107,984	109,351

Condensed Consolidated Statement of Cash Flows

For the period ended 30 September 2014

	Note	**Six months to 30 Sept 2014 (unaudited)**	Six months to 30 Sept 2013 (unaudited)	Full year to 31 Mar 2014 (audited)
		£000	£000	£000
Cash flows from operating activities				
Profit before taxation		**15,517**	12,267	18,933
Adjustment for:				
Pension fund contributions in excess of service cost		**(188)**	(188)	(376)
Share based payment charges		**823**	904	1,735
Depreciation	5	**12,073**	10,833	22,507
Amortisation of intangibles		**718**	527	1,120
Net financial expense		**927**	931	1,778
Profit on sale of property, plant and equipment		**(2,102)**	(1,305)	(2,862)
Operating cash flow before changes in working capital and provisions		**27,768**	23,969	42,835
(Increase)/decrease in inventories		**(14)**	208	364
Increase in trade and other receivables		**(6,089)**	(10,279)	(3,525)
Increase/(decrease) in trade and other payables		**3,121**	(300)	7,581
Cash generated from operations		**24,786**	13,598	47,255
Interest paid		**(923)**	(990)	(1,848)
Interest element of finance lease rental payments		**(1)**	-	(5)
Interest received		**4**	7	12
Income tax paid		**(887)**	(1,749)	(3,949)
Net cash flows from operating activities		**22,979**	10,866	41,465
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		**5,757**	4,144	8,554
Purchase of property, plant and equipment		**(24,346)**	(17,157)	(39,535)
Acquisition of businesses and subsidiaries (net of cash and overdrafts)		**(5,405)**	(4,503)	(4,498)
Net cash flows from investing activities		**(23,994)**	(17,516)	(35,479)
Cash flows from financing activities				
Purchase of own shares by Employee Trust		**(7,122)**	(613)	(8,593)
Repayment of loans		**(9,000)**	(54,000)	(54,000)
New loans		**20,000**	61,000	62,000
Payment of hire purchase and finance lease liabilities		**(14)**	-	(36)
Dividends paid	8	**(4,039)**	(3,520)	(4,962)
Net cash flows from financing activities		**(175)**	2,867	(5,591)
Net (decrease)/increase in cash and cash equivalents		**(1,190)**	(3,783)	395
Effect of exchange rate fluctuations on cash held		**(206)**	(71)	(129)
Cash and cash equivalents at beginning of period		**8,978**	8,712	8,712
Cash and cash equivalents at end of period	9	**7,582**	4,858	8,978

Notes to the Condensed 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 2014 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 2014, 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 26 November 2014.

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 2014 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 2014.

The Group continues to be in a healthy financial position. Since the year end net debt has increased by £12.4 million to £65.4 million. The Group's total banking facilities are £90 million, including an overdraft facility. The Board has evaluated these 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. On this basis, the Directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future and to manage its business risks. For this reason the going concern basis has been adopted in the preparation of these condensed consolidated interim financial statements.

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 2014 Annual Report and Accounts. The risks and uncertainties remain the same for this interim financial report.

3. Summarised Segmental Analysis

	Revenue		**Operating Profit**	
	Sept 2014	Sept 2013	**Sept 2014**	Sept 2013
	£000	£000	**£000**	£000
Groundforce	**22,566**	20,818	**4,962**	4,628
UK Forks	**9,128**	8,408	**2,343**	1,518
Airpac Bukom	**11,228**	9,646	**1,713**	679
Torrent Trackside	**13,035**	10,633	**1,300**	1,487
TPA	**9,288**	9,826	**2,021**	2,707
Hire Station	**36,083**	31,922	**4,823**	2,706
	101,328	91,253	**17,162**	13,725
Amortisation			**(718)**	(527)
			16,444	13,198

4. Income Tax

The effective tax rate is 21.2% in the period to 30 September 2014 (30 September 2013: 18.0%). The effective rate for the period reflects the current standard tax rate of 21%, as adjusted for estimated permanent differences for tax purposes offset by gains covered by exemptions. The prior period effective tax rate reflects an underlying tax rate of 22.4% based on a standard tax rate of 23% as adjusted for permanent differences for tax purposes and gains covered by exemptions. However, in addition, in the prior period there was a release of £0.5 million (4.4%) from the deferred tax balance as a result of the enacted changes in the future UK corporation tax rate from 23% to 20% in future periods.

5. Property, Plant and Equipment

	Sept 2014	Sept 2013	Mar 2014
	£000	£000	£000
Opening carrying amount	**124,834**	110,577	110,577
Additions	**25,587**	19,542	41,068
Acquisitions	**1,389**	1,458	1,433
Depreciation	**(12,073)**	(10,833)	(22,507)
Disposals	**(3,655)**	(2,839)	(5,692)
Effect of movements in exchange rates	**(324)**	(22)	(45)
Closing carrying amount	**135,758**	117,883	124,834

The value of capital commitments at 30 September 2014 was £7,344,000 (31 March 2014: £3,167,000).

Notes to the Condensed Financial Statements

6. Intangibles

On 28 July 2014 Torrent Trackside Limited acquired the business and assets of the trackside plant and equipment rental activity of Balfour Beatty Rail Limited for £5.4 million. The fair value of assets acquired was £5.4 million including fixed assets of £1.4 million, stock of £0.3 million and an intangible relating to a supply agreement of £3.7 million.

7. Earnings Per Share

Earnings per share have been calculated on 39,010,574 shares (2013: 39,104,381 shares) being the weighted average number of shares in issue during the period. Diluted earnings per share have been calculated on 42,930,653 shares (2013: 42,730,495 shares) adjusted to reflect conversion of all potentially dilutive ordinary shares. Basic earnings per share before the amortisation of intangibles was 32.81 pence (2013: 26.77 pence) and was based on an after tax add back of £567,000 (2013: £406,000) in respect of the amortisation of intangibles. Diluted earnings per share before amortisation of intangibles was 29.82 pence (2013: 24.49 pence).

8. Dividends

The Directors have declared an interim dividend of 5.0 pence (2013: 3.6 pence) per share payable on 2 January 2015 to shareholders on the register at 5 December 2014. The dividend proposed at the year-end was subsequently approved at the AGM in July 2014 and £4,039,000 was paid in the period (2013: £3,520,000 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 2014 £000	Cash Flow £000	As at 30 Sept 2014 £000
Cash and cash equivalents	8,978	(1,396)	7,582
Revolving credit facilities	(62,000)	(11,000)	(73,000)
Finance leases and hire purchases	(17)	14	(3)
	(53,039)	(12,382)	(65,421)

The Group's bank facilities comprise a £35 million committed three year revolving credit facility which expires in May 2016, a £30 million committed four and a half year revolving credit facility expiring in October 2017 and a further £20 million committed revolving facility taken out in June 2014 which also expires in October 2017, together with 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
27 November 2014

The Board

The Directors who served during the six months to 30 September 2014 were:

• Jeremy Pilkington (Chairman) • Neil Stothard • Allison Bainbridge • Steve Rogers • Phil White

Notes to the Condensed 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 2014. 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 2014;
- the Condensed Consolidated Income Statement and 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

27 November 2014