



The Equipment Rental Specialists
Interim Report 2011/12

www.vpplc.com

Chairman's Statement

I am very pleased to be able to report another set of excellent results.

In the six months to 30 September 2011, profit before tax and amortisation increased 21% to £10.4 million (H1 2010: £8.6 million) on revenues ahead 18% at £84.0 million (H1 2010: £71.1 million). The markets within which we operate, both domestically and internationally, have all presented their various challenges during the period and the six businesses in the Group have all had to work hard to deliver these excellent results.

Capital investment in the fleet rose strongly to £15.9 million (H1 2010: £8.9 million) as we supported growth opportunities across all the businesses. We remain very mindful, however, of the quality of the returns from these investments and monitor and manage allocations on a very proactive basis. Notwithstanding this growth in fleet expenditure, borrowings at the period end had increased by only £2.9 million to £43.4 million (FY 2010: £40.5 million), illustrating the strongly cash generative nature of the Group.

Your Board is declaring the payment of a maintained interim dividend of 3.1 pence per share, payable on 4 January 2012 to shareholders registered as at 9 December 2011.

Review of Operations

Groundforce

Groundforce delivered another very solid result, maintaining profitability against the backdrop of a limited contribution, thus far, from the AMP5 water industry capital investment programme. Construction activity was generally subdued, although demand was noticeably stronger in the South East region. Pleasingly, demand for our more specialist, large bracing systems remained more robust. The Groundforce sub-divisions, which provide products complementary to the mainstream shoring activity, generally performed well. This illustrates how strength from diversity exists not only at Group level but is also replicated within the respective divisions.

Our European activity is stable and although it remains in its early phase of development, we are investing in personnel and infrastructure to create a platform from which to support future growth.

Looking forward we anticipate flat general construction demand supplemented by increasing AMP5 related activity in the UK.

UK Forks

The turnaround in performance at UK Forks began in the first half of 2010 and has pleasingly continued since. Both revenues and profitability are substantially ahead of the prior year period. Whilst the general construction market remains quiet, housebuilding has rebounded, albeit from a severely reduced base, and remains a positive sector for us. Machine utilisation has recovered to a level where we have committed new investment, continuing the recovery towards a pre-recession sized hire fleet. Prices from manufacturers have escalated significantly since we last added to the rental fleet and hire rates have had to move upwards in order to protect levels of return on investment.

The prospects for UK Forks in the second half of the financial year remain positive.

Airpac Bukom

Airpac Bukom reported a very pleasing improvement in performance with revenues and profitability substantially ahead of last year. Given the global spread of this business it is unsurprising that regional disparities in performance arise. The North Sea region performed well with a healthy spread of activity in well test, maintenance and high pressure applications. In North Africa, social and political instability has depressed demand but the longer term prospects are excellent. We have improved our performance in the Middle East region and we remain positive about prospects for further progress. The Pluto LNG derived activity in Australia contributed well in the period, though the contract is now winding down. Over the medium term, there is

the promise of further substantial investment in LNG production though we do expect a workload gap between the programmes. South America and particularly the Brazilian market offers great potential but it will be a little time before this opportunity translates into meaningful results. This business has enjoyed tangible recovery in certain geographic markets and despite the expected drop off in LNG related activity, we anticipate further progress in other territories.

We remain very positive about the prospects for growth in this business over the longer term.

Torrent Trackside

This has been an outstanding start to the year for Torrent and pleasingly, one which is based upon successes across a wide range of markets and projects. The five year Network Rail contract which we secured at the end of 2010 is operating satisfactorily and performing ahead of expectations. London Underground, lighting works and other maintenance contracts have also all performed well in the period.

Torrent has made a strong start to the year and with forecasts for increasing investment in the rail sector, prospects remain very favourable for the division.

TPA

TPA delivered revenue and profit growth in the period, though margins reduced due to a combination of pricing pressure in the market and higher operational costs in transport and temporary labour. The business continues to work on optimising management of the activity base with a view to enhancing profitability not only in the quieter winter months, but also in the busy summer trading period.

Germany delivered a solid performance and we continue to build the infrastructure in Europe to support our aspirations for further growth in the region.

Hire Station

The Hire Station division experienced mixed fortunes as revenue growth did not translate into profit. The tool hire market remains very dependent on general construction activity which shows no near term signs of recovery. This part of the business has undertaken a number of initiatives to improve margins including price increases and a thorough overhaul of operational procedures to improve both service and quality of delivery. The two specialist businesses performed well, with ESS Safeforce in particular, enjoying a strong first half.

Whilst the fortunes of the division are, to an extent, governed by general construction activity, the combination of our actions to improve margins in tools and strong market prospects for the specialist businesses should deliver good progress over the medium term.

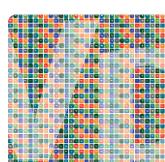
Outlook

Vp is a profitable, strongly cash generative and conservatively leveraged business with excellent prospects. Our combination of consistency, resilience, and financial strength has contributed to an outstanding first half performance.

Looking forward, the economy shows little sign of returning to any reasonable level of sustainable growth and the Eurozone problems provide further negative sentiment.

However, we continue to demonstrate our ability to deliver success, even in the most challenging circumstances, which, combined with our strong financial position, give the Board confidence that Vp can continue to deliver satisfactory results in the future.

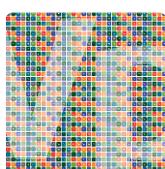
Jeremy Pilkington
Chairman
29 November 2011



Condensed Consolidated Income Statement

for the period ended 30 September 2011

		Six months to 30 Sept 2011	Six months to 30 Sept 2010	Full year to 31 Mar 2011
		(unaudited)	(unaudited)	(audited)
	Note	£000	£000	£000
Revenue	3	84,008	71,095	140,959
Cost of sales		(60,945)	(51,501)	(106,461)
Gross profit		23,063	19,594	34,498
Administrative expenses		(11,756)	(9,967)	(19,577)
Operating profit	3	11,307	9,627	14,921
Net financial expenses		(1,260)	(1,400)	(2,687)
Profit before amortisation, exceptional items and taxation		10,364	8,586	13,785
Amortisation of intangibles		(317)	(359)	(962)
Exceptional items	4	-	-	(589)
Profit before taxation		10,047	8,227	12,234
Income tax expense	5	(2,244)	(2,040)	(2,451)
Net profit for the period		7,803	6,187	9,783
Basic earnings per share	7	18.84p	14.81p	23.42p
Diluted earnings per share	7	18.07p	14.60p	23.24p
Dividend per share	8	3.10p	3.10p	10.80p
Dividends paid and proposed (£000)		1,278	1,294	4,474



Condensed Consolidated Statement of Comprehensive Income

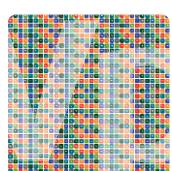
for the period ended 30 September 2011

	Six months to 30 Sept 2011 (unaudited)	Six months to 30 Sept 2010 (unaudited)	Full year to 31 Mar 2011 (audited)
	£000	£000	£000
Profit for the period	7,803	6,187	9,783
Other comprehensive income:			
Actuarial gains on defined benefit pension scheme	-	-	526
Tax on items taken direct to equity	-	-	(147)
Impact of tax rate change	(39)	(44)	(77)
Effective portion of changes in fair value of cash flow hedges	60	634	1,493
Foreign exchange translation difference	(81)	(105)	11
Other comprehensive income	(60)	485	1,806
Total comprehensive income for the period	7,743	6,672	11,589

Condensed Consolidated Statement of Changes in Equity

for the period ended 30 September 2011

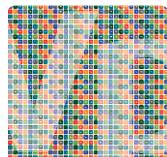
	Six months to 30 Sept 2011 (unaudited)	Six months to 30 Sept 2010 (unaudited)	Full year to 31 Mar 2011 (audited)
	£000	£000	£000
Total comprehensive income for the period	7,743	6,672	11,589
Tax movements to equity	56	-	24
Impact of tax rate change	-	-	5
Share option charge in the period	567	542	624
Net movement relating to Treasury Shares and shares held by Vp Employee Trust	(1,354)	(282)	(392)
Dividends to shareholders	(3,180)	(3,215)	(4,509)
Change in equity during the period	3,832	3,717	7,341
Equity at the start of the period	91,528	84,187	84,187
Equity at the end of the period	95,360	87,904	91,528



Condensed Consolidated Balance Sheet

at 30 September 2011

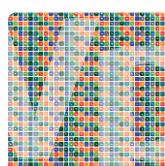
		30 Sept 2011 (unaudited)	31 Mar 2011 (audited)	30 Sept 2010 (unaudited)
	Note	£000	£000	£000
Non-current assets				
Property, plant and equipment	6	105,869	101,286	96,234
Goodwill		33,989	33,989	34,269
Intangible assets		5,293	5,610	5,933
Employee benefits	41		-	-
Total non-current assets		145,192	140,885	136,436
Current assets				
Inventories		5,859	5,388	4,114
Trade and other receivables		39,029	33,307	31,446
Cash and cash equivalents		6,643	5,509	3,603
Total current assets		51,531	44,204	39,163
Total assets		196,723	185,089	175,599
Current liabilities				
Interest bearing loans and borrowings		(10)	(20,020)	(18,037)
Income tax payable		(2,673)	(897)	(2,936)
Trade and other payables		(40,143)	(37,178)	(30,460)
Total current liabilities		(42,826)	(58,095)	(51,433)
Non-current liabilities				
Interest bearing loans and borrowings		(50,000)	(26,001)	(26,005)
Employee benefits		-	(178)	(919)
Deferred tax liabilities		(8,537)	(9,287)	(9,338)
Total non-current liabilities		(58,537)	(35,466)	(36,262)
Total liabilities		(101,363)	(93,561)	(87,695)
Net assets		95,360	91,528	87,904
Equity				
Issued capital		2,309	2,309	2,309
Share premium		16,192	16,192	16,192
Hedging reserve		(1,614)	(1,674)	(2,533)
Retained earnings		78,446	74,674	71,909
Total equity attributable to equity holders of parent		95,333	91,501	87,877
Non-controlling interest		27	27	27
Total equity		95,360	91,528	87,904



Condensed Consolidated Statement of Cash Flows

for the period ended 30 September 2011

	Note	Six months to 30 Sept 2011 (unaudited)	Six months to 30 Sept 2010 (unaudited)	Full year to 31 Mar 2011 (audited)
		£000	£000	£000
Cash flows from operating activities				
Profit before taxation		10,047	8,227	12,234
Adjustment for:				
Pension fund contributions in excess of service cost		(219)	(208)	(423)
Share based payment charges		567	542	624
Depreciation	6	9,902	9,208	18,558
Amortisation of intangibles		317	359	962
Net financial expense		1,260	1,400	2,687
Profit on sale of property, plant and equipment		(755)	(1,280)	(2,348)
Operating cash flow before changes in working capital and provisions		21,119	18,248	32,294
Increase in inventories		(471)	(297)	(1,571)
Increase in trade and other receivables		(5,722)	(4,037)	(5,898)
Increase in trade and other payables		1,691	2,542	9,029
Cash generated from operations		16,617	16,456	33,854
Interest paid		(1,255)	(1,347)	(2,677)
Interest element of finance lease rental payments		(3)	(16)	(31)
Interest received		-	-	2
Income tax paid		(1,201)	(394)	(3,065)
Net cash from operating activities		14,158	14,699	28,083
Investing activities				
Proceeds from sale of property, plant and equipment		3,482	4,105	7,188
Purchase of property, plant and equipment		(19,084)	(9,884)	(21,911)
Acquisition of businesses and subsidiaries (net of cash and overdrafts)		-	(690)	(690)
Net cash from investing activities		(15,602)	(6,469)	(15,413)
Cash flows from financing activities				
Purchase of Treasury Shares and own shares by Employee Trust		(1,354)	(282)	(392)
Repayment of loans		(26,000)	(40,500)	(46,500)
New loans		30,000	35,000	43,000
Payment of hire purchase and finance lease liabilities		(11)	(168)	(189)
Dividends paid	8	-	-	(4,509)
Net cash from financing activities		2,635	(5,950)	(8,590)
Net increase in cash and cash equivalents		1,191	2,280	4,080
Effect of exchange rate fluctuations on cash held		(57)	(62)	44
Cash and cash equivalents at beginning of period		5,509	1,385	1,385
Cash and cash equivalents at end of period		6,643	3,603	5,509



Notes to the Condensed Financial Statements

1. Basis of Preparation

Vp plc (the "Company") is a company domiciled in the United Kingdom. The Condensed Consolidated Interim Financial Statements of the Company for the half year ended 30 September 2011 comprise 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 2011, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The interim announcement was approved by the Board of Directors on 28 November 2011.

The Condensed Consolidated Interim Financial Statements do not include all the information required for full annual Financial Statements.

The comparative figures for the financial year ended 31 March 2011 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 in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; these form the basis of the judgements relating to carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

As stated in the year end accounts, the Group continues to be in a healthy financial position. Since the year end net debt has increased by £2.9m to £43.4m and the Group has put in place a £30m committed revolving facility to replace the existing £20m committed revolving facility which was due to expire in September 2011. The Group's total banking facilities are now £70m, 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 financial statements.

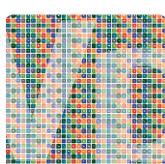
2. Risks and Uncertainties

The risks and uncertainties for the Group have not changed from those disclosed in the last statutory accounts. In particular the Group comprises six businesses serving different markets and manages the risks inherent to these activities. The key external risks include general economic conditions, competitor actions, the effect of legislation, credit risk and business continuity. Internal risks relate mainly to investment and controls failure risk. The Group seeks to mitigate exposure to all forms of risk where practicable and to transfer risk to insurers where cost effective. The diversified nature of the Group limits the exposure to external risks within particular markets. Exposure to credit risk in relation to customers, banks and insurers is managed through credit control practices including credit insurance which limits the Group's exposure to bad debts via an aggregate first loss policy which covers the majority of the Group's accounts receivable. Business continuity plans exist for key operations and accounting centres. The Group is an active acquirer and acquisitions may involve risks that might materially affect the Group performance. These risks are mitigated by extensive due diligence and appropriate warranties and indemnities from the vendors.

Taking into account these risk mitigation actions and the treasury management policies described in the 31 March 2011 accounts, the Group's exposure to market, liquidity and credit risk is considered by the Board to be within normal parameters and represents an acceptable level of risk.

3. Summarised Segmental Analysis

	Revenue		Operating Profit	
	Sept 2011 £000	Sept 2010 £000	Sept 2011 £000	Sept 2010 £000
Groundforce	17,293	15,572	3,453	3,506
UK Forks	6,646	5,256	1,014	590
Airpac Bukom	10,269	8,544	2,048	1,451
Torrent Trackside	10,007	6,196	1,447	577
TPA	10,512	9,349	2,205	2,146
Hire Station	29,281	26,178	1,457	1,716
	84,008	71,095	11,624	9,986
Amortisation			(317)	(359)
Exceptional items			11,307	9,627



Notes to the Condensed Financial Statements

4. Exceptional Items

There were no exceptional items during the current period or the prior year period. The full year results for the year ended 31 March 2011 included exceptional costs of £589,000 in relation to employment termination and restructuring costs.

5. Income Tax

The effective tax rate of 22.3% in the period to 30 September 2011 (30 September 2010: 24.8%) is made up of two elements. Firstly, an estimated underlying tax rate of 26.0% which reflects the current standard rate of tax of 26%, as adjusted for estimated permanent differences for tax purposes offset by gains covered by exemptions and a small net credit for share options. Secondly there is a release of £0.4m (3.7%) from the deferred tax balance as a result of the change in the future UK corporation tax rate from 26% to 25% with effect from 1 April 2012.

6. Property, Plant and Equipment

	Sept 2011 £000	Sept 2010 £000	Mar 2011 £000
Carrying amount 1 April	101,286	98,635	98,635
Additions	17,233	9,677	26,066
Acquisitions	-	4	4
Depreciation	(9,902)	(9,208)	(18,558)
Disposals	(2,727)	(2,825)	(4,840)
Effect of movements in exchange rates	(21)	(49)	(21)
Closing carrying amount	105,869	96,234	101,286

The value of capital commitments at 30 September 2011 was £3,316,000 (31 March 2011: £1,197,000).

7. Earnings Per Share

Earnings per share have been calculated on 41,406,830 shares (2010: 41,772,783) being the weighted average number of shares in issue during the period. Diluted earnings per share have been calculated on 43,175,440 shares (2010: 42,388,177) adjusted to reflect conversion of all potentially dilutive ordinary shares. Basic earnings per share before the amortisation of intangibles was 19.41 pence (2010: 15.43 pence) and was based on an after tax add back of £235,000 (2010: £258,000). Diluted earnings per share before amortisation of intangibles was 18.62 pence (2010: 15.21 pence).

8. Dividends

The Directors have declared an interim dividend of 3.10 pence (2010: 3.10 pence) per share payable on 4 January 2012 to shareholders on the register at 9 December 2011. The dividend proposed at the year end was subsequently approved at the AGM in September and therefore accrued, but was not paid in the period (2010 paid: nil). 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 together with dividends waived in relation to treasury shares.

9. Analysis of Net Debt

	As at 1 Apr 2011 £000	Cash Flow £000	As at 30 Sept 2011 £000
Cash in hand and at bank less overdrafts	5,509	1,134	6,643
Revolving credit facilities	(46,000)	(4,000)	(50,000)
Finance leases and hire purchase contracts	(21)	11	(10)
	(40,512)	(2,855)	(43,367)

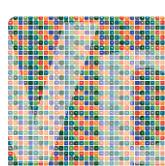
The Group's bank facilities comprise of a £35m committed three year revolving credit facility which expires in May 2013, a £30m committed four year revolving credit facility expiring in August 2015 and overdraft facilities totalling £5m.

10. Related Party Transactions

Transactions between Group Companies, which are related parties, have been eliminated on consolidation and therefore do not require disclosure.

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.



Notes to the Condensed Financial Statements

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:
 - 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
 - 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
29 November 2011

The Board

The Directors who served during the 6 months to 30 September 2011 were:

- Jeremy Pilkington (Chairman)
- Neil Stothard
- Allison Bainbridge
- Peter Parkin
- Steve Rogers

Independent Review Report to Vp plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2011 which comprises the condensed consolidated interim income statement, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim balance sheet, the condensed consolidated interim statement of changes in shareholders' equity, the condensed consolidated interim cash flow statement and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

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 UK. 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

Chris Hearld
For and on behalf of KPMG Audit Plc
Chartered Accountants
Leeds
29 November 2011

