



INTERIM REPORT 2016/17

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Chairman's Statement

I am very pleased to report a further set of excellent results for the six month period to 30 September 2016.

Profit before amortisation and tax rose 9% to £18.7 million (H1 2016: £17.2 million) on revenues 16% higher at £121.7 million (H1 2016: £105.1 million). This performance reflects strong underlying organic growth in most of our businesses, plus contributions from the acquisitions of Higher Access and TR Group in March and April 2016 respectively. Earnings per share, pre-amortisation, increased 8% to 37.9 pence per share (H1 2016: 35.1 pence per share). Return on capital employed at 15.6% is strong and remains ahead of our long term target of 15% emphasising the quality of the revenue and profit growth that the Group is generating.

Capital investment in fleet in the period rose significantly to £29.9 million (H1 2016: £23.4 million). Borrowings at the period end stood at £107.5 million (March 2016: £86.1 million) after funding organic investment and acquisitions totalling £42.5 million. Operational cash flow remained very strong at £26.6 million.

In light of these very positive results, we are pleased to declare an interim dividend of 6.00 pence per share (H1 2016: 5.35 pence per share), an increase of 12%, payable on 4 January 2017 to shareholders on the register as at 9 December 2016.

Review of operations

UK division

Our UK division has enjoyed a strong first half, reporting operating profits before amortisation of £19.5 million, up 13% (H1 2016: £17.2 million) on revenues 12% ahead at £108.1 million (H1 2016: £96.7 million). Residential construction activity has proved to be robust and we see potential further upside from general construction enhanced in the medium term by the initiatives announced in last week's Autumn Statement. Infrastructure markets have delivered growth and the AMP6 water infrastructure investment programme, in particular, is now starting to show signs of increased activity. The Higher Access business acquired in March 2016 has integrated well.

We have remained alert for signs of any negative impact on our UK businesses from the Brexit decision and whilst there was some initial market volatility and a weakening of Sterling, we have not seen any adverse effect on our UK trading activities to date.

International division

The International division reported a reduction in operating profits before amortisation to £0.6 million (H1 2016: £1.0 million) on revenues of £13.7 million (H1 2016: £8.5 million) impacted by a weak oil and gas sector. Despite a recent recovery in oil prices, the oil and gas exploration and development market remains very subdued with the inevitable impact on revenues and profitability in our Airpac Bukom business. However, LNG activity in Australia has held up well and there are tentative signs that the wider oil and gas market may commence a slow recovery over the next 18 months.

The International division results include a maiden contribution from TR Group, which was acquired at the end of April 2016 and which has quickly settled into the wider Vp Group. We were pleased to announce the acquisition on 25 November 2016 of the whole issued share capital of TechRentals NZ for a cash consideration of NZ\$2.6 million (New Zealand Dollars), a business which complements TR Group's existing activities in Australia, New Zealand and Malaysia.

Outlook

In conclusion we remain very positive about the opportunities for the Group in the second half of the year and beyond, and believe that we will be able to report results ahead of market expectations for the financial year as a whole.

Jeremy Pilkington
Chairman
29 November 2016



Condensed Consolidated Income Statement

For the period ended 30 September 2016

		Six months to 30 Sept 2016 (unaudited)	Six months to 30 Sept 2015 (unaudited)	Full year to 31 Mar 2016 (audited)
	Note	£000	£000	£000
Revenue	3	121,733	105,118	208,746
Cost of sales		(87,031)	(73,589)	(149,758)
Gross profit		34,702	31,529	58,988
Administrative expenses		(15,528)	(14,210)	(29,395)
Operating profit	3	19,174	17,319	29,593
Net financial expenses		(1,452)	(991)	(2,093)
Profit before amortisation and taxation		18,682	17,189	29,798
Amortisation of intangibles		(960)	(861)	(2,298)
Profit before taxation		17,722	16,328	27,500
Income tax expense	4	(3,677)	(3,351)	(5,112)
Net profit for the period		14,045	12,977	22,388
Basic earnings per share	7	35.92p	33.37p	57.49p
Diluted earnings per share	7	34.70p	31.23p	54.51p
Dividend per share	8	6.00p	5.35p	18.85p

Condensed Consolidated Statement of Comprehensive Income

For the period ended 30 September 2016

	Six months to 30 Sept 2016 (unaudited)	Six months to 30 Sept 2015 (unaudited)	Full year to 31 Mar 2016 (audited)
	£000	£000	£000
Profit for the period	14,045	12,977	22,388
Other comprehensive income:			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial gains on defined benefit pension scheme	-	-	122
Tax on items taken direct to equity	-	-	(23)
Impact of tax rate charge	-	-	(39)
Foreign exchange translation difference	922	(153)	693
<i>Items that may be subsequently reclassified to profit or loss</i>			
Effective portion of changes in fair value of cash flow hedges	(249)	552	581
Other comprehensive income	673	399	1,334
Total comprehensive income for the period	14,718	13,376	23,722

Condensed Consolidated Statement of Changes in Equity

For the period ended 30 September 2016

	Six months to 30 Sept 2016 (unaudited)	Six months to 30 Sept 2015 (unaudited)	Full year to 31 Mar 2016 (audited)
	£000	£000	£000
Total comprehensive income for the period	14,718	13,376	23,722
Tax movements to equity	352	1,058	1,123
Impact of tax rate change	-	-	(31)
Share option charge in the period	1,081	1,012	1,904
Net movement relating to shares held by Vp Employee Trust	(3,162)	(8,360)	(10,567)
Dividends to shareholders	(5,274)	(4,490)	(6,568)
Change in equity during the period	7,715	2,596	9,583
Equity at the start of the period	121,350	111,767	111,767
Equity at the end of the period	129,065	114,363	121,350

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 2016

		30 Sept 2016 (unaudited)	31 Mar 2016 (audited)	30 Sept 2015 (unaudited)
	Note	£000	£000	£000
Non-current assets				
Property, plant and equipment	5	188,352	167,201	155,906
Goodwill		40,381	39,307	35,846
Intangible assets	6	9,949	7,056	6,687
Employee benefits		1,534	1,534	1,231
Total non-current assets		240,216	215,098	199,670
Current assets				
Inventories		5,355	5,363	4,981
Trade and other receivables		51,438	44,817	44,039
Cash and cash equivalents		3,247	4,517	2,215
Total current assets		60,040	54,697	51,235
Total assets		300,256	269,795	250,905
Current liabilities				
Interest bearing loans and borrowings		(1,401)	(873)	-
Income tax payable		(2,455)	(931)	(1,567)
Trade and other payables		(52,000)	(51,567)	(46,623)
Total current liabilities		(55,856)	(53,371)	(48,190)
Non-current liabilities				
Interest bearing loans and borrowings		(109,339)	(89,778)	(84,000)
Deferred tax liabilities		(5,996)	(5,296)	(4,352)
Total non-current liabilities		(115,335)	(95,074)	(88,352)
Total liabilities		(171,191)	(148,445)	(136,542)
Net assets		129,065	121,350	114,363
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		(769)	(520)	(549)
Retained earnings		111,306	103,342	96,384
Total equity attributable to equity holders of parent		129,038	121,323	114,336
Non-controlling interest		27	27	27
Total equity		129,065	121,350	114,363

Condensed Consolidated Statement of Cash Flows

For the period ended 30 September 2016

		Six months to 30 Sept 2016 (unaudited)	Six months to 30 Sept 2015 (unaudited)	Full year to 31 Mar 2016 (audited)
	Note	£000	£000	£000
Cash flows from operating activities				
Profit before taxation		17,722	16,328	27,500
Adjustment for:				
Pension fund contributions in excess of service cost		-	(188)	(369)
Share based payment charges		1,081	1,012	1,904
Depreciation	5	16,172	13,274	27,375
Amortisation of intangibles		960	861	2,298
Net financial expense		1,452	991	2,093
Profit on sale of property, plant and equipment		(3,280)	(3,156)	(6,246)
Operating cash flow before changes in working capital and provisions		34,107	29,122	54,555
Decrease in inventories		8	1,514	1,132
Increase in trade and other receivables		(4,955)	(2,937)	(2,101)
Increase/(decrease) in trade and other payables		288	(5,296)	(5,729)
Cash generated from operations		29,448	22,403	47,857
Interest paid		(1,294)	(1,003)	(2,097)
Interest element of finance lease rental payments		(156)	-	(4)
Interest received		14	4	4
Income tax paid		(1,461)	(2,711)	(4,840)
Net cash flows from operating activities		26,551	18,693	40,920
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		8,108	9,234	17,179
Purchase of property, plant and equipment		(33,637)	(29,814)	(50,237)
Acquisition of businesses and subsidiaries (net of cash and overdrafts)		(8,876)	-	(7,068)
Net cash flows used in investing activities		(34,405)	(20,580)	(40,126)
Cash flows from financing activities				
Purchase of own shares by Employee Trust		(3,162)	(8,360)	(10,566)
Repayment of loans		(110)	-	-
New loans		16,000	12,000	16,000
Payment of hire purchase and finance lease liabilities		(198)	-	(497)
Dividends paid	8	(5,274)	(4,490)	(6,568)
Net cash flows from/(used) in financing activities		7,256	(850)	(1,631)
Net decrease in cash and cash equivalents		(598)	(2,737)	(837)
Effect of exchange rate fluctuations on cash held		(756)	(284)	118
Cash and cash equivalents at beginning of period		4,517	5,236	5,236
Cash and cash equivalents at end of period	9	3,163	2,215	4,517



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 2016 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 2016, 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 28 November 2016.

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 2016 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 2016.

The Group continues to be in a healthy financial position with total banking facilities of £120 million, including an overdraft facility. Since the year end net debt has increased by £21.4 million to £107.5 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 22 and 23 of the 31 March 2016 Annual Report and Accounts. The principal risks and uncertainty are market risk, competition, investment/product management, people, safety, financial risks and contractual risk. These risks and uncertainties remain the same for this interim financial report.

3. Summarised Segmental Analysis

<i>Income statement</i>	Revenue		Operating Profit	
	Sept 2016	Sept 2015	Sept 2016	Sept 2015
	£000	£000	£000	£000
UK	108,071	96,658	19,485	17,177
International	13,662	8,460	649	1,003
	121,733	105,118	20,134	18,180
Amortisation			(960)	(861)
Operating Profit			19,174	17,319

<i>Net Assets</i>	Assets		Liabilities		Net Assets	
	Sept 2016	Sept 2015	Sept 2016	Sept 2015	Sept 2016	Sept 2015
	£000	£000	£000	£000	£000	£000
UK	251,324	216,398	51,988	45,352	199,336	171,046
International	42,675	28,394	10,734	4,622	31,941	23,772
Group/unallocated	6,257	6,113	108,469	86,568	(102,212)	(80,455)
	300,256	250,905	171,191	136,542	129,065	114,363

The net liability in Group primarily reflects the balance on the revolving credit facility which is controlled centrally by the Group.

4. Income Tax

The effective tax rate is 20.7% in the period to 30 September 2016 (30 September 2015: 20.5%). The effective rate for the period reflects the current standard tax rate of 20% (H1 2016: 20%), as adjusted for estimated permanent differences for tax purposes offset by gains covered by exemptions.

5. Property, Plant and Equipment

	Sept 2016	Sept 2015	Mar 2016
	£000	£000	£000
Opening carrying amount	167,201	147,817	147,817
Additions	31,608	27,297	52,036
Acquisitions	8,512	-	5,089
Depreciation	(16,172)	(13,274)	(27,375)
Disposals	(4,828)	(6,078)	(10,933)
Effect of movements in exchange rates	2,031	144	567
Closing carrying amount	188,352	155,906	167,201

The value of capital commitments at 30 September 2016 was £8,746,000 (31 March 2016: £6,525,000).

Notes to the Condensed Consolidated Interim Financial Statements

6. Acquisitions

On 21 April 2016 the Group acquired TR Pty Limited, a group based in Australia, for cash consideration of A\$17.4m (Australian Dollars), £9.3m. The fair value of net assets at the date of acquisition, including provisional estimates of intangibles for the trade name and customers relationships, was £8.3m. The revenue in the period from acquisition to 30 September 2016 was £8.2m and the operating profit was £0.8m.

7. Earnings Per Share

Earnings per share have been calculated on 39,098,567 shares (H1 2016: 38,887,444 shares) being the weighted average number of shares in issue during the period. Diluted earnings per share have been calculated on 40,473,236 shares (H1 2016: 41,554,659 shares) adjusted to reflect conversion of all potentially dilutive ordinary shares. Basic earnings per share before the amortisation of intangibles was 37.89 pence (H1 2016: 35.14 pence) and was based on an after tax add back of £768,000 (H1 2016: £689,000) in respect of the amortisation of intangibles. Diluted earnings per share before amortisation of intangibles was 36.60 pence (H1 2016: 32.89 pence).

8. Dividends

The Directors have declared an interim dividend of 6.00 pence (H1 2016: 5.35 pence) per share payable on 4 January 2017 to shareholders on the register at 9 December 2016. The dividend declared will absorb an estimated £2,358,000 (H1 2016: £2,087,000) of shareholders funds. The dividend proposed at the year-end was subsequently approved at the AGM in July 2016 and £5,274,000 was paid in the period (H1 2016: £4,490,000 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 2016 £000	Acquisition £000	Cash Flow £000	As at 30 Sept 2016 £000
Cash and cash equivalents	4,517	419	(1,773)	3,163
Revolving credit facilities	(88,000)	(4,313)	(15,890)	(108,203)
Finance leases and hire purchases	(2,651)	-	198	(2,453)
	<u>(86,134)</u>	<u>(3,894)</u>	<u>(17,465)</u>	<u>(107,493)</u>

On 11 April 2016 the Group took out an additional revolving credit facility of £20 million which expires in May 2020 by making use of an uncommitted step up facility. The Group's committed revolving credit bank facilities therefore comprise a £45 million five year facility which expires in May 2020, a £20 million four year facility also expiring in May 2020, a £30 million four and a half year facility expiring in October 2017 and a £20 million facility taken out in June 2014 which also expires in October 2017, together with an uncommitted step up facility of £5 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. Post Balance Sheet Event

On 25 November 2016 the Group acquired TechRentals NZ Limited, a company in New Zealand, for a cash consideration of NZ\$2.6 million.

12. 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 interim 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 2016

The Board

The Directors who served during the six months to 30 September 2016 were:

- Jeremy Pilkington (Chairman)
- Neil Stothard (Chief Executive)
- 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 Vp plc's Condensed Consolidated Interim Financial Statements (the "interim financial statements") in the Interim Results of Vp plc for the 6 month period ended 30 September 2016. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 September 2016;
- the Condensed Consolidated Income Statement 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 notes to the interim financial statements.

The interim financial statements included in the Interim Results have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, 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.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Results, including the interim financial statements, are the responsibility of, and have been approved by, the directors. The directors are responsible for preparing the Interim Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results 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 Guidance and Transparency Rules sourcebook of the United Kingdom's 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.

What a review of interim 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 Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants
Leeds

29 November 2016



