

FINANCIAL HIGHLIGHTS DIRECTORS AND ADVISORS CHAIRMAN'S STATEMENT BUSINESS REVIEW FINANCIAL REVIEW DIRECTORS' REPORT REMUNERATION REPORT CORPORATE GOVERNANCE CORPORATE AND SOCIAL RESPONSIBILITY STATEMENT OF DIRECTORS' RESPONSIBILITIES AUDITORS' REPORT CONSOLIDATED INCOME STATEMENT STATEMENTS OF RECOGNISED INCOME AND EXPENSE CONSOLIDATED BALANCE SHEET PARENT COMPANY BALANCE SHEET CONSOLIDATED STATEMENT OF CASH FLOWS PARENT COMPANY STATEMENT OF CASH FLOWS NOTES FIVE YEAR SUMMARY FINANCIAL HIGHLIGHTS DIRECTORS AND ADVISORS CHAIRMAN'S STATEMENT BUSINESS REVIEW FINANCIAL REVIEW DIRECTORS' REPORT REMUNERATION REPORT CORPORATE GOVERNANCE CORPORATE AND SOCIAL RESPONSIBILITY STATEMENT OF DIRECTORS' RESPONSIBILITIES AUDITORS' REPORT CONSOLIDATED INCOME STATEMENT STATEMENTS OF RECOGNISED INCOME AND EXPENSE CONSOLIDATED BALANCE SHEET PARENT COMPANY BALANCE SHEET CONSOLIDATED STATEMENT OF CASH FLOWS PARENT COMPANY STATEMENT OF CASH FLOWS NOTES FIVE YEAR SUMMARY FINANCIAL HIGHLIGHTS DIRECTORS AND ADVISORS CHAIRMAN'S STATEMENT BUSINESS REVIEW FINANCIAL REVIEW DIRECTORS' REPORT REMUNERATION REPORT CORPORATE GOVERNANCE CORPORATE AND SOCIAL RESPONSIBILITY STATEMENT OF DIRECTORS' RESPONSIBILITIES AUDITORS' REPORT CONSOLIDATED INCOME STATEMENT

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WITH UNDERSTANDING.

CHAIRMAN'S STATEMENT

I am very pleased to report an excellent set of results for the Group for the six month period to 30 September 2006.

Operating profits grew 56% to £8.77 million (2005: £5.62 million) on revenues ahead by 29% to £61.3 million (2005: £47.4 million). These results build on our achievement of compound annual earnings growth in excess of 14% over the previous four years. In recognition of this progress, your Board is declaring an interim dividend of 2.25 pence per share, an increase of 15%. The dividend is payable on 11 January 2007 to shareholders registered as of 15 December 2006.

Net debt at 30 September 2006 stood at £34.7 million (31 March 2006: £32.6 million), representing modest gearing of 57%.

Business Review

These excellent interim results endorse our growth plan for the Group and maintain our record of consistent performance. Organic capital investment has been strong across all areas of our business, but in particular the results reflect the successful integration and further development of last year's acquisitions and the continuing recovery in profitability at Hire Station. Over 30% of the profit increase in the period came from organic growth.

Considering individual markets, the first six months has seen very buoyant oil and gas activity but, not altogether unsurprisingly, continued delays in the implementation of the AMP4 water industry capital investment programme in the UK. The construction and housebuilding sectors have remained stable in the period. The acquisition of TPA last November gives us new exposure to the power transmission and events sectors. Activity within TPA's key summer events market produces a significant seasonality in TPA's earnings and to a lesser extent, the Group results.

Groundforce produced a very satisfactory first half performance. The evolution of new products and capabilities continues, including the recent introduction of a new 250 tonne strutting system and the

expansion into concrete formwork. The Dudley Vale business, acquired last year, has integrated well and has performed in line with expectations.

As anticipated, UK Forks did not repeat last year's strong first half performance. The reduced activity levels seen in the final quarter of last year remained both in the housebuilding and general construction sectors. The market for UK Forks is stable and we continue to see opportunities for the business going forward.

Airpac Bukom delivered significant growth in the period, benefiting from the first full six month contribution from the acquisition of Bukom Oilfield Services in March 2006. Airpac Bukom is now a leading supplier of its specialist services to the oil and gas exploration and development industry. Whilst oil prices have fallen back from their recent highs we are confident in the future strength of this market as it seeks to meet rapidly expanding global demand, particularly from the developing economies. The merged business has progressed well and significant capital investment is planned as we embrace the broadened geographical and product opportunities that our customer base offers to us.

CHAIRMAN'S STATEMENT

Hire Station delivered further substantial improvement in profits and margins. Both the tool hire business and safety equipment business, ESS Safeorce, performed well. During the period we sold the non-core Pivotal Performance business, a provider of management development training, contained within the ESS acquisition made last year, to management. Since the period end, Hire Station has acquired, for a cash consideration of £3.3 million, MEP Hire Limited, a Scottish based company specialising in the rental and sale of pipe fitting equipment. We believe MEP's product range and expertise will fit well alongside Hire Station's existing activities.

Torrent Trackside had a very satisfactory first half performance having responded successfully to the challenges presented by the changes within the rail industry. Further growth opportunities have been developed, including an increasing demand from London Underground based work.

TPA, acquired in November 2005, had a strong first half. TPA's earnings are, as expected, significantly skewed by their summer events programme although construction related activities, particularly transmission work, will continue throughout the winter period.

Outlook

This period sees the first results of the Group's significant progress in strengthening and extending its portfolio of business activities through a mixture of strong organic investment and selective acquisition activity.

Overall the markets we serve are in good health with strong growth prospects over the short to medium term and we enjoy the human and financial resources to take advantage of opportunities as they arise. Our strategy remains to lead in our chosen markets.

The Group is well positioned to deliver a satisfactory result for the year as a whole.

Jeremy Pilkington
Chairman
4 December 2006

CONSOLIDATED INCOME STATEMENT

As at 30 September 2006	Note	Six months to 30 Sep 2006 (unaudited)	Six months to to 30 Sep 2005 (unaudited)	Full year to 31 Mar 2006
		£000	£000	£000
Revenue	3	61,263	47,387	99,396
Cost of sales		<u>(42,159)</u>	<u>(34,258)</u>	<u>(72,092)</u>
Gross profit		19,104	13,129	27,304
Administrative expenses		<u>(10,333)</u>	<u>(7,509)</u>	<u>(15,842)</u>
Operating profit before financing costs	3	8,771	5,620	11,462
Financial income		58	115	188
Financial expenses		<u>(1,034)</u>	<u>(249)</u>	<u>(978)</u>
Profit before tax		7,795	5,486	10,672
Income tax expense	4	<u>(2,339)</u>	<u>(1,589)</u>	<u>(3,070)</u>
Profit for the period attributable to equity holders of the parent		5,456	<u>3,897</u>	<u>7,602</u>
Earnings per 5p ordinary share	6	12.71p	8.96p	17.49p
Diluted earnings per 5p ordinary share	6	12.16p	8.66p	16.83p
Divided per share	7	2.25p	1.95p	6.60p
Dividends paid and proposed (£000)		954	846	2,824

Consolidated Statement of Recognised Income and Expense

As at 30 September 2006		Six months to 30 Sep 2006 (unaudited)	Six months to 30 Sep 2005 (unaudited)	Full year to 31 Mar 2006
		£000	£000	£000
Tax on items taken directly to equity		–	(66)	(67)
Actuarial gains on defined benefit pension scheme		–	–	231
Effective portion of changes in fair value of cash flow hedges		130	–	(89)
Net income/(expense) recognised directly to equity		130	(66)	75
Profit for the period		5,456	3,897	7,602
Total recognised income and expense for the period		<u>5,586</u>	<u>3,831</u>	<u>7,677</u>

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CONSOLIDATED BALANCE SHEET

As at 30 September 2006	Note	30 Sep 2006 (unaudited)	31 Mar 2006	30 Sep 2005 (unaudited)
		£000	£000	£000
Non-current assets				
Property, plant and equipment		69,584	66,054	51,285
Intangible assets		33,848	33,637	9,845
Total non-current assets		<u>103,432</u>	<u>99,691</u>	<u>61,130</u>
Current assets				
Inventories		3,372	3,119	2,580
Income tax receivable		–	34	34
Trade and other receivables		30,034	28,177	26,226
Cash and cash equivalents		4,988	5,587	2,395
Assets classified as held for resale		217	–	–
Total current assets		<u>38,611</u>	<u>36,917</u>	<u>31,235</u>
Total assets		<u>142,043</u>	<u>136,608</u>	<u>92,365</u>
Current liabilities				
Interest bearing loans and borrowings		(3,073)	(2,148)	(37)
Income tax payable		(2,213)	(1,235)	(1,876)
Trade and other payables		(23,702)	(21,793)	(19,126)
Total current liabilities		<u>(28,988)</u>	<u>(25,176)</u>	<u>(21,039)</u>
Non-current liabilities				
Interest bearing loans and borrowings		(36,616)	(36,062)	(8,051)
Employee benefits		(2,734)	(2,894)	(3,744)
Other payables		(7,930)	(7,930)	–
Deferred tax liabilities		(4,734)	(4,223)	(2,854)
Total non-current liabilities		<u>(52,014)</u>	<u>(51,109)</u>	<u>(14,649)</u>
Total liabilities		<u>(81,002)</u>	<u>(76,285)</u>	<u>(35,688)</u>
Net assets		<u>61,041</u>	<u>60,323</u>	<u>56,677</u>
Equity				
Issued capital		2,309	2,309	2,309
Share premium		16,192	16,192	16,192
Hedging reserve		41	(89)	–
Retained earnings		42,472	41,884	38,149
Total equity attributable to equity holders of parent		<u>61,014</u>	<u>60,296</u>	<u>56,650</u>
Minority interest		27	27	27
Total equity	5	<u>61,041</u>	<u>60,323</u>	<u>56,677</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 30 September 2006	Note	Six months to to 30 Sep 2006 (unaudited)	Six months to to 30 Sep 2005 (unaudited)	Full year to 31 Mar 2006
		£000	£000	£000
Cash generated from operations	8	14,681	9,741	22,610
Interest paid		(522)	(226)	(710)
Interest element of finance lease rental payments		(91)	(5)	(111)
Interest received		58	115	188
Income tax paid		(894)	(1,426)	(3,120)
Net cash from operating activities		13,232	8,199	18,857
Cash flows from investing activities				
Purchase of property, plant and equipment		(15,052)	(8,321)	(15,506)
Proceeds from sale of plant and equipment		3,267	2,687	6,181
Acquisitions net of cash acquired		(91)	(4,647)	(28,955)
Net cash used in investing activities		(11,876)	(10,281)	(38,280)
Cash flows from financing activities				
(Repurchase)/sale of own shares		(3,434)	(1,123)	(1,073)
Repayment of borrowings		–	–	(8,000)
Repayment of loan notes		(941)	(125)	(125)
New loans		3,000	–	33,500
Payment of finance lease liabilities		(580)	(30)	(2,475)
Dividends paid		–	–	(2,572)
Net cash used in financing activities		(1,955)	(1,278)	19,255
Net decrease in cash and cash equivalents		(599)	(3,360)	(168)
Cash and cash equivalents at beginning of period		5,587	5,755	5,755
Cash and cash equivalents at end of period		4,988	2,395	5,587

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. Basis of Preparation

Vp plc (the "Company") is a company domiciled in the United Kingdom. The Consolidated Interim Financial Statements of the Company for the half year ended 30 September 2006 comprise the Company and its subsidiaries (together referred to as the "Group").

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

2. Accounting Policies

Vp's accounting policies have been applied consistently to all periods presented and are in line with those applied in the annual financial statements for the year ended 31 March 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, the results of which form the basis of making the judgements about 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.

3. Summarised Segmental Analysis (unaudited)

	Revenue						Operating Profit	
	Sept 2006			Sept 2005			2006	2005
	External Revenue £000	Internal Revenue £000	Total Revenue £000	External Revenue £000	Internal Revenue £000	Total Revenue £000	£000	£000
Groundforce	13,010	–	13,010	11,547	–	11,547	2,752	2,554
UK Forks	6,930	180	7,110	7,498	150	7,648	667	1,295
Airpac Bukom	4,998	–	4,998	2,249	–	2,249	1,248	507
Hire Station	22,121	150	22,271	19,943	130	20,073	1,353	490
Torrent Trackside	6,566	–	6,566	6,150	–	6,150	910	774
TPA	7,638	–	7,638	–	–	–	1,841	–
	<u>61,263</u>	<u>330</u>	<u>61,593</u>	<u>47,387</u>	<u>280</u>	<u>47,667</u>	<u>8,771</u>	<u>5,620</u>

4. Income Tax

Income tax on profit before tax is based on an effective tax rate of 30% to reflect the estimated tax charge for the full year.

5. Statement of Changes in Equity

	Six months to 30 Sep 2006 (unaudited) £000	Six months to 30 Sep 2005 (unaudited) £000	Full year to 31 Mar 2006 £000
Total recognised income and expense for the period	5,586	3,831	7,677
Tax movements to equity	–	50	489
Share option charge in the period	497	162	292
Gains on disposal of shares	47	67	80
Net movement in shares held by Vp Employee Trust at cost	(3,434)	(1,123)	(1,073)
Dividends to shareholders	(1,978)	(1,740)	(2,572)
Change in equity during the period	718	1,247	4,893
Equity at the start of the period	60,323	55,430	55,430
Equity at the end of the period	61,041	56,677	60,323

NOTES TO THE INTERIM FINANCIAL STATEMENTS

6. Earnings Per Share

Earnings per share have been calculated on 42,934,732 shares (2005: 43,502,560) being the weighted average number of shares in issue during the period. Diluted earnings per share have been calculated on 44,869,566 shares (2005: 44,995,224).

7. Dividends

The Directors have declared an interim dividend of 2.25 pence (2005: 1.95 pence) per share payable on 11 January 2007 to shareholders on the register at 15 December 2006. 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.

8. Reconciliation of profit before tax to net cash generated from operations

	Six months to 30 Sep 2006 (unaudited) £000	Six months to 30 Sep 2005 (unaudited) £000	Full year to 31 Mar 2006 £000
Cash flows from operating activities			
Profit before tax	7,795	5,486	10,672
Pension fund contribution in excess of service cost	(160)	(224)	(791)
Share based payment charges	497	162	292
Depreciation	6,899	5,655	12,224
Amortisation of intangibles	12	–	4
Profit on sale of tangible fixed assets	(1,131)	(1,010)	(2,275)
Interest expense	976	134	790
Increase in inventories	(253)	(204)	(559)
Increase in trade and other receivables	(1,662)	(2,183)	(579)
Increase in trade and other payables	1,708	1,925	2,832
Cash generated from operations	14,681	9,741	22,610

9. Analysis of Net Debt (unaudited)

	As at 1 Apr 06 £000	Cash Flow £000	As at 30 Sep 06 £000
Cash in hand and at bank	5,587	(599)	4,988
Medium term loan	(33,500)	(3,000)	(36,500)
Loan notes	(1,011)	941	(70)
Finance leases and hire purchases	(3,699)	580	(3,119)
	<u>(32,623)</u>	<u>(2,078)</u>	<u>(34,701)</u>

Comparative Figures

The comparative figures for the financial year ended 31 March 2006 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 237(2) or (3) of the Companies Act 1985.

INDEPENDENT REVIEW REPORT TO VP PLC

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 September 2006 which comprises the unaudited Consolidated Income Statement, the unaudited Consolidated Statement of Recognised Income and Expense, the unaudited Consolidated Balance Sheet, the unaudited Consolidated Statement of Cash Flows and the related notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

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 Listing Rules of the Financial Services Authority. 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 interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: *Review of interim financial information* issued by the Auditing Practices Board for use in the UK. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2006.

KPMG Audit Plc
Chartered Accountants
Leeds
4 December 2006