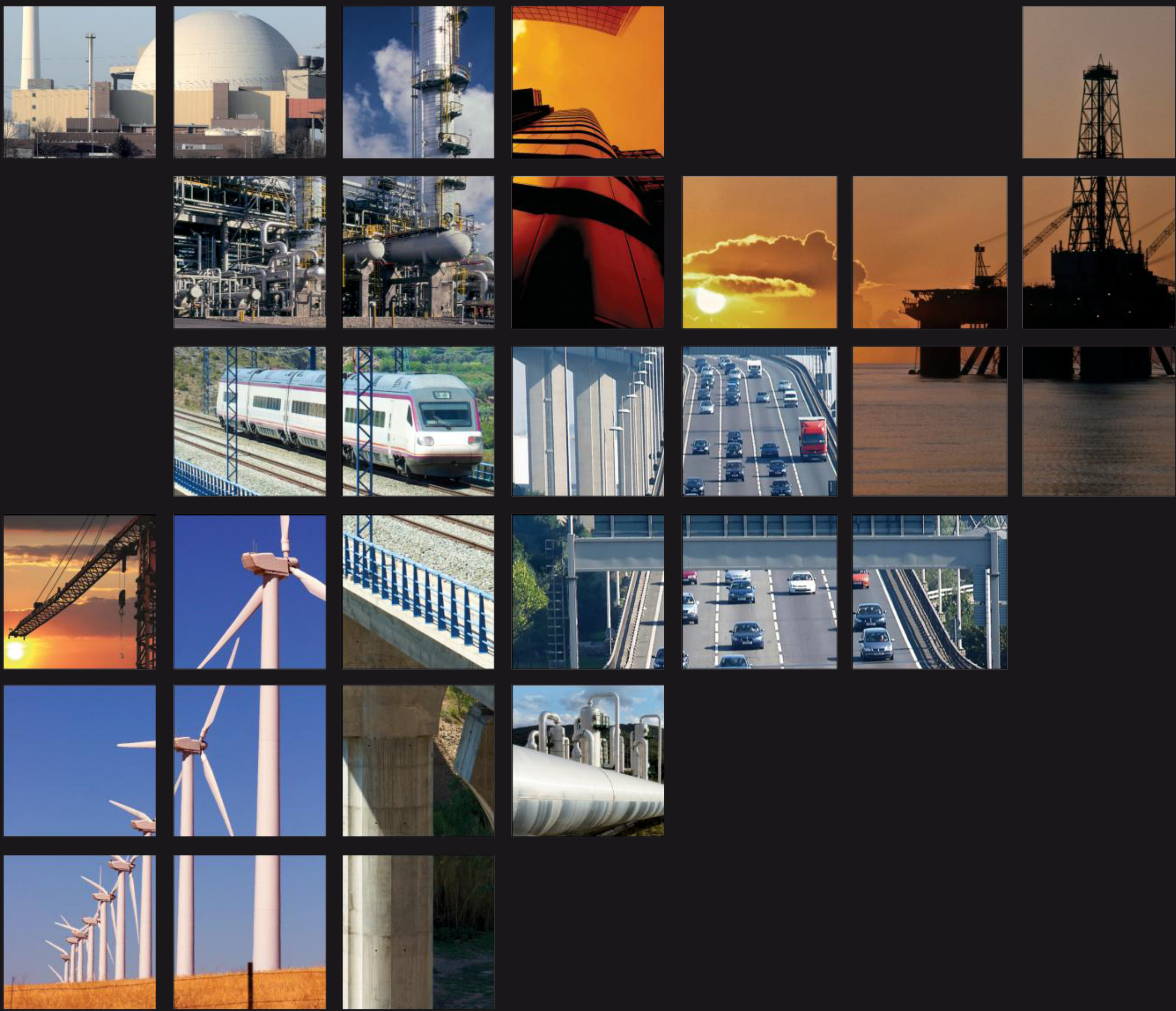
driver group plc

Company number: 3475146

Annual Report & Accounts 2012



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Key Financial Information

	2012 £000	2011 £000	Change
Revenue	26,258	17,365	8,893
Gross profit %	26.8%	26.8%	0.0pp
Underlying* profit before tax	1,751	548	1,203
Exceptional items and share-based payment charge	(553)	(199)	(354)
Profit before tax	1,198	349	849
Profit after tax	961	268	693
Basic earnings per share	3.3p	0.9p	2.4p
Underlying* earnings per share	5.5p	1.7p	3.8p
Dividend per share***	1.0p	0.5p	0.5p
Net (borrowings) / cash at year end**	(964)	572	(1,536)
Total equity	7,497	6,700	797

Key points

- Revenue up 51%
- Underlying Pre Tax Profit up 220%*
- Cash generated from operations £1.4m
- Successful acquisition and integration of Trett Holdings Ltd (Trett)
- Trett returned to profit
- Established global operations
- Middle East revenues up 58%
- Qatar revenues up 175%
- Africa Revenues up 143%
- UK Power & Process Revenues up 147%
- Q1 performance of 2012 / 2013 very strong

** Underlying figures are stated before the share-based payment charge and exceptional items (note 5)*
***Net cash / (borrowings) consists of cash and cash equivalents, bank loans and finance leases.*
****0.3p paid as an interim dividend, remaining 0.7p proposed for payment after year end.*

Driver Group plc – about us

ABOUT US

We have excelled at providing construction and engineering focused services since 1978. Our expertise supports the delivery of major projects worldwide and bridges the gaps between the construction, legal and financial sectors.

Our continued success can be measured by that of our clients. It is the result of rigorously maintained standards and the commitment of our people to provide a quality service, to budget, within time and with the appropriate integration of the client's team.

The business is managed through the five regions in which we trade: Europe, Middle East, Africa, Asia Pacific and America.

OUR SERVICES

The quality and experience of our people is fundamental to our success. Their skills and experience enable us to offer support and expertise to clients in the following areas:

- **STRATEGIC PROJECT MANAGEMENT**
- **PROJECT SERVICES**
- **COMMERCIAL & CONTRACT SERVICES**
- **EXPERT SERVICES**
- **CORPORATE SERVICES**

OUR APPROACH

All assignments are managed by a business director who remains directly responsible until its conclusion. The director will regularly evaluate the client's requirements to ensure the most appropriate members of the Group's multi-disciplinary team are engaged on the assignment and that where necessary they are successfully integrating into the client's team.

Our approach of channelling knowledge across services, disciplines and ultimately to our clients is designed to ensure they are aware of the latest industry developments.

STREAMLINED MANAGEMENT

Our approach and the single point of responsibility ensures there is no overlap between the services. It eliminates duplication, simplifies reporting and improves communication. The result is reduced administrative and management costs and a cost effective solution.

When working across a client's portfolio the cost and management efficiencies are multiplied. An ongoing relationship allows for significantly improved skills transference, trend analysis and management reporting. Ensuring lessons are learnt, reviewing processes and other pre-contract services are fundamental to ensuring our clients and our own continued success.

OUR CLIENTS

Driver has clients worldwide that include global and regional contractors, corporate, government and not-for-profit bodies, insurance, finance and legal entities, developers and consortiums. All demand and receive work of the highest quality.

Driver Group plc – Services

STRATEGIC PROJECT MANAGEMENT

- PFI / PPP Representation
- Concessionaire Projects
- JV / Consortium Formation
- Support on Tender / Financial Close
- Bid Management
- Transaction Advisory Services
- Lenders Technical Advisor
- Project Monitoring

PROJECT SERVICES

- Commercial Management / QS's
- Planning & Programming
- Measurement / BQ Preparation
- Cost Plans / Cash Flow Forecasts
- Procurement
- Contract Administration
- Change Control
- Interim & Final Account Certification

COMMERCIAL & CONTRACT SERVICES

- Feasibility Studies
- Design Management
- Programme Audits / Analysis
- Commercial Strategies
- Risk / Value Management
- Dispute Avoidance
- Preparation / Defence & Negotiation of Claims
- Training & Workshops

EXPERT SERVICES

- Quantum Experts
- Planning Experts
- Forensic Analysis
- Dispute Resolution / ADR
- Arbitration & Litigation Support
- Arbitrators
- Adjudicators
- Mediators

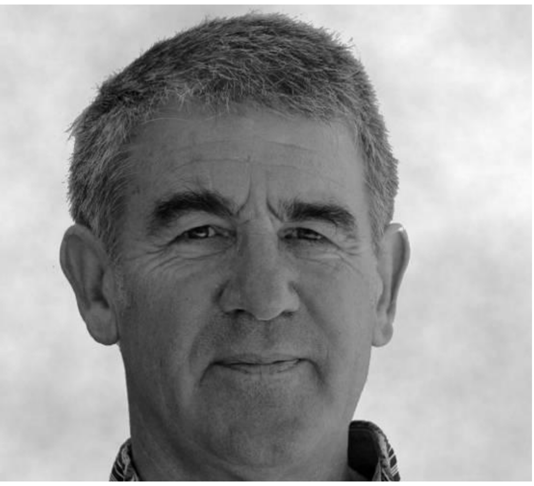
CORPORATE SERVICES

- Insolvency
- Restructuring
- Non-Executive Appointments
- Due Diligence
- Project / Investment Monitoring
- Project Bank Accounts
- Distressed Property
- Audits

SECTORS

- Building
- Civil Engineering
- Energy
- Industrial
- Information Technology
- Insurance & Finance

Chairman's Statement



INTRODUCTION

I am pleased to report on the Group's performance for the financial year 2011 / 2012; a year in which we both materially outperformed market expectations and made a significant acquisition which has given the Group a presence in 5 global regions. Throughout the year we continued the positive trends seen in the second half of 2010 / 2011 and the first half of 2011 / 2012.

We achieved all of our key objectives including further growth in revenues, profits and cash position (after accounting for the funds utilised in the acquisition of Trett). This strength in trading, cash generation and continued optimism across the business allows us to recommend an enhanced final dividend.

12 months ago we stated that the Group would continue to strive for growth in terms of revenue and sustainable profit and that it would maintain a healthy cash position. We identified areas where the Group's operations could be developed (being primarily Africa, Qatar and UK Power & Process sector) and said we were structured to maintain a stable environment in all other areas of the Group. I am pleased to report that not only was the Group successful in developing and growing these targeted areas but it was also able to significantly outperform in the Middle East.

Following the Trett acquisition and the underlying growth in our business, our employee and sub-consultant numbers have risen to 271 (2011: 175). At all levels in the Group, our employees have adapted to the challenges our business has encountered through this continued period of growth and have adopted a flexibility appropriate to Driver's developing global business. This commitment to the Group's future performance has resulted in the Group being in a position where it is creating exciting opportunities for our staff across the globe and in an increased number of service sectors.

I am particularly pleased, as the Group Chief Executive states in his statement, to report that the integration of the Trett business acquired in May 2012 has been successfully achieved and the staff that joined Driver are making a full contribution to the Group.

FINANCIAL RESULTS

Revenue for the 12 months to 30 September 2012 increased by 51% to £26.3m (2011: £17.4m) largely as a result of our improving position in Africa, the Middle East, the UK Power & Process sector and with the final 5 months benefitting from the acquisition of Trett.

Underlying* profit before taxation increased by 220% to £1.75m (2011: £0.55m). After a charge for share options of £135,000 (2011: £74,000) and exceptional items (being the costs related to the acquisition and integration of Trett and severance payments) of £418,000 (2011: £125,000) reported profit before taxation increased 243% to £1.2m (2011: £0.35m).

The Group's net borrowing position at the end of the year stood at £0.96m after the acquisition of Trett (2011: net cash £0.57m). Cash generated from operations was £1.4m.

Underlying* earnings per share was 5.5 pence (2011: 1.7 pence). Reported earnings per share was 3.3 pence (2011: 0.9 pence).

DIVIDEND

In view of the sustained profits and the underlying cash inflow in the year, the Board proposes a final dividend for 2012 of 0.7p per share (2011: 0.5p) giving a full year dividend of 1.0p per share (2011: 0.5p). The final dividend will be paid on 9 April 2013 to shareholders on the register at the close of business on 2 April 2013.

TRADING OVERVIEW

The Group's performance continues to progress against all key parameters. Revenue is 51% higher, underlying pre-tax profit is 220% higher and the underlying cash position has increased by £0.6m when account is taken of the Trett acquisition net cost of £2.2m.

This has been achieved whilst integrating Trett into the business and returning the Trett business to profit from a sustained period of losses at the time of acquisition.

The Group is now positioned as a global provider with 56% of revenue earned on projects outside of the UK.

Trading in Europe, which accounted for 61% of Group revenue, was up 34% on 2011 revenues as a result of the 5 month benefit of the Trett business together with continued growth in the Power & Process sector, where we recruited additional management in 2011 in our efforts to increase our presence in this sector. In addition, we have started to see areas of growth in our UK Civil & Infrastructure sector as well as Off-Shore Wind projects. Notwithstanding the increase in revenues, profit in Europe was down due to losses in the Trett business in the early months following acquisition. As we exited the year, utilisation levels of the Trett staff had improved materially ensuring their final months of the year were profitable in their European operations.

**Underlying figures are stated before the share based payment charge and exceptional items (note 5).*

In the Middle East, trading accounted for 27% of Group revenue and was up 58% on 2011 revenues. The region out-performed expectations as set out in the previous trading updates, prior to the Trett acquisition which added a 5 month benefit, with growth in each of our 4 offices, primarily through the disputes and advisory service and expert witness work. Whilst we anticipated the construction market in the UAE to stay at much reduced levels, we have benefitted from an increasing level of disputes and arbitrations in the region taking revenue up 17% and returning the region to profit. Oman continues to perform well with Government projects providing much of the revenue from a healthy pipeline of projects with revenue up 27% and profit up 8 percentage points. Qatar continues to be relatively slow in development due to delays in release of projects but nonetheless increased revenues by 175% in the year and returned to profit. This increase in overall performance has seen the region transform from a loss position in 2011 to healthy profits in 2012.

Africa's revenue represents 8% of Group revenue and is up 143% on 2011 and significantly out-performed our internal expectations. We now have work across all service streams - in the PPP sector, expert witness appointments, claims and advisory services, strategic project management and project services. The region has transformed from a small loss in 2011 to good levels of profit in 2012.

The acquisition of Trett has allowed the Group to penetrate markets in two additional regions, the Americas (through the Houston office) and Asia Pacific (through offices in Kuala Lumpur and Singapore). These regions were not performing well at the time of the acquisition and had been losing money for a sustained period of time but management action, and integration in to the wider Driver Group during the 5 months since acquisition, has turned America to a break even position. The markets in oil & gas, shipping and marine services provided opportunities for this recovery.

OUTLOOK

Last year I said we would develop our operations in Africa, the UK Power & Process sector and Qatar whilst maintaining a stable environment in the remaining parts of our business and evidence the sustainability of the Group profits. This has been achieved whilst also out performing in the Middle East, a region where we have grown the business quicker than anticipated following the re-structuring, due to increased volume of work in the dispute market.

In addition, we have completed a significant acquisition that now ensures we have a global footprint. We have successfully integrated the businesses and have returned the Trett business to profitability.

Our Medium Term Plan is to establish all our key service provisions (Project Services, Dispute & Advisory, Strategic Project Management and Expert Witness & Litigation Support) across all of the regions – Africa, Americas, Asia Pacific, Mainland Europe, Middle East and UK. In large part this can be achieved organically but we are receptive to the possibilities that targeted acquisitions may be beneficial in some regions and service sectors. We will be looking to open offices in key areas of Canada, Mainland Europe and Asia Pacific. An important element of this plan is to leverage our service offerings across all markets. This provides the possibility for material growth particularly given that Trett has not previously provided project services or strategic project management services to their clients.

We see the coming year as one in which we will continue to grow and develop our service offerings across all of our regions. Of course different regions will develop at different paces and in varying markets. The oil and gas market is an area where we see opportunity to impact in 3 regions; and an important objective is to increase our activity across the network of hubs in Houston, UAE and Kuala Lumpur / Singapore. In June, we launched our Diales brand through which we promote our high end expert witness offering to clients involved in international arbitrations and this will continue to be an area of focused development.

We are delighted by the way our current financial year has started, particularly in Africa and the Middle East which continue to outperform as the momentum in our last financial year in these regions has continued into the current year. Across the Group, our secured revenues and revenues expected to be secured and delivered in the remainder of the year are very encouraging. We have visibility of our first quarter performance and secured work beyond this period, which indicates that we have had a particularly strong start to the current year. This gives the Board a high level of confidence in the outlook for the remainder of the financial year.

W. Alan McClue
Non-Executive Chairman

**Underlying figures are stated before the share based payment charge and exceptional items (note 5).*

Chief Executive's Report

INTRODUCTION

In my 2011 report I stated that the environment within which we would operate in 2012 would be much the same as in 2011 and that growth would come from Africa, Qatar and the UK Power & Process sector within Driver Project Services. I anticipated stability rather than growth in the rest of the UK market and was cautious about the Middle East notwithstanding our strong start to the year in that region. I am very pleased with our performance against these expectations as highlighted in our trading updates and profit upgrades during the course of the year. Africa increased its revenues by 143% and returned to profit, Qatar by 175% and returned to profit and the Power & Process sector of Driver Project Services increased revenue and profits by 147%. The Middle East maintained its strong start to the year increasing revenues by 58%, additionally the region benefitted from 5 months contribution from the acquisition of Trett and returned to a healthy level of profit from a break even position in the previous year.

In May 2012, we announced the acquisition of Trett. Prior to the acquisition, Trett had experienced a prolonged period of losses but we did anticipate that we would turn this around before the end of the year. I am delighted to report the integration has gone well, with the Trett business making profits in each month of the final quarter. The Trett name is long established and well regarded within the market place in which we operate and in certain parts of the world we will continue to use the name of Trett through "DriverTrett".

The Group performed very well against all key metrics. The Driver business, excluding the benefit of Trett, increased revenue by 26% and gross margin improved by 1 percentage point to 28%. As a whole the Group increased revenue by 51% to £26.3m (2011: £17.4m) and gross margin was maintained at 27% (2011: 27%) – due to a reduced gross margin of 23% in the Trett business. Underlying* profit before taxation increased by 220% to £1.75m (2011: £0.55m). The Group's net borrowing position at the end of the year stood at £0.96m (2011: net cash £0.57m) after the net £2.2m acquisition of Trett with other net cash inflow of £0.6m.

The acquisition of Trett added headcount of 75 employees, of which 65 are fee earners taking our staff levels (including sub consultants) to 271 and it gives us established offices in 3 additional regions of the world – Americas (Houston), Asia Pacific (Kuala Lumpur and Singapore) and Mainland Europe (Netherlands), providing a true global footprint for all of our service offerings. I am very pleased to report that the integration of the Trett offices have been successfully completed and we ended the year with all staff operating within the Driver management systems and policies. We now have a business managed through the five regions in which we trade: Africa, Americas, Asia Pacific, Europe and the Middle East and as a global business 56% of revenue is generated on overseas projects.

AFRICA

Africa has this past year developed into a material region for the Group with 8% of Group revenue coming through this office. Trading increased by 143% to £1.99m (2011: £0.8m) with healthy gross margins returning the region to good profits. In my last statement, I said I expected some of the good quality outstanding proposals to be secured in 2012 and they were – for example the strategic project management appointment announced in July 2012. Our key markets continue to be PPP, disputes and project management / supervision and the pipeline of opportunities for 2013 is again solid.

AMERICAS

We now have an office in Houston as a result of the Trett acquisition. This office primarily serves the oil & gas market as the vast majority of these projects are initiated and managed from here. The focus has been on providing dispute and expert witness services and, in the 5 months since the acquisition, we have eliminated the losses and closed the year with a break even position. We have plans in place to develop the broader service offering of the Driver Group in this region, particularly Project Services which are in demand and were not previously offered by Trett.

ASIA PACIFIC

Trett have two offices in this region – Kuala Lumpur and Singapore and, as was the Trett model, they focused on the dispute and expert witness market. The business lost money over a sustained period prior to acquisition and although this has recovered to some extent in the five months since acquisition, it was still loss making at the close of the year. We have provided added focus and impetus in the region and will also be developing the wider Group services within Driver – primarily Project Services to the oil & gas and petrochemical markets in the region.

EUROPE

This region is the largest region in the Group with 61% of Group revenue. Revenue has increased by £4m or 34% to £16.1m (2011: £12m) in the year as a result of the anticipated growth in our UK Power & Process

**Underlying figures are stated before the share based payment charge and exceptional items (note 5).*

sector (up £1.9m) and the benefit of 5 months of Trett trading. Underlying profits were down 5 percentage points at 12% of revenue (2011: 17%) reflecting the lower level of utilisation and gross margin of the Trett business particularly in the early months following the acquisition. Due to this, utilisation levels for Driver Trett Europe averaged across both businesses were down 7 percentage points on 2011 at 69% - an area where I believe increased profits can be generated in 2013.

We continue to benefit from our client base in the civil engineering & infrastructure sectors as well as off shore wind, and the Driver UK business outside of Power & Process and Trett maintained 2011 revenues. In Mainland Europe our revenues and client base have increased materially through the addition of the Trett office in the Netherlands which brings with it clients in the marine and shipbuilding sectors as well as a broader oil & gas and energy client base. I remain of the view that we are increasing market share in the UK and Mainland Europe due to our growing reputation, the quality of our staff and the marketing focus of the senior management.

MIDDLE EAST

This region continued the turnaround experienced in the second half of 2010 / 2011 following the restructuring and now accounts for 27% of Group revenue. Revenue increased by £2.6m or 58% in the year to £7.1m (2011: £4.5m) some of which is the benefit of the Trett business in the final 5 months of the year. The region made a substantial profit in 2012 overturning the previous year's losses of £0.09m with every office in the region growing and returning profits.

Oman is the largest office in the region and the administrative centre for all of our Middle East business. It continued to grow as highlighted by the announcements made during the course of the year confirming appointments to provide consulting and project management services for the Public Authority for Electricity and Water, consultancy services on Muscat and Salalah Airports and project management of a major road scheme. The office also works for several other Government Ministries. Oman increased revenues by 27% to £2.8m (2011: £2.2m) and returned a very healthy profit up 7 percentage points on 2011. I have previously stated that Government work on live projects provides a stable foundation for the higher margin disputes business and in 2012 we benefitted from this. There was an upturn in dispute work with higher gross margins leading to the increased profits even though the nature of this work did cause utilisation levels to drop – down 9 percentage points at 79% (2011: 88%). Oman did not benefit directly from the acquisition of Trett as they did not have an office in this region.

The Dubai office continues to focus on the dispute market and the expert witness market following the restructure and refocusing of the business in 2011. Revenue, before a small benefit from the acquisition of Trett, was maintained at £1.2m (2011: £1.2m). However, the small loss in 2011 was overturned and a healthy profit margin was delivered as a result of continually managing the cost base of the business to reflect anticipated revenues and better utilisation of staff across the region. Utilisation levels did increase by 7 percentage points but were still low at 63% - providing an area for increased profits in 2013.

The Abu Dhabi office benefitted the most in the region from the acquisition of Trett with revenues increasing 173% and provided the healthiest gross margin and profit levels in the region – overturning the small loss in 2011. As with Dubai, the focus remains on the dispute and expert witness market. High utilisation levels were a contributory factor to these gross margin and profit levels.

In Qatar, the frustration experienced in 2011 due to delays in the release of the major infrastructure projects by government was reduced as the office increased revenues by 175% and again the marginal loss was overturned and replaced with a healthy profit. This was a reflection of continuing the work with our key clients from 2011 and converting the good opportunities that I said we had in my last statement. With utilisation levels at 100% recruitment plans are in place for the coming year.

OUTLOOK

The acquisition of Trett provided a key moment for consideration of our next medium term plan. We now have a global business with opportunities to leverage all Group service offerings across all these regions. This opportunity is enhanced by the fact that Trett did not provide Project Services or Strategic Project Management Services to their clients and so the Group can now offer these services to new clients in new parts of the world; particularly the oil & gas hubs of Houston, Kuala Lumpur and Singapore together with our existing offices in the Middle East. Our Medium Term Plan is to achieve this and we will consider opening further offices in Asia Pacific, Canada and Mainland Europe as part of this plan. Our preferred means of growth is organic but we acknowledge that in certain regions and service sectors it may be appropriate to consider strategic acquisitions and we will certainly be receptive to this prospect.

On a more basic note, it is evident that utilisation levels and gross margins in the old Trett businesses can be bettered and are starting to improve as the staff relationships with each other and the Driver management systems develop; this provides the opportunity through sensible management to increase profitability.

The Africa region again has a strong pipeline of proposals and opportunities in the PPP sector and for project management / planning services and is a target area for continued growth.

I have made a new appointment in Americas – Martin Woodall as Managing Director of the Region. Martin was the Managing Director of Driver Project Services in the UK and was brought in specifically to establish the Power & Process division. This has been successful and the succession plan in that business has allowed Martin to relocate to Houston in the New Year to establish both Driver Project Services and DriverTrett

**Underlying figures are stated before the share based payment charge and exceptional items (note 5).*

in the Region – initially in the oil & gas sector where Trett have clients and Martin is well connected. I anticipate growth to come from this region as a result of this appointment and the additional offerings Driver Group now brings to the market.

Asia Pacific is now headed by the ex Trett Managing Director – Alastair Farr as Managing Director for the region. With his knowledge of the staff and the region together with reducing his responsibilities to now focus only on this region we should start to see some positive results and a return to profitability. Plans are in place to open an office in Queensland, Australia on the back of the large LNG project we announced our appointment to in May 2012.

The construction market in the UK and Europe continues to be challenging and is unlikely to grow in 2013, however, there are some industry commentators who suggest 2013 may be the bottom of the cycle. Our own experience is that outside of our Power & Process initiatives the rest of the UK construction market was flat in 2012 but it was the first year since recession that our revenues did not decline. There are Government initiatives such as the National Infrastructure Plan and the new PFI framework which ought to see 2014 benefit in terms of construction and engineering spend. There is also a large market in Off Shore Wind where we are picking up live project appointments. In Europe we therefore look to 2013 with caution but given our performance in 2012 and the pressure on Government to spend on infrastructure and PFI schemes we have a degree of optimism thereafter.

In the Middle East we will continue to seek to develop our full service offering where appropriate. The live construction market in Qatar is now starting to kick in and should provide opportunities for our Project Services offering but we continue to believe that in the UAE our focus should remain in the dispute and expert witness market.

At the end of the first quarter for 2013 we have an encouraging level of budgeted revenue allocated on secured assignments and a strong pipeline of outstanding proposals. I have visibility of Q1 performance and am very pleased with the levels of revenue and profit this indicates. Areas with particularly strong secured assignments and pipelines are Africa and the Middle East as their workload continues the momentum from the second half of 2012.

Key to our performance is the quality, reputation and dedication of our staff. I have seen that the Trett staff, like Driver staff, are of a high quality and held in high regard across the construction and engineering industry. I am delighted with the attitude of all our staff in the way they have embraced the acquisition of Trett and whole-heatedly worked to integrate in to one group of people and business. It is because of the quality and attitude of our people, working as one across our group of businesses, that I am excited about the coming year and look forward to delivering continued profitable growth for our shareholders.

Dave Webster
Chief Executive Officer

**Underlying figures are stated before the share based payment charge and exceptional items (note 5).*

Finance Director's Review

RESULTS

Revenue increased by 51% to £26.3m (2011: £17.4m). This included £4.3m of external sales arising from Trett which was acquired on 11 May 2012. The Chief Executive's report describes the business segmental performance in more detail.

The underlying* operating profit for the year ended 30 September 2012 was £1.79m (2011: £0.56m). Reported operating profit was £1.24m (2011: £0.36m).

After a net interest charge of £0.04m (2011: £0.01m) the underlying* profit before tax was £1.75m (2011: £0.55m) and reported profit before tax was £1.2m (2011: £0.35m).

The Group's results include exceptional items (note 5) relating to severance costs of £0.06m (2011: £0.13m) and costs relating to the acquisition and integration of Trett of £0.36m. In addition the Group recorded a share based payment charge of £0.13m (2011: £0.07m) in relation to the Group's share option scheme (note 18).

The European business segment revenue grew by £4.0m to £16.1m although operating profit reduced by £0.5m to £1.6m including the cost of a £0.31m exceptional charge. The Middle East segment revenue increased by £2.6m to £7.1m and reported a profit of £1.5m compared with a loss of £0.09m in 2011. The Africa segment revenue grew by £1.2m to £2.0m and reported a profit of £0.3m compared with a loss of £0.1m in 2011. New segments have been created arising from the acquisition of Trett with America reporting revenue of £0.5m and being roughly break even and Asia Pacific reporting revenue of £0.55m and reporting a loss of £0.15m. Reflecting the growth in the business underlying* unallocated corporate costs increased by £0.3m to £1.7m. After a share option charge of £0.13m (2011:£0.07m) and exceptional costs of £0.1m (2011: £0.05m) the reported unallocated costs were £2.0m (2011: £1.52m).

TAXATION

The Group had a tax charge of £0.24m (2011: tax charge of £0.08m). The effective tax rate was 20% (2011: 23%). The tax charge includes the effect of a lower tax rate for Oman, the UAE and Qatar.

EARNINGS PER SHARE

Underlying* earnings per share was 5.5 pence (2011: 1.7 pence). The basic earnings per share was 3.3 pence (2011: 0.9 pence) and diluted earnings per share was 3.1 pence (2011: 0.9 pence).

CASH FLOW

Trett was acquired in the year for gross consideration of £3m with cash of £0.8m being left within Trett on acquisition and therefore a net consideration of £2.2m. Net cash inflow from operating activities was £1.1m (2011: £1.08m). This included a favourable impact of an increase in creditors of £1.5m (2011: £1.05m) offset by a net outflow from an increase in debtors of £1.7m (2011: £0.83m).

Other major cash items are tax paid of £0.3m (2011: tax received £0.2m), capital spend of £0.18m (2011: £0.05m) and increased borrowings of £2.3m (2011: repayment of borrowings £1.24m). Dividends paid were £0.25m (2011: nil).

The Company had net borrowings at the end of the year of £0.96m compared to net cash of £0.57m at 30 September 2011.

TRETT ACQUISITION

The Trett acquisition was funded via bank finance as described further below. The gross cost of the acquisition was £3.0m. Advisors costs in relation to the acquisition were £0.1m and we have recorded an exceptional onerous lease provision of £0.2m in relation to the closure of the London Trett office where staff are now working together within the Driver office.

Goodwill acquired with the business totalled £1.1m. Goodwill represents the value of the synergies arising from the economies of scale achievable in the enlarged group. These synergistic benefits were the primary reason for entering into the business combination.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a variety of specific business risks which can affect international consultancy businesses like Driver. The principal risks are outlined below, the principal uncertainties being the impact of the downturn in the UK and global economy on the business is considered in the Chairman's and the Chief Executive's reports.

CREDIT RISK

The Group's credit risk is primarily attributable to its trade receivables. The risk increases as our business expands into new territories where payment of outstanding receivables can be slower. Credit risk is managed by running credit checks on customers and by monitoring payments against contractual terms. There is a clear internal process for elevating potential problems in recovering debts such that prompt action is taken to recover debts at the earliest possible point and legal action taken where necessary.

LIQUIDITY

The Group monitors cash flow as part of its day to day control procedures. The Board reviews cash flow projections and ensures that appropriate facilities are available to be drawn upon as necessary. During the year the Group secured a term loan of £1.5m repayable quarterly over two years in addition to an

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existing term loan of £1.0m repayable in February 2015. These loans together funded the acquisition of Trett. At the year end, the Group's undrawn borrowing facilities consisted of an overdraft facility of £0.75m renewable annually. With cash of £1.36m the Group had access to £2.11m of available funds at 30 September 2012. The Group's facilities with the bank are secured by means of debentures over the Group's assets and a legal charge over the land and building at Haslingden.

REPUTATION RISK

The quality and experience of our people is fundamental to our success, and we are committed to the development and training of our staff. All assignments are managed by a director who remains directly responsible until its conclusion and will regularly re-evaluate the client's requirements and issues.

TREASURY POLICIES AND FOREIGN EXCHANGE MANAGEMENT

Treasury operations are managed centrally and operate so as to reduce financial risk, ensure sufficient liquidity is available for the Group's operations and to invest surplus cash. Corporate Treasury does not operate as a profit centre and does not take speculative positions. The Company regularly invoices in Euros for work performed in Europe as well as receiving foreign currency income in UAE Dirhams ("AED"), Omani Rials ("OMR") and Qatari Riyals ("QAR") from its Middle East businesses, South African Rand ("ZAR") from its African business and Malaysian Ringgit ("MYR") and Singapore Dollar ("SGD") from its Asia Pacific operations and US Dollar ("USD") generated in America. The Group is therefore exposed to movements in these currencies relative to Sterling. AED, OMR and QAR are currently linked to the US Dollar. Foreign currency balances in excess of forecast amounts required to fund projected outgoings have been converted to Sterling balances during the year at spot rate. Euro exposure is managed through the use of a foreign currency overdraft facility, which is used to match up to 90% of the value of the Euro debtor balance against Euro borrowings. The net value of AED, OMR and QAR exposure is managed using foreign currency hedge contracts to provide a targeted level of cover of between 50% and 75% of the net exposure. Other currencies are hedged where outstanding amounts become material. This policy is regularly reviewed by the Board. Details of the foreign currency financial instruments in place at 30 September 2012 are shown in note 21 to the accounts.

As a consequence of the earnings generated in the Middle East, America, Asia Pacific and South Africa as well as Euro earnings generated in the UK, the Group's net income and its equity is exposed to movements in the value of Sterling relative to the US Dollar, Malaysian Ringgit, Singapore Dollar, Euro, and South African Rand. The estimated impact of movements in the Sterling exchange rate on profits and equity are summarised in note 21 to the Financial Statements. As non-Sterling earnings increase, the exposure of the Group's Income Statement and Equity to movements in Sterling will increase as well.

CONTINGENCIES AND LEGAL PROCEEDINGS RISK MANAGEMENT

The Group monitors all material contingent liabilities, through a process of consultation and evaluation which includes senior management, internal and external advisors. This process results in an evaluation of potential exposure and provisions are made or adjusted accordingly by reference to accounting principles. No contingent liabilities have been recognised at the year end.

HEALTH AND SAFETY

Driver is committed to ensuring the health and safety of its employees in the workplace and where possible implementing health and safety policy improvements. Driver continues to invest in the training and development of safe working practices. The Group measures its health and safety policies through three metrics: lost time due to accidents, lost time days, and reportable accidents. No time was lost as a result of a reported incident during the year.

Damien McDonald
Finance Director

**Underlying figures are stated before the share based payment charge and exceptional items (note 5).*

Directors

W Alan McClue (aged 65)
Non-Executive Chairman

Alan commenced his business career with Mobil Oil Corporation in the early 70s followed by a period with Pegler Hattersley PLC where he was responsible for the manufacture of OPC valve products.

He has acted as Chief Executive or Chairman of several public companies including: Petrocon Plc – oil field rentals and OPC valves, Porter Chadburn Plc – Engineering sector and Ptarmigan Plc. He served as a director of G M Firth Plc – Metal Stockists. He was, until the company was bid for by a UK listed company, Chairman of TI Technologies (Pty) South Africa – Africa's largest printed circuit board manufacturer. He was also Chairman of Mount York Limited, an engineering company listed on the CISX, and most recently Chairman of AIM Listed Mount Engineering plc until it was bid for by a US Corporation.

He has investments in a number of private engineering sector companies.

David Webster (aged 45)
Chief Executive Officer

David has over 29 years' experience in the construction industry, initially training as a quantity surveyor with a pipeline, tunnelling and civil engineering contractor. He worked with various contractors before moving into private practice in 2000. David was appointed to the board of Driver Consult in 2002 and progressed to become CEO of the Group in 2009. He is one of the team that successfully led the Company to Admission on AIM in October 2005. Since then he has been heavily involved in the ongoing development of the Group.

David is responsible for the operations of all Group companies. David is responsible for delivering the Board's strategy and establishes and delivers the Business Plans for each business through the management and co-ordination of their boards and directors.

David continues to undertake technical work for key clients where he specialises in dispute resolution, contractual and commercial advice on all aspects of civil engineering projects, highways, water and sewage treatment plants, tunnel and pipeline projects, industrial process plants, building and development. David has a Masters degree in construction law and arbitration. He is a Fellow of the Royal Institution of Chartered Surveyors and the Chartered Institution of Civil Engineering Surveyors.

Damien McDonald (aged 39)
Finance Director

A Chartered Accountant with over 17 years' experience. Damien joined Driver in April 2008 as Group Financial Controller and successfully implemented financial procedures to the business' UK and overseas operations. Damien previously worked for 9 years with United Utilities PLC, the UK's largest listed water company, where he held finance management positions in the Group head office before becoming Financial Controller of the £330m turnover Contract Solutions Division. Latterly at United Utilities, Damien successfully managed the financial disposal of their industrial waste management business. Between 1995 and 1999 Damien qualified as a Chartered Accountant as an auditor with KPMG.

Stephen Driver (aged 48)
Non-Executive Director

Stephen has over 30 years' experience in the construction industry working both for contractors and in private practice.

After training as a quantity surveyor, initially with a national civil engineering contractor, Stephen subsequently worked for a number of national building contractors. He subsequently moved into private practice at BWS International and became Managing Director of BWS International in 1998 and of the Group in 2001. Since becoming Managing Director, Stephen has overseen a number of major developments including the incorporation of the partnership through to the formation of Driver Group, the demerger of BWS International, the reorganisation of the business to focus on regional and local office performance and the opening of offices in the UAE, Scotland and Bristol. Stephen also led the successful Admission of the Driver Group shares on AIM in October 2005 at which time he was appointed CEO.

In 2008 Stephen concluded the acquisition of CMC and integrated them successfully into the Group.

On 1 October 2009 Stephen was appointed as Executive Chairman focussing primarily on strategic initiatives, including acquisitions and alliances whilst continuing to play a key role in the development of strategic client relationships. On 1 March 2011 Stephen moved to the role of Non-Executive Director.

Stephen has a Masters degree in construction law and arbitration from Kings College, London. He is a Fellow of the Royal Institution of Chartered Surveyors, the Chartered Institute of Arbitrators and the Chartered Institution of Civil Engineering Surveyors.

Colin Davies (aged 55)
Non-Executive Director

Colin, a Chartered Certified Accountant, commenced his business career with Midland Bank in 1977 followed by a period with the Department of Trade and Industry and then Grant Thornton. He was Chief Executive and subsequently Corporate Finance Director of Graystone Plc between 1992 - 1995 and Chief Executive of Hallmark Industries from 1995-1998.

He has been a non-executive director of several companies, including Floors 2 Go Plc and Mount Engineering Plc until their takeovers in 2007 and 2010 respectively. He continues to be an investor in and non-executive director of several private companies.

Company Secretary and Advisers

COMPANY SECRETARY	**Thomas Ferns**
REGISTERED OFFICE	1 Norton Folgate, London, E1 6DB Tel: +44 (0)20 7377 0005 Fax: +44 (0)20 7377 0705 Email: info@driver-group.com Website: www.driver-group.com
REGISTERED NUMBER	3475146
AUDITORS	**BDO LLP** 3 Hardman Street, Spinningfields Manchester, M3 3AT
BANKERS	**The Royal Bank of Scotland plc** Fifth Floor, 1 Spinningfields Square Manchester, M3 3AP
SOLICITORS	**Rosenblatt Solicitors** 9-13 St Andrew Street London, EC4A 3AF **Dickinson Dees** 1 Whitehall Riverside Leeds, LS1 4BN
NOMINATED ADVISERS	**Charles Stanley Securities** 131 Finsbury Pavement London, EC2A 1NT
BROKERS	**Charles Stanley Securities** 131 Finsbury Pavement London, EC2A 1NT
REGISTRARS	**Neville Registrars Limited** Neville House, 18 Laurel Lane Halesowen, B63 3DA

Report of the Directors
For the year ended 30 September 2012

The Directors present their Report and the Consolidated Financial Statements of Driver Group plc ("the Group") and its subsidiary companies for the year ended 30 September 2012.

PRINCIPAL ACTIVITY
The principal activity of the Group in the year under review and the previous year was the provision of specialist commercial and dispute resolution services to the construction industry.

REVIEW OF BUSINESS
The results for the year and financial position of the Company and the Group at the end of the year are as shown in the annexed Financial Statements. The information that fulfils the requirements of the Enhanced Business Review can be found in the Chairman's Statement, Chief Executive's Report and Finance Director's Review on pages 5 to 11 and includes reference to key performance indicators, being revenue and operating profit.

DIVIDENDS
The Directors have proposed a final dividend in respect of the current financial year of 0.7p per share (2011: 0.5p) payable to all shareholders other than the Driver Group Employee Benefit Trust. This has not been accounted for as it was not approved before the year end. The total cost of this proposed dividend will be £172,000 (2011: £123,000). The final dividend will be paid on 9 April 2013 to shareholders on the register at the close of business on 2 April 2013.

There were dividends of £197,000 (2011: nil) paid by the Company during the year, including an interim dividend of 0.3p (£74,000).

GOING CONCERN
After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they have adopted the going concern basis in preparing the Financial Statements.

PRINCIPAL RISKS AND UNCERTAINTIES
The principal risks and uncertainties affecting the business are outlined in the Finance Director's Review.

FINANCIAL RISK MANAGEMENT
The financial risk management objectives and policies of the Group including the policy for hedging foreign currency risk, are outlined in the Finance Director's Review.

DIRECTORS
The Directors during the year under review were:

W A McClue
D J Webster
D P McDonald
S Driver
C Davies

The beneficial interests of the Directors holding office at the end of the financial year in the issued share capital of the Company were as follows:

	30 September 2012 Ordinary 0.4p Shares	30 September 2011 Ordinary 0.4p Shares
W A McClue	317,500	192,500
D J Webster	1,502,088	1,502,088
D P McDonald	10,000	-
S Driver	2,620,347	2,620,347
C Davies	100,000	100,000

Mr Webster held share options to purchase 275,000 ordinary shares exercisable at 73.5p per share by 27 June 2016. These share options were surrendered on 23 January 2011 in favour of new share options. The new share options consist of 500,000 exercisable at 21.5p per share and 750,000 long term incentive plan (LTIP) share options exercisable at nil p per share. The new share options (including the LTIP options) which have been granted to David Webster are conditional on (i) the Company achieving underlying earnings per Share of 6.2p which is equivalent to the peak earnings per Share achieved by the Company in the year ended 30 September 2008; and (ii) David Webster being employed by the Group on 1 October 2014. In addition these options will vest automatically in the event of a takeover of the Company being completed before 1 October 2014.

On 23 January 2011 Mr McDonald was granted share options to purchase 100,000 ordinary shares exercisable at 21.5p per share exercisable between 1 October 2014 and 23 January 2021.

On 27 April 2011 Mr McClue was granted 250,000 options to purchase shares in the Company exercisable at 21.5p per share and 375,000 options exercisable at nil consideration in certain circumstances.

The Company has established an Employee Benefit Trust in which all the employees of the Group, including Executive Directors, are potential beneficiaries. At 30 September 2012, the Trust owned 1,700,645 shares which it acquired at an average of 73p per share (note 12).

CHARITABLE AND POLITICAL DONATIONS
During the year under review, the Group made charitable donations amounting to £1,398 (2011: £2,722). It is the Group's policy not to make political donations.

CREDITOR PAYMENT POLICY
The Group agrees terms and conditions with suppliers before business takes place. The Group's policy and practice is to pay agreed invoices in accordance with the terms of payment. At the year end the amounts owed to trade creditors were equivalent to 48 days (2011: 30 days) of purchases from suppliers.

DISCLOSURE OF INFORMATION TO AUDITORS
The Directors who held office at the date of approval of this Report of the Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the

Company's auditors are aware of that information.

DIRECTORS' INDEMNITY COVER

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

AUDITORS

BDO LLP are willing to continue in office and a resolution proposing their re-appointment as auditors of the Company and authorising the Directors to fix their remuneration will be put to the shareholders at the Annual General Meeting.

On behalf of the Board**:**

Damien McDonald
Finance Director
11 December 2012

Corporate Governance

For the year ended 30 September 2012

Although, as an AIM listed company, the Company is not required to comply with the provisions of the UK Corporate Governance Code ("the Code") and this is not a statement of compliance as required by the Code, the Board of Directors recognises the importance of, and is committed to, ensuring that effective corporate governance procedures relevant to smaller listed companies are in place.

THE BOARD AND COMMITTEES

During the financial year to 30 September 2012 the Board consisted of two Executive Directors, David Webster and Damien McDonald and three Non-Executive Directors, W Alan McClue (Chairman), Stephen Driver and Colin Davies.

The Board, which meets at least six times a year, is responsible for the overall strategy and financial performance of the Group. Each Board meeting is preceded by a clear agenda and any relevant information is provided to the Directors in advance of the meeting.

The Remuneration Committee consisted of W Alan McClue and Stephen Driver. The Directors' Remuneration Report on page 17 contains a detailed description of remuneration and applicable policies.

Given the size of the Board, and as permitted by the Code, the Board has not appointed a Nominations Committee. The Board as a whole considers the appointment of all Directors and senior managers.

During the financial year to 30 September 2012, the Audit Committee consisted of Colin Davies (Chairman) and Stephen Driver. The Committee operates under written terms of reference and is scheduled to meet at least twice a year with the Company's auditors, and the Executive Directors are present by invitation only. The Committee is responsible for the independent monitoring of the effectiveness of the system of internal control, compliance, accounting policies and published financial statements on behalf of the Board.

The Committee is also responsible for keeping under review the independence and objectivity of the external auditors, including a review of non-audit services provided to the Group, consideration of any relationships with the Group that could affect independence, and seeking written confirmation from the auditors that, in their professional judgement, they are independent.

RELATIONS WITH SHAREHOLDERS

The Company encourages the participation of both institutional and private investors. Communication with private individuals is maintained through the Annual General Meeting (AGM), and Annual and interim Reports. In addition, further details on the strategy and performance of the Company can be found at its website (www.driver-group.com) which includes copies of the Company's press releases.

INTERNAL CONTROL

The Board has overall responsibility for the Group's systems of internal control and for monitoring their effectiveness. Although no system of internal control can provide absolute assurance against material misstatements or loss, the Group's systems are designed to provide the Directors with reasonable assurance that issues are identified on a timely basis and dealt with appropriately.

The Group has an established organisational structure with clearly defined lines of authority, responsibility and accountability, which is reviewed regularly. Group management is responsible for the identification and evaluation of key risks applicable to their areas of business.

The Board has considered the need for an internal audit function, but has resolved that due to the current size and complexity of the Group, this cannot be justified on the grounds of cost effectiveness.

Directors' Remuneration Report

For the year ended 30 September 2012

The members of the Remuneration Committee are W Alan McClue and Stephen Driver who are both independent Non-Executive Directors.

REMUNERATION POLICY

The Group's remuneration policy is to provide a remuneration package to attract, motivate and retain high calibre individuals, who will deliver significant value to the Group.

DIRECTORS' REMUNERATION

	Salary and fees	Bonus	Car allowance	Benefits	Total 2012	Pension[1] 2012	Total Remuneration 2012	Total 2011	Pension 2011	Total Remuneration 2011
	£	£	£	£	£	£	£	£	£	£
David Webster	245,000	85,750	12,000	948	**343,698**	**240**	**343,938**	345,931	240	346,171
Damien McDonald [1]	85,750	35,000	12,000	2,584	**135,334**	**16,697**	**152,031**	121,966	11,254	133,220
Stephen Driver [1] [2]	72,000	-	-	866	**72,866**	**240**	**73,106**	152,562	546	153,108
William Alan McClue [1]	37,667	-	-	-	**37,667**	**4,187**	**41,854**	15,000	-	15,000
Colin Davies	16,500	-	-	-	**16,500**	**240**	**16,740**	4,000	-	4,000
Michael Davis	-	-	-	-	**-**	**-**	**-**	17,500	-	17,500
Keith Kirkwood [1]	-	-	-	-	**-**	**-**	**-**	19,833	5,000	24,833
Gary Turner	-	-	-	-	**-**	**-**	**-**	22,621	-	22,621
Total	**456,917**	**120,750**	**24,000**	**4,398**	**606,065**	**21,604**	**627,669**	699,413	17,040	716,453

[1] Pension includes salary sacrifice with the director voluntarily reducing salary and bonus in exchange for a higher company pension contribution.
[2] During the prior year Stephen Driver moved from the role of Executive Chairman to that of Non-Executive Director on 1 March 2011. A discretionary payment of £30,000 was made to Quovis Limited to provide consultancy services to facilitate the handover of executive responsibilities included in the above.
[3] During the prior year Keith Kirkwood and Gary Turner received severance payments of £4,000 and £5,537 respectively.
[4] Share option charge in respect of options held by directors is £52,779 (2011: £36,051).

For the year to 30 September 2012, the remuneration of Non-Executive Directors was set by the Board and consisted of an annual fee paid in equal monthly instalments.

Hurlstone Management Limited, a company controlled by Michael Davis, entered into a formal engagement with the Company dated 6 October 2005 under which it agreed to supply the services of Michael Davis as Non-Executive Chairman of the Company and ongoing consultancy and advice. The agreement was terminated on 1 March 2011.

Alchemy BS, a company controlled by Keith Kirkwood, entered into a formal engagement with the Company on 25 January 2010 for Alchemy BS to provide the consultancy services of Keith Kirkwood. This is in addition to an employment contract with Keith for his services as a Non-Executive Director of the Group. Both contracts were terminated on 1 March 2011.

Quovis Limited, a company controlled by Stephen Driver, entered into a formal engagement with the Company on 28 February 2011 for Quovis Limited to provide the consultancy services of Stephen Driver. This is in addition to an employment contract with Stephen for his services as a Non-Executive Director of the Group.

DIRECTORS' REMUNERATION REVIEW

Remuneration is reviewed in September each year with any revisions taking place from the beginning of October.

Bonuses may be awarded to the Executive Directors based on the performance of the Company.

On behalf of the Board

W Alan McClue
Chairman of the Remuneration Committee
11 December 2012

Statement of Directors' Responsibilities

In respect of the Report of the Directors and the Financial Statements for the year ended 30 September 2012

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report of the Directors and the Financial Statements in accordance with applicable law and regulations.

Company law requires Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare Financial Statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Report of the Independent Auditors

For the year ended 30 September 2012

TO THE MEMBERS OF DRIVER GROUP PLC

We have audited the Financial Statements of Driver Group plc for the year ended 30 September 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cashflow Statement, the Consolidated Statement of Changes in Equity, the Parent Company Balance Sheet and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3, Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of Financial Statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion:

- the Financial Statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30 September 2012 and of the Group's profit for the year then ended;
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company's Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' Remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Julien Rye
Senior Statutory Auditor
For and on behalf of BDO LLP, statutory auditor
3 Hardman Street, Manchester, M3 3AT, United Kingdom

11 December 2012

BDO LLP is a limited liability partnership registered n England and Wales (with registered number OC305127).

Consolidated Income Statement

For The Year Ended 30 September 2012

	Notes	2012 £000	2011 £000
REVENUE	2	26,258	17,365
Cost of Sales		(19,209)	(12,704)
GROSS PROFIT		7,049	4,661
Administrative expenses		(5,966)	(4,424)
Other operating income		152	123
Operating profit before share-based payment charge and exceptional items		1,788	559
Exceptional items	5	(418)	(125)
Share-based payment charge	18	(135)	(74)
OPERATING PROFIT	2,4	1,235	360
Finance income		9	2
Finance costs	6	(46)	(13)
PROFIT BEFORE TAXATION	2	1,198	349
Tax expense	7	(237)	(81)
PROFIT FOR THE YEAR		961	268
Profit attributable to non-controlling interests		152	40
Profit attributable to equity shareholders of the parent		809	228
		961	268
Basic earnings per share attributable to equity shareholders of the parent (pence)	10	3.3p	0.9p
Diluted earnings per share attributable to equity shareholders of the parent (pence)	10	3.1p	0.9p

The result for the current and the prior year arises from the Group's continuing operations.

The notes on pages 25 to 54 form part of these Financial Statements.

Consolidated Statement of Comprehensive Income

For The Year Ended 30 September 2012

	Notes	2012 £000	2011 £000
PROFIT FOR THE YEAR		961	268
Other comprehensive income:			
Exchange differences on translating foreign operations		(69)	23
Deferred tax credit	17	23	30
OTHER COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX		(46)	53
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		915	321
Total comprehensive income attributable to:			
Owners of the parent		763	281
Non-controlling interest		152	40
		915	321

The tax effects of items of other comprehensive income are disclosed in note 7.

The notes on pages 25 to 54 form part of these Financial Statements.

Consolidated Statement of Financial Position

At 30 September 2012

Company Number 3475146

	Notes	2012 £000	2012 £000	2011 £000	2011 £000
NON-CURRENT ASSETS					
Goodwill	12	3,407		2,356	
Property, plant and equipment	11	2,147		2,134	
Deferred tax asset	17	12		67	
			5,566		4,557
CURRENT ASSETS					
Trade and other receivables	13	8,835		4,839	
Cash and cash equivalents	16	1,357		596	
Current tax receivable		217		-	
			10,409		5,435
TOTAL ASSETS			15,975		9,992
CURRENT LIABLITIES					
Borrowings	15	(758)		(12)	
Trade and other payables	14	(5,741)		(2,915)	
Current tax payable		(97)		(131)	
			(6,596)		(3,058)
NON-CURRENT LIABILITIES					
Borrowings	15	(1,563)		(12)	
Deferred tax liabilities	17	(319)		(222)	
			(1,882)		(234)
TOTAL LIABILITIES			(8,478)		(3,292)
NET ASSETS			7,497		6,700
SHAREHOLDERS' EQUITY					
Share capital	18		106		106
Share premium	22		2,649		2,649
Merger reserve	22		1,493		1,493
Translation reserve	22		(85)		(16)
Capital redemption reserve	22		18		18
Retained earnings	22		4,024		3,493
Own shares	22		(844)		(1,083)
TOTAL SHAREHOLDERS' EQUITY			7,361		6,660
NON-CONTROLLING INTEREST	22		136		40
TOTAL EQUITY			7,497		6,700

The financial statements were approved by the Board of Directors, authorised for issue and signed on their behalf by:

Damien McDonald
Finance Director

11 December 2012

The notes on pages 25 to 54 form part of these Financial Statements.

Consolidated Cashflow Statement

For The Year Ended 30 September 2012

	Notes	2012 £000	2011 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation			
- Before share-based payment charge and exceptional items		1,751	548
- Exceptional items	5	(418)	(125)
- Share-based payment charge	18	(135)	(74)
		1,198	349
Adjustments for:			
Depreciation	11	208	236
Exchange adjustments		(2)	(10)
Loss on disposal of equipment		2	2
Finance income		(9)	(2)
Finance expense		46	13
Equity settled share-based payment charge		135	74
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		1,578	662
Increase in trade and other receivables		(1,688)	(825)
Increase in trade and other payables		1,496	1,049
CASH GENERATED FROM OPERATIONS		1,386	886
Tax (paid) / received		(285)	197
NET CASH INFLOW FROM OPERATING ACTIVITIES		1,101	1,083
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		9	2
Acquisition of property, plant and equipment		(184)	(49)
Acquisition of subsidiary, net of cash acquired	20	(2,165)	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		(2,340)	(47)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(46)	(13)
Repayment of borrowings		(203)	(1,239)
Proceeds of borrowings		2,500	-
Dividends paid to equity shareholders of the parent		(197)	-
Payment of dividends to non controlling interests		(56)	(4)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		1,998	(1,256)
Net increase / (decrease) in cash and cash equivalents		759	(220)
Effect of foreign exchange on cash and cash equivalents		2	12
Cash and cash equivalents at start of period		596	804
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16	1,357	596

The notes on pages 25 to 54 form part of these Financial Statements.

Consolidated Statement of Changes in Equity

For The Year Ended 30 September 2012

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves(1) £000	Retained earnings £000	Own shares £000	Total* £000	Non-controlling interest £000	Total Equity £000
OPENING BALANCE AT 1 OCTOBER 2010	**106**	**2,649**	**1,493**	**(21)**	**3,320**	**(1,242)**	**6,305**	**4**	**6,309**
Dividends	-	-	-	-	-	-	-	(4)	(4)
Share-based payment	-	-	-	-	74	-	74	-	74
Transfer of reserves(2)	-	-	-	-	(159)	159	-	-	-
Profit for the year	-	-	-	-	228	-	228	40	268
Other comprehensive income for the year	-	-	-	23	30	-	53	-	53
CLOSING BALANCE AT 30 SEPTEMBER 2011	**106**	**2,649**	**1,493**	**2**	**3,493**	**(1,083)**	**6,660**	**40**	**6,700**
Dividends	-	-	-	-	(197)	-	(197)	(56)	(253)
Share-based payment	-	-	-	-	135	-	135	-	135
Transfer of reserves(2)	-	-	-	-	(239)	239	-	-	-
Profit for the year	-	-	-	-	809	-	809	152	961
Other comprehensive income for the year	-	-	-	(69)	23	-	(46)	-	(46)
CLOSING BALANCE AT 30 SEPTEMBER 2012	**106**	**2,649**	**1,493**	**(67)**	**4,024**	**(844)**	**7,361**	**136**	**7,497**

* Total equity attributable to the equity holders of the parent

(1) 'Other reserves' combines the translation reserve, capital redemption reserve and other reserves. Explanatory details for these reserves are disclosed in note 22.

(2) The shortfall in balance between the exercise price of share options granted and the outstanding loan to the EBT is transferred from own shares to retained earnings over the vesting period (note 12).

The notes on pages 25 to 54 form part of these Financial Statements.

Summary of Significant Accounting Policies

For The Year Ended 30 September 2012

1 ACCOUNTING POLICIES

Driver Group plc ("the Company") is a company incorporated and domiciled in the UK. The policies have been applied consistently to all years presented, unless stated.

The Group Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS), International standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Boards (IASB) as adopted by the European Union ("adopted IFRSs") and with those part of the Companies Act 2006 applicable to those companies reporting under IFRS.

The Company has elected to prepare its financial statements in accordance with UK GAAP. These are provided on pages 47 to 54.

BASIS OF PREPARATION

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with Applicable Accounting Standards.

BASIS OF CONSOLIDATION

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The Consolidated Financial Statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity.

The Group Statement of Financial Position incorporates the shares held by the Driver Group Employee Benefit Trust which have not vested by the Statement of Financial Position date. These are shown as a deduction from shareholders' equity until such a time as they vest unconditionally with the employee.

Accounting policies are consistently applied throughout the Group. Intercompany balances and transactions have been eliminated. Material profits from intercompany sales, to the extent that they are not yet realised outside the Group, have also been eliminated.

Non-controlling interests in subsidiaries are presented separately from the equity attributable to equity owners of the parent company. Non-controlling shareholders interest may initially be measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquirees identifiable net assets.

The choice of measurement basis is made on each acquisition individually. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

BUSINESS COMBINATIONS

The Consolidated Financial Statements incorporate the results of business combinations using the purchase method. In the Consolidated Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Income Statement from the date on which control is obtained. They are derecognised from the date that control ceases.

Determining the fair value of intangibles acquired in business combinations requires estimation of the value of the cash flows related to the identified intangibles and a suitable discount rate in order to calculate the present value.

In arriving at the cost of acquisition, the fair value of the shares issued by the Company is taken to be the mid-market price of those shares at the date of issue. Where this figure exceeds the nominal value of the shares, the excess amount is treated as an addition to reserves.

GOODWILL

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued. Prior to the adoption of IFRS 3 (revised), direct costs of acquisition were also treated as a cost of acquisition. Following the adoption of IFRS 3, costs incurred in connection with acquisitions are recognised in profit and loss as incurred.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the Consolidated Income Statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the Consolidated Income Statement on the acquisition date.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

FOREIGN CURRENCY TRANSLATION

In preparing the financial statements of the individual entities, transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each Statement of Financial Position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the Statement of Financial Position date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of

FOREIGN CURRENCY TRANSLATION - continued
which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in sterling using exchange rates prevailing on the Statement of Financial Position date. Income and expense items (including comparatives) are translated at the actual exchange rates. Exchange differences arising, if any, are recognised in other comprehensive income and in the Group's translation reserve. Cumulative translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

REVENUE
Revenue in respect of the core services being: consultancy, contract administration and project consultancy services, represents the amount earned from the provision of services provided to customers outside of the Group and is recognised based on time incurred, when the services are delivered in line with the contractual arrangements.

Where the Group enters into a fixed fee arrangement revenue is recognised by reference to the stage of completion of the project.

Revenue in respect of corporate services work, which includes the valuation and recovery of debts due to insolvent businesses on behalf of insolvency practitioners, is recognised on the basis of the following:

- Revenue for fixed fee work is recognised by reference to the stage of completion of the project;
- Revenue earned from collecting cash on behalf of an insolvency practitioner is recognised on the basis of the agreed percentage commission earned applied to the actual cash collected at the Statement of Financial Position date.

Fees which are contingent on the occurrence of one or more significant future events are recognised as revenue once the events on which they are contingent have occurred.

Unbilled revenue is included in prepayments and accrued income.

SEGMENT REPORTING
In accordance with IFRS 8, operating segments are identified based on the "management approach". This approach stipulates external segment reporting based on the Group's internal organisational and management structure and on internal financial reporting to the chief operating decision maker. The chief operating decision maker is the Chief Executive Officer.

Details of the segments are provided in note 2.

FINANCING COSTS
Interest income and interest payable are recognised in the Consolidated Income Statement on an accruals basis, using the effective interest method.

LEASED ASSETS
Lessee
Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the Consolidated Income Statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the Consolidated Income Statement on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Lessor
Rentals received are credited to the Income Statement on a straight-line basis over the term of the lease.

DIVIDENDS
Interim dividends are recognised when they are paid. Final dividends are recorded in the Financial Statements in the period in which they are approved by the Group's shareholders.

EMPLOYEE BENEFITS
Defined contribution plan
The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the Consolidated Income Statement.

Share-based payment transactions
The cost of share options awarded to employees, measured by reference to their fair value at the date of grant, is recognised over the vesting period of the options based on the number of options which in the opinion of the Directors will ultimately vest. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The cost of the share options is recognised as an employee expense with a corresponding increase in equity.

TAXATION
Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Consolidated Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying value amount of assets and liabilities, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

IMPAIRMENT OF ASSETS
Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (i.e. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows).

Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Any change in estimates could result in an adjustment to recorded amounts.

Impairment charges are included in the administrative expenses line item in the Consolidated Income Statement, except to the extent they reverse gains previously recognised in the Consolidated Statement of Changes in Equity. An impairment loss recognised for goodwill is not reversed.

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

FINANCIAL ASSETS
Fair value through profit or loss
This category comprises only in-the-money derivatives (see Financial Liabilities section for out-of-the-money derivatives). They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in the Consolidated Income Statement in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Consolidated Income Statement. Confirmation that the trade receivable will not be collectable results in the gross carrying value of the asset being written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate.

FINANCIAL ASSETS - continued
Loans and receivables - continued
The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the Consolidated Statement of Financial Position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts and other short term banking facilities. Bank overdrafts are shown within loans and borrowings in current liabilities in the Consolidated Statement of Financial Position.

Net borrowings comprises borrowings net of cash and cash equivalents.

FINANCIAL LIABLITIES
Loans and receivables
Bank borrowings are initially recognised at fair value. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Consolidated Statement of Financial Position.

Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Fair value through profit or loss
This category comprises only out-of-the-money derivatives (see Financial Assets for in-the-money derivatives). They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in the Consolidated Income Statement. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment is stated at cost less accumulated depreciation and any provision for impairment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Land is not depreciated. Depreciation is charged to the Consolidated Income Statement to write off the cost less the estimated residual value of each part of an item of property, plant and equipment on a straight-line basis over the estimated useful lives at the following annual rates:

Buildings	-	2%
Fixtures and fittings	-	10%
Computer equipment	-	25%

Residual values and remaining economic useful lives and depreciation methods are reviewed annually and adjusted if appropriate.

Gains or losses on disposal are included in profit and loss.

EMPLOYEE BENEFIT TRUST
The Group Statement of Financial Position incorporates the results of Driver Group Employee Benefit Trust. The Directors consider that the activities of the Trust are being conducted on behalf of the Group and the Group obtains the benefits from the Trust's operation. In accordance with SIC 12 the assets of the Trust, and any liabilities it has, are recognised in the Group's Statement of Financial Position. Own shares held by the Trust for future distribution to employees under share option arrangements are deducted from shareholders' equity until such a time as they vest unconditionally with the employee. Any income or expenditure incurred by the Trust is recognised in the Group's Financial Statements.

ACCOUNTING ESTIMATES AND JUDGEMENTS
Details of the Group's accounting estimates and judgements are included in note 24.

STANDARDS ADOPTED FOR THE FIRST TIME
In preparing the Group Financial Statements for the current period, the Group has adopted the following new International Financial Reporting Standards (IFRS), amendments to IFRS and International Financial Reporting Interpretations Committee (IFRIC) Interpretations. These have not had a significant impact on the results or the net assets of the Group:

- IAS 24 (Revised) – Related Party Transactions Improvement to IFRS (2010).

None of the amendments to existing standards effective during 2012 were relevant to the Group.

Consideration has been given to the new standards, amendments and interpretations to published standards not yet effective and the Directors anticipate that the adoption of these Standards and Interpretations in future periods will not have a material impact on the Financial Statements of the Group.

Notes to the Financial Statements
For The Year Ended 30 September 2012

2 SEGMENTAL ANALYSIS

REPORTABLE SEGMENTS
For management purposes, the Group is organised into five operating divisions: Europe, Middle East, Africa, Asia Pacific and America. Asia Pacific and America were added following the acquisition of Trett Holdings Limited (Note 20). These divisions are the basis on which the Group is structured and managed, based on its geographic structure. In each of the divisions the key service provisions are: quantity surveying, planning / programming, quantum and planning experts, dispute avoidance / resolution, litigation support, contract administration, commercial advice / management and strategic project management.

Segment information about these reportable segments is presented below.

Year ended 30 September 2012

						Continuing Operations		
	Europe £000	Middle East £000	Africa £000	Asia Pacific £000	Americas £000	Eliminations £000	Unallocated[1] £000	Consolidated £000
Total external revenue	16,085	7,134	1,990	551	498	-	-	26,258
Total inter-segment revenue	17	-	-	-	-	(17)	-	-
Total revenue	16,102	7,134	1,990	551	498	(17)	-	26,258
Segmental profit/(loss)	1,900	1,491	284	(149)	(4)	-	-	3,522
Unallocated corporate expenses[1]	-	-	-	-	-	-	(1,734)	(1,734)
Share-based payment charge	-	-	-	-	-	-	(135)	(135)
Exceptional items (note 5)	(311)	-	-	-	-	-	(107)	(418)
Operating profit/(loss)	1,589	1,491	284	(149)	(4)	-	(1,976)	1,235
Finance income	-	-	-	-	-	-	9	9
Finance expense	-	-	-	-	-	-	(46)	(46)
Profit/(loss) before taxation	1,589	1,491	284	(149)	(4)	-	(2,013)	1,198
Taxation	-	-	-	-	-	-	(237)	(237)
Profit/(loss) for the year	1,589	1,491	284	(149)	(4)	-	(2,250)	961
OTHER INFORMATION								
Reportable segment assets	8,922	3,524	541	440	240	-	2,308	15,975
Capital additions[2]	147	52	2	14	8	-	-	223
Depreciation and amortisation	94	43	1	2	2	-	66	208

Inter-segment sales are charged at prevailing market rates.
[1] Unallocated costs represent Directors' remuneration, administration staff, corporate head office costs and expenses associated with AIM.
[2] Capital additions comprise additions to property, plant and equipment including additions resulting from acquisitions through business combinations.

No client had revenue exceeding 10% of the Group's revenue in the year to 30 September 2012.

Notes to the Financial Statements continued

For The Year Ended 30 September 2012

2 SEGMENTAL ANALYSIS – continued

Year ended 30 September 2011

					Continuing Operations			
	Europe £000	Middle East £000	Africa £000	Asia Pacific £000	Americas £000	Eliminations £000	Unallocated[1] £000	Consolidated £000
Total external revenue	12,044	4,503	818	-	-	-	-	17,365
Total inter-segment revenue	11	-	-	-	-	(11)	-	-
Total revenue	12,055	4,503	818	-	-	(11)	-	17,365
Segmental profit/(loss)	2,067	(15)	(98)	-	-	-	-	1,954
Unallocated corporate expenses[1]	-	-	-	-	-	-	(1,395)	(1,395)
Share-based payment charge	-	-	-	-	-	-	(74)	(74)
Exceptional items (note 5)	-	(71)	-	-	-	-	(54)	(125)
Operating profit/(loss)	2,067	(86)	(98)	-	-	-	(1,523)	360
Finance income	-	-	-	-	-	-	2	2
Finance expense	-	-	-	-	-	-	(13)	(13)
Profit/(loss) before taxation	2,067	(86)	(98)	-	-	-	(1,534)	349
Taxation	-	-	-	-	-	-	(81)	(81)
Profit/(loss) for the year	2,067	(86)	(98)	-	-	-	(1,615)	268
OTHER INFORMATION								
Reportable segment assets	5,481	2,086	180	-	-	-	2,245	9,992
Capital additions[2]	33	6	-	-	-	-	10	49
Depreciation and amortisation	82	71	1	-	-	-	82	236

Inter-segment sales are charged at prevailing market rates.

(1) Unallocated costs represent Directors' remuneration, administration staff, corporate head office costs and expenses associated with AIM.

(2) Capital additions comprise additions to property, plant and equipment.

No client had revenue exceeding 10% of the Group's revenue in the year to 30 September 2011.

Geographical information:

	External revenue by location of customers	
	2012 £000	**2011 £000**
UK	**11,540**	8,330
UAE	**2,950**	1,794
Oman	**2,761**	2,325
South Africa	**2,363**	1,778
United States	**1,367**	1,036
Qatar	**1,290**	490
Trinidad and Tobago	**-**	666
Other African countries	**1,282**	421
Germany	**787**	353
Netherlands	**790**	-
Singapore	**270**	-
Switzerland	**229**	-
Other Countries	**629**	172
	26,258	17,365

Notes to the Financial Statements continued

For The Year Ended 30 September 2012

3 EMPLOYEES

Staff costs including Directors' remuneration:

	2012 £000	2011 £000
Wages and salaries	**13,069**	9,590
Social security costs	**1,037**	806
Other pension costs	**188**	198
Share-based payment charge (note 18)	**135**	74
	14,429	10,668

The average number of persons employed by the Group, including Directors, during the year was as follows:

	2012	2011
By role:		
Directors	**5**	5
Fee-earners	**135**	99
Administration	**32**	28
	172	132

KEY MANAGEMENT AND DIRECTORS' REMUNERATION

The aggregate compensation of key management (including Executive Directors) is shown below:

	2012 £000	2011 £000
Emoluments	**1,287**	1,086
Money purchase pension contributions	**57**	31
	1,344	1,117
Share based compensation (note 18)	**69**	45
Total key management compensation	**1,413**	1,162

Key management consists of the statutory Executive Directors of the Company whose details are included in the remuneration report on page 17 plus the Executive Board which consists of the 5 (2011: 4) key business unit managing directors. The emoluments contain redundancy, ex-gratia and other discretionary payments as noted in the Directors' remuneration report.

Directors' remuneration disclosed above includes the following payments in respect of the highest paid Director:

	2012 £000	2011 £000
Emoluments	**344**	346
Money purchase pension contributions	**-**	-
Total remuneration	**344**	346

The number of Directors to whom retirement benefits are accruing:

	2012	2011
Money purchase pension schemes	**5**	4

Notes to the Financial Statements continued

For The Year Ended 30 September 2012

4 PROFIT FROM OPERATIONS

Profit from operations includes the following significant expenses:

	2012 £000	2011 £000
Depreciation and amounts written off property, plant and equipment – owned assets	**208**	236
Audit services:		
- statutory audit of parent	**5**	5
- statutory audit of subsidiaries	**56**	31
- audit regulatory reporting	**7**	5
Tax services:		
- compliance	**12**	7
- other services	**4**	3
Corporate finance services	**41**	-
Operating lease rentals – land and buildings	**871**	647
Exchange loss	**(66)**	(6)

5 EXCEPTIONAL ITEMS

	2012 £000	2011 £000
Severance costs (1)	**60**	125
Acquisition and integration costs (2)	**358**	-
	418	125

(1) Severance costs include redundancy, ex-gratia, other discretionary payments and associated legal costs.

(2) Acquisition and integration costs include legal and professional fees and office restructuring costs.

6 FINANCE EXPENSE

	2012 £000	2011 £000
Bank interest	**46**	12
Finance lease interest	**-**	1
	46	13

7 TAXATION

Analysis of the tax charge
The tax charge on the profit for the year is as follows:

	2012 £000	2011 £000
Current tax:		
UK corporation tax on profit for the year	**-**	86
Non-UK corporation tax	**207**	66
Adjustments to the prior period estimates	**(33)**	1
	174	153
Deferred tax:		
Adjustments to prior period estimates	**-**	-
Deferred tax expense / (credit) for the year	**63**	(72)
Tax on profit	**237**	81

7 TAXATION – continued

Factors affecting the tax charge
The tax assessed for the year varies from the standard rate of corporation tax in the UK. The difference is explained below:

	2012 £000	2011 £000
Profit before tax	**1,198**	349
Expected tax charge based on the standard average rate of corporation tax in the UK of 25% (2011: 27%)	**300**	94
Effects of:		
Expenses not deductible	**55**	43
Depreciation not deductible	**9**	9
Marginal relief	**-**	(4)
Deferred tax on share-based payment	**34**	20
Foreign tax rate difference	**(226)**	3
Adjustment to prior period estimates	**(43)**	1
Utilisation of losses	**(41)**	-
Unprovided deferred tax	**149**	(85)
Tax expense for the year	**237**	81

In addition to the amount charged to the Income Statement, a deferred tax credit of £23,000 (2011: £30,000) has been credited directly to other comprehensive income.

8 PROFIT / (LOSS) OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent Company is not presented as part of these Financial Statements. The parent Company's loss for the financial period was £129,000 (2011 loss: £19,000). The Company has elected to prepare the parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

9 DIVIDENDS

	2012 £000	2011 £000
The aggregate amount of equity dividends comprises:		
Final dividend paid in respect of prior year	**123**	-
Interim dividend paid in respect of the current year (0.3p)	**74**	-
Aggregate amount of dividends paid in the financial year	**197**	-
Equity dividends proposed for approval at Annual General Meeting (not recognised at year end)		
Final dividend for 2012: 0.7p (2011: 0.5p)	**172**	123

Equity dividends are payable to all the registered shareholders other than the Driver Group Employee Benefit Trust.

10 EARNINGS PER SHARE

	2012 £000	2011 £000
Profit for the financial year attributable to equity shareholders	**809**	228
Share-based payment charge	**135**	74
Exceptional items (note 5)	**418**	125
Adjusted profit for the financial year before share-based payments and exceptional items	**1,362**	427
Weighted average number of shares:		
- Ordinary shares in issue	**26,379,416**	26,379,416
- Shares held by EBT	**(1,700,645)**	(1,700,645)
Basic weighted average number of shares	**24,678,771**	24,678,771
Effect of Employee share options	**1,210,294**	-
Diluted weighted average number of shares	**25,889,065**	24,678,771
Basic earnings per share	**3.3p**	0.9p
Diluted earnings per share	**3.1p**	0.9p
Adjusted earnings per share before share-based payments and exceptional items	**5.5p**	1.7p

Potential ordinary shares relating to 1,950,000 share options (2011: 4,402,500) have not been included in the calculation of diluted earnings per share as their value has no dilutive effect. In 2011 dilutive and basic profit per ordinary share were identical.

11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Long leasehold £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST				
At 1 October 2010	1,987	572	797	3,356
Additions	-	17	32	49
Disposals	-	(40)	(5)	(45)
At 30 September 2011	1,987	549	824	3,360
DEPRECIATION				
At 1 October 2010	138	255	640	1,033
Charge for year	33	120	83	236
Impairment loss	-	-	-	-
Disposals	-	(38)	(5)	(43)
At 30 September 2011	171	337	718	1,226
NET BOOK VALUE				
At 30 September 2011	1,816	212	106	2,134
At 30 September 2010	1,849	317	157	2,323
COST				
At 1 October 2011	1,987	549	824	3,360
Additions	-	112	72	184
Acquired as part of business combinations	-	36	3	39
Disposals	-	(2)	(13)	(15)
At 30 September 2012	1,987	695	886	3,568
DEPRECIATION				
At 1 October 2011	171	337	718	1,226
Charge for year	35	102	71	208
Disposals	-	(2)	(11)	(13)
At 30 September 2012	206	437	778	1,421
NET BOOK VALUE				
At 30 September 2012	1,781	258	108	2,147
At 30 September 2011	1,816	212	106	2,134

Included in computer equipment were assets held under finance leases with a net book value of £9,000 (2011: £23,000) and a depreciation charge of £14,000 (2011: £14,000).

12 GOODWILL

	£000
COST	
At 1 October 2010 and 30 September 2011	2,356
Recognised on acquisition of a subsidiary (note 20)	1,051
Closing costs at 30 September 2012	3,407

An impairment test was undertaken by the Directors to assess the carrying value of goodwill and it was concluded that no impairment was required.

Goodwill is allocated to cash-generating units (CGU) identified on the basis of business segments.

A segment level summary of the goodwill allocated is presented below;

	2012 £000	2011 £000
Europe	**3,407**	2,356
Middle East	**-**	-
Africa	**-**	-
Total goodwill	**3,407**	2,356

The recoverable amount of the CGU has been determined by value in use calculations. The calculations used pre-tax cash flow projections over the next 5 year period based on the budgets for the next financial year. Cash flows beyond the budgeted one year period are extrapolated using the estimated growth rates per the table below. In accordance with IAS 36, the growth rates for beyond the budgeted period do not exceed the long-term average growth rate for the industry.

The key assumptions applied in the calculations were:

Gross margin	-	22% – 25%
Growth rate	-	0%
Discount rate	-	11% (pre-tax)

Management determined the gross margin rate based on past performance and future trading conditions. The growth rates are believed to be conservative growth rates for this business. The discount rate used is pre-tax to ensure consistency with the pre-tax cash flows and reflects the risk of the business segment.

Details of subsidiaries included in the Consolidated Financial Statements are as follows:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Percentage* of ordinary shares held	
Driver Consult Ltd	England and Wales	Construction consultancy services	100%	
North Gate Executive Search Ltd	England and Wales	Recruitment consultancy services	75%	(1)
Adjudication Toolkit Ltd	England and Wales	Construction adjudication software	100%	(2)
Driver Project Services Ltd	England and Wales	Construction consultancy services	100%	(3)
Driver Consult (Oman) LLC	Oman	Construction consultancy services	65%	(4)
Driver Consult (UAE) LLC	Abu Dhabi	Construction consultancy services	49%	(5)
Driver Group Africa (pty) Ltd	South Africa	Construction consultancy services	51%	
Driver Consult Qatar LLC	Qatar	Construction consultancy services	49%	(5)
Trett Holdings Ltd	England and Wales	Construction consultancy services	100%	
Trett Ltd	England and Wales	Construction consultancy services	100%	
Trett Consulting (Hong Kong) Ltd	Hong Kong	Dormant	100%	
Trett Consulting (India) Ltd	India	Dormant	70%	(6)
Trett Consulting (Singapore) Pty Ltd	Singapore	Construction consultancy services	100%	
Trett Consulting B.V.	Netherlands	Construction consultancy services	100%	
Trett Contract Services Ltd	England and Wales	Construction consultancy services	100%	
Trett Inc Delaware	United States	Dormant	100%	
Trett Texas LLC	United States	Construction consultancy services	100%	
Trett Consulting LLC	Qatar	Construction consultancy services	49%	(6)
Trett Consulting (Malaysia) SDN BHD	Malaysia	Construction consultancy services	100%	

* Unless stated below, voting rights are equivalent to percentage of ordinary shares held.

12 GOODWILL - continued

(1) North Gate Executive Search Ltd was disposed of on 9 December 2011. The effect of the disposal is immaterial to these financial statements
(2) The business was dissolved by the Company during the prior year
(3) On 7 July 2010 Commercial Management Consultants Limited changed its name to Driver Project Services Limited
(4) The Company is entitled to 99% of the profits
(5) The legal structure of the business provides the Company with effective 100% control and the business is therefore treated as a fully owned subsidiary
(6) The Company is entitled to 97% of the profits.

In addition to the above investments, the Company has loaned funds of £950,275 and made contributions to the Driver Group Employee Benefit Trust, which in turn has purchased shares in the Company. At 30 September 2012 the assets of the Trust comprised 1,700,645 of the Company's own shares with a nominal value of £6,803 (2011: £6,803) and a market value of £1,156,439 (2011: £369,890) which were acquired at a cost of £1,242,206. The cost of shares has been deducted from equity. The net assets of the Trust are available for the benefit of Driver Consult's and Driver Group's employees. Neither the loan from the Company nor the equivalent liability of the Trust is included in debtors or creditors. As a consequence of the exercise price of the modified share options (note 18) a realised loss will arise on the exercise of the options. This loss is recognised over the vesting period as a transfer to retained earnings.

13 TRADE AND OTHER RECEIVABLES

Amounts falling due within one year:

	2012 £000	2011 £000
Trade receivables	**7,628**	4,082
Other receivables	**121**	1
Prepayments and accrued income	**1,086**	756
	8,835	4,839

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

As at 30 September 2012 trade receivables of £2,790,000 (2011: £1,036,000) were past due but not impaired. They relate to customers against whom no provision is considered necessary. The ageing analysis of these receivables is as follows:

30 September 2012	Current (not yet overdue)	Debt age – "days overdue" 0-30 days	31-60 days	Over 60 days	Total
Trade receivables					
Value (£'000)	4,838	1,445	649	696	7,628
%	63%	19%	9%	9%	100%

30 September 2011	Current (not yet overdue)	Debt age – "days overdue" 0-30 days	31-60 days	Over 60 days	Total
Trade receivables					
Value (£'000)	3,046	400	300	336	4,082
%	75%	10%	7%	8%	100%

As at 30 September 2012 trade receivables of £1,029,000 (2011: £382,000) were past due, impaired and provided against, which included £701,000 in relation to Trett which was acquired in the year. There were no individually significant receivables included within the provision. The Group takes a prudent view in assessing the risk of non-payment and considers provision for all debts more than 3 months in arrears unless there are specific circumstances to indicate that there is little or no risk of non-payment of these older debts. Past due debts which are not provided against are in relation to non-disputed fees, a significant proportion of which relate to work performed in the Middle East. Historic experience has demonstrated that non-disputed fees are, in almost all instances, recovered in due course.

An analysis of the Group's trade and other receivables classified as financial assets by currency is provided in note 21.

14 TRADE AND OTHER PAYABLES:

Amounts payable within one year:

	2012 £000	2011 £000
Trade payables	**1,855**	827
Social security and other taxes	**709**	506
Other payables	**22**	73
Accrued expenses	**3,155**	1,509
	5,741	2,915

The Directors consider that the carrying value of trade payables is a reasonable approximation of the fair value.

Included within trade payables is £125,000 (2011: £35,000) payable between 3 and 12 months with the remainder due within 3 months.

15 BORROWINGS

An analysis of the maturity of loans is given below:

	2012 £000	2011 £000
Current:		
Bank loan	**750**	-
Finance lease	**8**	12
	758	12
Non-current falling due between one and two years:		
Bank loan	**563**	-
Finance lease	**-**	12
Non-current falling due between two and five years:		
Bank loan	**1,000**	-
	1,563	12

The carrying value of liabilities is a reasonable approximation of the fair value.

On 11 May 2012 the Group signed a renewal of the banking facilities with the Royal Bank of Scotland (RBS), which consist of:

	Facility	Interest rate (annual)
Overdraft facility	£ 750,000	3% above RBS base rate
Term loan repayable on 28 February 2015	£1,000,000	3% above RBS base rate
Term loan repayable quarterly over 2 years	£1,500,000	4.75% above LIBOR

As at 30 September 2012 the Company had access to cash balances (net of overdraft) of £1,357,000. The Group's borrowings are secured by debentures over the Group's assets and legal charges over long leasehold land and buildings with a current carrying value of £1,781,000.

16 CASH AND CASH EQUIVALENTS

	2012 £000	2011 £000
Cash at bank	**1,357**	596

Cash and cash equivalent balances are denominated in Sterling, Euros, US Dollars, Qatari Riyals, UAE Dirhams, Omani Rials, South African Rand, Malaysian Ringgits and Singapore Dollars.

17 DEFERRED TAXATION

Deferred tax is calculated at 24% (2011: 26%)

Deferred tax liability

	2012 £000	2011 £000
At the beginning of the year	**222**	257
Credit for the year recognised in Income Statement	**8**	(5)
Acquired as part of business combination (note 20)	**112**	-
Temporary differences on property	**(23)**	(30)
At end of year	**319**	222

Deferred tax asset

	2012 £000	2011 £000
At beginning of year	**67**	-
Deferred tax movement	**(55)**	67
At end of year	**12**	67

The elements of the deferred tax balances are as follows:

	Assets 2012 £000	Assets 2011 £000	Liabilities 2012 £000	Liabilities 2011 £000
Temporary differences on property	**-**	-	**(197)**	(220)
Capital allowances difference to depreciation	**-**	8	**-**	(2)
Other short term temporary differences	**12**	59	**(122)**	-
	12	67	**(319)**	(222)

Of the total net movement in deferred tax during the year, £23,000 (2011: £30,000) was credited to other comprehensive income, and the balance was credited to the Income Statement.

18 CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal Value:	2012 £000	2011 £000
50,000,000	Ordinary	0.4p	**200**	200

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2012 £000	2011 £000
26,379,416 (note 10)	Ordinary	0.4p	**106**	106

SHARE BASED PAYMENT TRANSACTIONS

Equity-settled share option plan
The Group plan provides for an exercise price which is normally equal to the average quoted market price of the Group shares on the date of grant. The vesting period is normally 3 years with the exercise period generally between 3 and 10 years. Options issued on 3 March 2008 were issued at a 10% discount to the average quoted market price and the exercise period was from 1 December 2010 to 3 March 2018. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest.

On 23 January 2011 the Group modified the existing share options by issuing 2,902,500 modified options at an option price of 21.5p which were conditional on the surrender of 1,935,000 existing options. The incremental increase in fair value of the share options has been recognised over the revised vesting period. In addition the Group granted 750,000 long term incentive plan options which are exercisable at nil consideration.

On 28 January 2011 75,000 share options were granted at 21.5p. On 27 April 2011 250,000 share options were granted at 21.5p and 375,000 shares were granted at nil p. These options are only exercisable in certain circumstances and consequently no charge has been recognised in the accounts. On 11 July 2011 50,000 share options were granted at 34.25p and on 29 September 2011 150,000 share options were granted at 22.5p.

18 CALLED UP SHARE CAPITAL - continued

Share option note
On 28 June 2012 and 11 July 2012 share options of 50,000 and 25,000 respectively were granted at an exercise price of 53.5p.

No share options were exercised in the year.

At 30 September 2012 the following unexercised share options to acquire ordinary shares granted under The Driver Group plc Enterprise Management Incentive Scheme were outstanding in respect of 26 employees (2011: 29):

Year of grant	**Vesting period**	**Exercise price per 0.4p share (pence)**	**2012 Number**	**2011 number**
2011	23-01-2011 to 01-10-2014	21.5p	**500,000**	500,000
	23-01-2011 to 01-10-2014	Nilp	**750,000**	750,000
	23-01-2011 to 01-10-2014	21.5p	**2,227,500**	2,327,500
	27-04-2011 to 01-10-2014	21.5p	**250,000**	250,000
	27-04-2011 to 01-10-2014	Nilp	**375,000**	375,000
	11-07-2011 to 01-10-2014	34.25p	**50,000**	50,000
	28-09-2011 to 01-10-2014	22.5p	**150,000**	150,000
2012	28-06-2012 to 01-10-2014	53.5p	**50,000**	-
	11-07-2012 to 01-10-2014	53.5p	**25,000**	-
			4,377,500	4,402,500

	2012		**2011**	
	Options	**Weighted average exercise price per share (pence)**	**Options**	**Weighted average exercise price per share (pence)**
Outstanding at 1 October	**4,402,500**	**16p**	1,935,000	75p
Granted during the year	**75,000**	**54p**	4,552,500	16p
Forfeited during the year	**(100,000)**	**22p**	(150,000)	22p
Surrendered during the year	**-**	**-**	(1,935,000)	75p
Outstanding at 30 September	**4,377,500**	**17p**	4,402,500	16p
Exercisable at 30 September	**-**	**-**	-	-

The options outstanding at 30 September 2012 had an exercise price between nil p and 53.50p, and a weighted average remaining contractual life of 7.82 years.

The principal inputs into the black scholes model for options issued during the year are as follows:

	2012
Weighted average share price per share on date of grant	53.50p – 71.50p
Weighted average exercise price per share	53.50p
Expected volatility	35%
Expected life of options	Between 3 and 10 years
Risk free rate (average)	3.79%
Expected dividend yield	4%
Weighted average fair value of options issued in the year	18.00p

Expected volatility was determined by calculating the historical volatility of the Group's share price and selected quoted comparable businesses over the previous 260 days. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Group recognised a charge of £135,000 (2011: £74,000) relating to equity-settled share-based payment transactions.

The directors' interests in share options are shown on page 14 in the Report of the Directors.

19 LEASES

Finance leases

During the year ended 30 September 2009 the Group entered into a lease for printing equipment which is classified as a finance lease as the rental period amounts to the estimated useful economic life of the assets concerned. The net carrying value of these assets at 30 September 2012 was £9,000 (2011: £23,000).

Future lease payments are due as follows:

	Minimum lease payments 2012 £000	Interest 2012 £000
Not later than one year	**8**	**-**
Later than one year and not later than five years	**-**	**-**
	8	**-**

The present values of future lease payments are analysed as:

	2012 £000	2011 £000
Current liabilities	**8**	12
Non-current liabilities	**-**	12
	8	24

Operating lease – lessee

The total future value of minimum lease payments under non-cancellable operating lease rentals is due as follows:

	2012		2011	
	Land and buildings £000	Other leases £000	Land and buildings £000	Other leases £000
Expiring:				
Not later than one year	**322**	**16**	191	-
Between one and five years	**1,225**	**124**	790	-
	1,547	**140**	981	-

Operating lease rentals represent payables by the Group for rented offices. Leases are negotiated for an average term of 1 to 5 years and rentals are fixed for an average of 1 to 5 years.

Operating lease – lessor

The minimum rent receivable under non-cancellable land and building operating leases are as follows:

	2012 £000	2011 £000
Not later than one year	**127**	127
Later than one year but not less than five years	**285**	412
	412	539

20 BUSINESS COMBINATION

On 11 May 2012 the Company acquired 100% of the share capital in Trett Holdings Limited. The company was acquired in order to bring in an experienced and high quality team of individuals to complement the Group's existing skill set and also to provide the group with access to a wide range of end markets (including marine and shipbuilding, petrochemical and nuclear engineering) and to bring greater geographical penetration.

Goodwill represents the value of the synergies arising from the economies of scale achievable in the enlarged group and the presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition. The synergistic benefits were the primary reason for entering into the business combination. The total amount of goodwill arising from the acquisition was £1,051,000. This is non-deductable for tax purposes.

The fair value of cash consideration paid amounted to £2,934,000 with cash paid at the point of acquisition of £3,000,000.

Other costs relating to the acquisition of £109,000 of the subsidiaries have not been included in the consideration and have been recognised as an expense. This expense is included within exceptional items (note 5).

20 BUSINESS COMBINATION - continued

Book and provisional fair value of assets and liabilities acquired:

	Book and Provisional Fair Value £000
Cash and cash equivalents	835
Trade and other receivables	2,311
Plant and equipment	39
Trade and other payables	(1,330)
Deferred tax liability	(112)
Tax Asset	140
NET ASSETS ACQUIRED	1,883

The contribution to net profit of the Group was £185,000. Group revenue includes £4,333,368 from the operations of Trett.

Since the acquisition Trett has contributed £4,333,368 Group revenues and £185,000 to Group profit. If the acquisition had been made on 1 October 2011 then Group revenue would have been £31,949,000. It is impracticable to calculate Group profit had the acquisition taken place on 1 October 2011 due to the group charges in the business pre acquisition.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments held by the Group, as detailed in this note, are classified as 'Loans and Receivables' (cash and cash equivalents, trade and other receivables), fair value through income statement (derivatives) and 'Financial Liabilities Measured at Amortised Cost' (trade and other payables, bank overdrafts, bank loans and loan notes).

A summary of the financial instruments held by category is provided below:

	Financial assets at fair value through income statement		Loans and receivables	
	2012 £000	2011 £000	2012 £000	2011 £000
FINANCIAL ASSETS				
Cash and cash equivalents	**-**	-	**1,357**	596
Trade and other receivables	**-**	-	**7,879**	4,238
Derivative financial assets	**22**	1	**-**	-
TOTAL FINANCIAL ASSETS	**22**	1	**9,236**	4,834

	Financial liabilities at fair value through income statement		Financial liabilities at amortised costs	
	2012 £000	2011 £000	2012 £000	2011 £000
FINANCIAL LIABILITIES				
Trade and other payables	**-**	-	**5,737**	2,885
Loans and borrowings	**-**	-	**2,321**	24
Derivative financial liabilities	**4**	30	**-**	-
TOTAL FINANCIAL LIABILITIES	**4**	30	**8,058**	2,909

Financial assets and liabilities measured at fair value through income statement are all valued using level 1 external valuations.

The Group's operations expose it to a variety of financial risks comprising liquidity risk, foreign exchange risk, interest rate risk and credit risk. The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group by using various instruments and techniques.

Risk management policies have been set by the Board and applied by the Group.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities as they fall due with surplus facilities to cope with any unexpected variances in timing of cash flows.

The Group believes it has sufficient cash and borrowing facilities to meet its operational commitments. At the year end the Group had the following un-drawn committed facilities in respect of which all conditions precedent had been met:

	2012 £000	**2011 £000**
Un-drawn borrowing facilities at 30 September	**750**	2,482
Cash and cash equivalents	**1,357**	596
Available funds	**2,107**	3,078

Maturity analysis

The table below analyses the Group's non-derivative financial liabilities into maturity groupings based on the period outstanding at the Statement of Financial Position date up to the contractual maturity date. All figures are contracted gross cash flows that have not been discounted.

30 September 2012

	Due within 1 year £000	**Due between 1 and 5 years £000**	**Total £000**
Non-derivative financial liabilities			
Bank loans	**750**	**1,563**	**2,313**
Finance lease creditor	**8**	**-**	**8**
Trade and other payables	**5,737**	**-**	**5,737**
Total	**6,495**	**1,563**	**8,058**

30 September 2011

	Due within 1 year £000	**Due between 1 and 5 years £000**	**Total £000**
Non-derivative financial liabilities			
Finance lease creditor	12	12	24
Trade and other payables	2,885	-	2,885
Total	2,897	12	2,909

On 11 May 2012 the Group signed a renewal of the banking facilities with the Royal Bank of Scotland (RBS), which consist of:

	Facility	Interest rate (annual)
Overdraft facility	£ 750,000	3% above RBS base rate
Term loan repayable on 28 February 2015	£1,000,000	3% above RBS base rate
Term loan repayable quarterly over 2 years	£1,500,000	4.75% above LIBOR

As at 30 September 2012 the Company had access to cash balances (net of overdraft) of £1,357,000. The Group's borrowings are secured by debentures over the Group's assets and legal charges over long leasehold land and buildings with a current varying value of £1,781,000.

(b) Foreign exchange risk

The Group operates in a number of markets across the world and is exposed to foreign exchange risk arising from various currency exposures in particular, with respect to the UAE Dirham, Omani Rial and Qatari Riyal, all of which are linked to the US dollar, the Euro, South African Rand, Malaysian Ringgitt and Singapore Dollar. The Group is exposed to foreign currency risk arising from recognised assets and liabilities as well as commitments arising from future trading transactions. The Group selectively uses financial products to insure against the effect of adverse movements in foreign exchange rates. This includes foreign exchange contracts and foreign currency borrowing. Reviews are carried out on a monthly basis to assess the level of foreign exchange exposure and to take any necessary action. The Group does not operate hedge accounting.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

(b) Foreign exchange risk - continued

The following balances are contained within other receivables (note 13) and other payables (note 14) in respect of derivative financial instruments, being foreign currency forward contract arrangements:

	2012 £000	2011 £000
Asset	**22**	1
Liability	**(4)**	(30)
	18	(29)

The balances are all current with assets of £22,000 (2011: £1,000) and liabilities of £2,000 (2011: £27,000) maturing within 3 months and a liability maturing in 6 to 12 months of £2,000 (2011: £3,000).

All gains and losses are recognised in the Consolidated Income Statement. A loss of £66,000 was recorded in the year (2011: loss of £6,000).

The Group's exposure to foreign currency net assets / (liabilities) is summarised as follows:

	GBP 2012 £000	EUR 2012 £000	AED 2012 £000	OMR 2012 £000	USD 2012 £000	QAR 2012 £000	ZAR 2012 £000	SGD 2012 £000	MYR 2012 £000	Total 2012 £000
FINANCIAL ASSETS										
Cash and cash equivalents	333	(67)	348	186	83	189	181	67	37	1,357
Trade and other receivables	3,926	381	1,251	1,246	146	269	365	126	169	7,879
Derivative financial assets	432	31	(252)	(112)	(1)	(76)	-	-	-	22
TOTAL FINANCIAL ASSETS	4,691	345	1,347	1,320	228	382	546	193	206	9,258
FINANCIAL LIABILITIES										
Trade and other payables	2,934	323	471	913	254	136	296	254	156	5,737
Loans and borrowings	2,321	-	-	-	-	-	-	-	-	2,321
Derivative financial liabilities	(902)	-	433	456	-	17	-	-	-	4
TOTAL FINANCIAL LIABILIITIES	4,353	323	904	1,369	254	153	296	254	156	8,062

	GBP 2011 £000	EUR 2011 £000	AED 2011 £000	OMR 2011 £000	USD 2011 £000	QAR 2011 £000	ZAR 2011 £000	SGD 2011 £000	MYR 2011 £000	Total 2011 £000
FINANCIAL ASSETS										
Cash and cash equivalents	313	(1)	132	62	(3)	28	65	-	-	596
Trade and other receivables	2,597	57	388	883	-	199	114	-	-	4,238
Derivative financial assets	(701)	-	396	183	-	123	-	-	-	1
TOTAL FINANCIAL ASSETS	2,209	56	916	1,128	(3)	350	179	-	-	4,835
FINANCIAL LIABILITIES										
Trade and other payables	2,165	75	257	265	-	42	81	-	-	2,885
Loans and borrowings	24	-	-	-	-	-	-	-	-	24
Derivative financial liabilities	(1,254)	-	705	333	-	246	-	-	-	30
TOTAL FINANCIAL LIABILIITIES	935	75	962	598	-	288	81	-	-	2,939

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

(b) Foreign exchange risk - continued

The Group earns Euro revenues in Europe and also generates local currency revenues and costs in the USA, South Africa, Oman, the UAE, Qatar, Malaysia and Singapore. As a consequence the Group's pre-tax income and equity is exposed to movements in Sterling relative to the Euro, US Dollar, South African Rand, Singapore dollars, Malaysian Ringgitts, UAE Dirham, Omani Rial and Qatari Riyal (the latter three currencies are linked to the US Dollar). The following table represents the estimated impact on the Group's pre-tax income and equity from a weakening or strengthening of Sterling relative to these currencies based on the 2011/12 performance.

Sensitivity analysis – Impact on Income Statement and on Equity

% change in Sterling relative to Euro/ US Dollar	10%	20%	10%	20%
	Income statement		Equity	
	£000	£000	£000	£000
Sterling strengthens relative to Euro	(69)	(126)	(52)	(95)
Sterling weakens relative to Euro	84	189	63	142
Sterling strengthens relative to US Dollar	(184)	(337)	(176)	(323)
Sterling weakens relative to US Dollar	225	506	216	484
Sterling strengthens relative to South African Rand	(42)	(77)	(40)	(73)
Sterling weakens relative to South African Rand	51	116	49	110
Sterling strengthens relative to Malaysian Ringgit	(2)	(3)	(1)	(2)
Sterling weakens relative to Malaysian Ringgit	2	4	1	3
Sterling strengthens relative to Singapore Dollar	5	10	4	7
Sterling weakens relative to Singapore Dollar	(6)	(14)	(5)	(11)

As overseas profits and non-Sterling income grow, the exposure of the Group's profit and equity to movements in Sterling relative to the Euro/US Dollar will increase too.

(c) Interest rate risk

The Group is subject to fluctuations in interest rates on its borrowings and cash and cash equivalents. The Group is aware of the financial products available to insure against adverse movements in interest rates. Formal reviews are undertaken to determine whether such instruments are appropriate for the Group.

The table below shows the Group's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing.

30 September 2012

	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
Cash and cash equivalents	-	1,357	-	1,357
Trade and other receivables	-	-	7,901	7,901
Trade and other payables	-	-	(5,741)	(5,741)
Bank loans	-	(2,313)	-	(2,313)
Finance lease creditor	(8)	-	-	(8)
	(8)	(956)	2,160	1,196

30 September 2011

	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
Cash and cash equivalents	-	596	-	596
Trade and other receivables	-	-	4,239	4,239
Trade and other payables	-	-	(2,915)	(2,915)
Finance lease creditor	(24)	-	-	(24)
	(24)	596	1,324	1,896

Interest rates on bank loans are disclosed in note 15.

Sensitivity analysis

The Group has calculated the following sensitivities based on available data from forward markets for fixed and floating interest rates and based on forecast average borrowings. Management believe that these reflect the most probable rate movements.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

Sensitivity analysis - continued

	2012 £000
Impact on Income Statement and Equity	
1% increase in base rate of interest	**(19)**
2% increase in base rate of interest	**(39)**

(d) Credit risk
The Group's financial assets are bank balances and trade and other receivables which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Management believe the Group has a wide trade receivable profile and therefore does not have any significant concentration of risk. The credit quality of trade receivables that are neither past due nor impaired is considered to be good. The ageing profile of the Group's debtors is disclosed in note 13.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Group mitigates risk by using surplus cash deposits to pay down borrowings and by spreading deposits among a range of banks.

(e) Capital management
The Group's main objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders. The Group aims to maintain a strong credit rating and headroom whilst optimising return to shareholders through an appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it with regard to the risks inherent in the business and in light of changes to economic conditions.

Capital is managed by maximising retained profits after dividend distributions. Working capital is managed in order to generate maximum conversion of these profits into cash and cash equivalents.

The policy for managing debt is to create a smooth debt maturity profile with the objective of ensuring continuity of funding to meet the Group's future liquidity requirements.

Capital includes share capital, share premium, merger reserve, translation reserve, capital redemption reserve, other reserve, own shares and retained earnings reserve (note 22). Net borrowings includes short and long term borrowings (including overdrafts and lease obligations) net of cash and cash equivalents.

(f) Market risk
Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

22 RESERVES

Share capital
The share capital account includes the nominal value for all shares issued and outstanding.

Share premium
The share premium account comprises the premium over nominal value on issued shares. The use of this reserve is restricted by the Companies Act 2006.

Merger reserve
The excess of the fair value over nominal value of shares issued by the Company for the acquisition of businesses is credited to the merger reserve. This is in accordance with S610 of the Companies Act 2006.

Translation reserve
The translation reserve records any exchange differences arising as a result of the translation of foreign currency equity balances and foreign currency non-monetary items.

Capital redemption reserve
The capital redemption reserve records shares purchased and then cancelled by the Company.

Non-controlling interest
The non-controlling interest relates to minority shareholdings in North Gate Executive Search Limited, Driver Group Africa (pty) Ltd, Driver Consult (Oman) LLC and Trett Consulting (India) Ltd (note 12).

22 RESERVES - continued

Retained earnings
The retained earnings reserve includes the accumulated profits and losses arising from the Consolidated Income Statement and certain items from the Statement of Changes in Equity attributable to equity shareholders net of distributions to shareholders.

Own shares
Own shares consist of shares held by Driver Group Employee Benefit Trust which have not been exercised at the Statement of Financial Position date shown as a deduction from shareholders' equity. Total number of own shares as at 30 September 2012 was 1,700,645 (2011: 1,700,645).

23 RELATED PARTY TRANSACTIONS

Other than the transactions with Directors noted in the Directors' Remuneration Report (page 17), during the financial year, the Group had no transactions with other related parties as defined by IAS 24 'Related Party Disclosures'. There were no other related party transactions in 2012.

24 ACCOUNTING ESTIMATES AND JUDGEMENTS

Some asset and liability amounts reported in the Consolidated Financial Statements contain a degree of management estimation and assumptions. There is therefore a risk of significant changes to the carrying amounts for these assets and liabilities within the next financial year. The estimates and assumptions are made on the basis of information and conditions that exist at the time of the valuation.

Impairment provisions
Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. An impairment review test has been performed at the reporting date and no impairment has been identified. Further details can be found in note 12.

Receivables impairment provisions
The amounts presented in the Consolidated Statement of Financial Position are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the present value of estimated future cash flows. At the Statement of Financial Position date a £1,029,000 (2011: £382,000) provision was required. Any future increase to the provision would lead to a corresponding increase in reported losses and a reduction in reported total assets.

Revenue recognition on fixed fee projects
Where the Group enters into a formal fixed fee arrangement revenue is recognised by reference to the stage of completion of the project. The stage of completion will be estimated by the Group's management based on the Project Managers assessment of each project.

Determination of fair value of assets and liabilities acquired in business combinations
The fair value of assets and liabilities acquired have been determined by the directors following a detailed review of the underlying balance sheet at the date of the acquisition.

Identification and valuation of intangibles acquired in business combinations
Identifiable intangible assets acquired in business combinations are recognised separately from goodwill. An intangible asset is identifiable if it arises from contractual or other legal rights, or if it is separable. Determining the fair value of intangibles acquired in business combinations requires estimation and judgement of the value of the cashflows related to the identified intangibles and a suitable discount rate in order to calculate the present value. As a result of this consideration of the criteria for recognition of intangibles, no intangibles other than goodwill have been separately recognised on the acquisition during the year. Further details of the acquisition are disclosed within note 20.

Driver Group plc (Company) Balance Sheet

At 30 September 2012

Company number: 3475146

	Notes	2012 £000	2012 £000	2011 £000	2011 £000
FIXED ASSETS					
Tangible assets	26		**2,054**		2,129
Investments	27		**6,478**		3,461
			8,532		5,590
CURRENT ASSETS					
Debtors	28	**1,023**		609	
Deferred tax asset	32	**-**		26	
Cash at bank and in hand		**78**		310	
		1,101		945	
CREDITORS					
Amounts falling due within one year	29	**(2,217)**		(479)	
NET CURRENT LIABILITIES / ASSETS			**(1,116)**		466
TOTAL ASSETS LESS CURRENT LIABILITIES			**7,416**		6,056
CREDITORS					
Amounts falling due after more than one year	30		**(1,563)**		(12)
NET ASSETS			**5,853**		6,044
CAPITAL RESERVES					
Called up share capital	33		**106**		106
Share premium	34		**2,649**		2,649
Merger reserve	34		**1,493**		1,493
Revaluation reserve	34		**1,113**		1,131
Capital redemption reserve	34		**18**		18
Profit and loss account	34		**1,318**		1,730
Own shares	35		**(844)**		(1,083)
SHAREHOLDERS' FUNDS	36		**5,853**		6,044

The Financial Statements were approved by the Board of Directors authorised for issue and signed on their behalf by:

Damien McDonald
Finance Director
11 December 2012

The notes on pages 48 to 54 form part of the Financial Statements.

Notes to the Financial Statements - Company

For The Year Ended 30 September 2012

25 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Financial Statements.

Basis of preparation
The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with Applicable Accounting Standards.

Cash flow statement
The company has taken advantage of the exemption permitted by UK GAAP not to present a cash flow statement.

Tangible fixed assets
Long leasehold land and buildings are included at valuation. The directors perform periodic valuations and annual impairment reviews in accordance with FRS 15 and FRS 11.

Depreciation is provided on other assets at the following annual rates in order to write off each asset over its estimated useful life.

Buildings	- 2% on revaluation
Fixtures and fittings	- 10% on cost
Computer equipment	- 25% on cost

Investments
Investments are included at cost, less amounts written off.

Deferred tax
Deferred tax is recognised in respect of timing differences that have originated but not reversed at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax balances are not discounted.

Foreign currencies
Assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the Balance Sheet date. Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Leases
Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the Profit and Loss Account over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the Profit and Loss Account on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Pensions
The Company operates a defined contribution pension scheme. Contributions payable for the year are charged in the Profit and Loss Account as incurred.

Employee Benefit Trust
In accordance with UITF abstract 38, any payments made to the Trust established for the benefit of the Group's employees are treated as the exchange of one asset for another. Accordingly, the assets of the Trust, and any liabilities it has, are recognised on the Company's Balance Sheet and are deducted from equity. Assets which vest unconditionally in beneficiaries of the Trust cease to be recognised as assets of the Company. Any income or expenditure incurred by the Trust is recognised in the Company's Financial Statements.

25 ACCOUNTING POLICIES - continued

Share-based payment transactions
The cost of share options awarded to employees measured by reference to their fair value at the date of grant is recognised over the vesting period of the options based on the number of options which in the opinion of the Directors will ultimately vest. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The cost of the share options is charged to the Profit and Loss Account and transferred to other reserves, except where the options relate to employees of subsidiary companies where the charge is recognised as an increase in the cost of investment in that subsidiary.

Dividends on shares presented within shareholders' funds
Dividends unpaid at the Balance Sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the Financial Statements.

Company Profit and Loss Account
As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these Financial Statements. The parent company's loss for the year was £129,000 (2011 loss: £19,000).

26 TANGIBLE FIXED ASSETS

	Land and buildings Long leasehold £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST OR VALUATION				
At 1 October 2011	2,000	297	689	2,986
Additions	-	19	8	27
At 30 September 2012	2,000	316	697	3,013
DEPRECIATION				
At 1 October 2011	33	187	637	857
Charge for year	35	31	36	102
At 30 September 2012	68	218	673	959
NET BOOK VALUE				
At 30 September 2012	1,932	98	24	2,054
At 30 September 2011	1,967	110	52	2,129

Included in computer equipment were assets held under finance leases with a net book value of £9,000 (2011: £23,000) and a depreciation charge of £14,000 (2011: £14,000).

Cost or valuation at 30 September 2012 is represented by:

	Land and buildings Long leasehold £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Valuation in 2012	2,000	-	-	2,000
Cost	-	316	697	1,013
	2,000	316	697	3,013

The long leasehold land and buildings were valued by Trevor Dawson, an independent firm of Chartered Surveyors, on 15 December 2010 at £2,000,000 and the Directors revalued the net book value accordingly at 30 September 2010.

If the long leasehold land and building had not been revalued, it would have been included at the following historical gross cost:

	2012 £000	2011 £000
Gross cost	**919**	919

27 FIXED ASSET INVESTMENTS

	Shares in Group Undertakings £000
COST	
At 1 October 2011	3,461
Additional capital investment	82
Addition of subsidiary	2,935
At 30 September 2012	6,478
NET BOOK VALUE	
At 30 September 2012	6,478
At 30 September 2011	3,461

The Company has direct or indirect interests in the following subsidiaries which are included in the Consolidated Financial Statements:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Percentage* of ordinary shares held	
Driver Consult Ltd	England and Wales	Construction consultancy services	100%	
North Gate Executive Search Ltd	England and Wales	Recruitment consultancy services	75%	(1)
Adjudication Toolkit Ltd	England and Wales	Construction adjudication software	100%	(2)
Driver Project Services Ltd	England and Wales	Construction consultancy services	100%	(3)
Driver Consult (Oman) LLC	Oman	Construction consultancy services	65%	(4)
Driver Consult (UAE) LLC	Abu Dhabi	Construction consultancy services	49%	(5)
Driver Group Africa (pty) Ltd	South Africa	Construction consultancy services	51%	
Driver Consult Qatar LLC	Qatar	Construction consultancy services	49%	(5)
Trett Holdings Ltd	England and Wales	Construction consultancy services	100%	
Trett Ltd	England and Wales	Construction consultancy services	100%	
Trett Consulting (Hong Kong) Ltd	Hong Kong	Dormant	100%	
Trett Consulting (India) Ltd	India	Dormant	70%	(6)
Trett Consulting (Singapore) Pty Ltd	Singapore	Construction consultancy services	100%	
Trett Consulting B.V.	Netherlands	Construction consultancy services	100%	
Trett Contract Services Ltd	England and Wales	Construction consultancy services	100%	
Trett Inc Delaware	United States	Dormant	100%	
Trett Texas LLC	United States	Construction consultancy services	100%	
Trett Consulting LLC	Qatar	Construction consultancy services	49%	(6)
Trett Consulting (Malaysia) SDN BHD	Malaysia	Construction consultancy services	100%	

* Unless stated below, voting rights are equivalent to percentage of ordinary shares held.

(1) North Gate Executive Search Ltd was disposed of on 9 December 2011. The effect of the disposal is immaterial to these financial statements.
(2) The business was dissolved by the Company during the prior year
(3) On 7 July 2010 Commercial Management Consultants Limited changed its name to Driver Project Services Limited
(4) The Company is entitled to 99% of the profits
(5) The legal structure of the business provides the Company with effective 100% control and the business is therefore treated as a fully owned subsidiary
(6) The Company is entitled to 97% of the profits.

In addition to the above investments, the Company has loaned funds of £950,275 and made contribution to the Driver Group Employee Benefit Trust, which in turn has purchased shares in the Company. At 30 September 2012 the assets of the Trust comprised 1,700,645 of the Company's own shares with a nominal value of £6,803 (2011: £6,803) and a market value of £1,156,439 (2011: £369,890) which were acquired at a cost of £1,242,206. The cost of shares has been deducted from equity. The net assets of the Trust are available for the benefit of Driver Consult's and Driver Group's employees. Neither the loan from the Company nor the equivalent liability of the Trust is included in debtors or creditors. As a consequence of the exercise price of the modified share options (note 18) a realised loss will arise on the exercise of the options. This loss is recognised over the vesting period as a transfer to retained earnings.

28 DEBTORS

Amounts falling due within one year:

	2012 £000	2011 £000
Trade debtors	**23**	13
Amounts owed by Group undertakings	**691**	456
Other debtors	**74**	-
Prepayments and accrued income	**235**	140
Corporation Tax	**-**	-
	1,023	609

29 CREDITORS

Amounts falling due within one year:

	2012 £000	2011 £000
Bank loan and overdrafts (note 31)	**750**	-
Trade creditors	**266**	45
Corporation tax	**-**	41
Social security and other taxes	**23**	19
Accrued expenses	**365**	362
Amounts owed to Group undertakings	**805**	-
Finance lease creditor	**8**	12
	2,217	479

30 CREDITORS

Amounts falling due after more than one year:

	2012 £000	2011 £000
Bank loan (note 31)	**1,563**	-
Finance lease creditor	**-**	12
	1,563	12

31 BANK LOAN AND OVERDRAFTS

An analysis of the maturity of loans is given below:

	2012 £000	2011 £000
Amounts falling due within one year or on demand:		
Bank overdrafts	**750**	-
Finance lease	**8**	12
	758	12
Amounts falling due between one and two years:		
Bank loan	**563**	-
Finance lease	**-**	12
Amount falling due between two and five years:		
Bank loan	**1,000**	-
	1,563	12

On 11 May 2012 the Group signed a renewal of the banking facilities with the Royal Bank of Scotland (RBS), which consist of:

	Facility	Interest rate (annual)
Overdraft facility	£ 750,000	3% above RBS base rate
Term loan repayable on 28 February 2015	£1,000,000	3% above RBS base rate
Term loan repayable quarterly over 2 years	£1,500,000	4.75% above LIBOR

As at 30 September 2012 the Company had access to cash balances (net of overdraft) of £1,357,000. The Group's borrowings are secured by debentures over the Group's assets and legal charges over long leasehold land and buildings with a current carrying value of £1,781,000.

32 DEFERRED TAX

The elements of deferred tax balances are as follows:

	2012 £000	Assets 2011 £000
Capital allowances in excess of depreciation	**-**	5
Other timing differences	**-**	21
	-	26

	Assets £000	Liabilities £000
At 1 October 2011	**26**	-
Decrease in asset	**(26)**	-
At 30 September 2012	**-**	-

If the Company's land and buildings were sold at their revalued amount an estimated tax liability of approximately £253,000 (2011: £263,000) would arise.

33 CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal Value:	2012 £000	2011 £000
50,000,000	Ordinary	0.4p	**200**	200

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2012 £000	2011 £000
26,379,416	Ordinary	0.4p	**106**	106

Information relating to the Company's share option scheme is detailed in note 18 of the Consolidated Group Accounts.

34 RESERVES

	Share Premium £000	Merger reserve £000	Revaluation reserve £000	Capital redemption reserve £000	Profit and loss account £000
At 1 October 2011	2,649	1,493	1,131	18	1,730
Loss for the year	-	-	-	-	(129)
Dividends	-	-	-	-	(197)
Share-based payments	-	-	-	-	135
Reserves transfer	-	-	(18)	-	(221)
At 30 September 2012	2,649	1,493	1,113	18	1,318

35 OWN SHARES

	£000
At 1 October 2011 (note 27)	1,083
EBT Reserves transfer	(239)
At 30 September 2012 (note 27)	844

36 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £000	2011 £000
Loss for the financial year	**(129)**	(19)
Dividends	**(197)**	-
Share-based payments	**135**	74
Net addition to shareholders' funds	**(191)**	55
Opening shareholders' funds – equity	**6,044**	5,989
Closing shareholders' funds - equity	**5,853**	6,044

37 COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

		Land and buildings
	2012 £000	2011 £000
Expiring:		
Not later than one year	**-**	196
Between one and five years	**180**	76
	180	272

38 RELATED PARTY TRANSACTIONS

The Directors have reviewed transactions with Related Parties and determined the following disclosures are required by FRS 8.

Transactions with North Gate Executive Search Limited

	2012 £	2011 £
Expenses paid / incurred on behalf of subsidiary	**5,774**	54,178
Cash advances to subsidiary	**-**	79,048
Cash advances from subsidiary	**-**	(138,170)
Loans and advances repaid by subsidiary	**30,135**	-
Provision	**-**	7,819
Balance due from North Gate at the year end	**-**	30,135

Related party transactions relating to the directors are disclosed in the Directors' Remuneration Report (page 17).

Notice of Annual General Meeting

Driver Group Plc (the "Company")

Notice is hereby given that the 2013 Annual General Meeting ("**AGM**") of Driver Group plc (the "**Company**") will be held at Peter House, Oxford Street, Manchester, M1 5AN at 3 p.m. on 28th February 2013 to consider and, if thought fit, to pass the following resolutions ("**Resolutions**"), of which Resolutions 1, 2, 3, 4, 5 and 6 will be proposed as ordinary resolutions and Resolutions 7 and 8 will be proposed as special resolutions:

ORDINARY RESOLUTIONS

1. **TO** receive and adopt the annual accounts of the Company for the financial year ended 30 September 2012 together with the reports of the directors and auditors thereon.

2. **TO** declare a final dividend of 0.7 pence per share.

3. **TO** re-appoint BDO LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.

4. **TO** authorise the directors to agree the remuneration of the auditors.

5. **TO** re-elect David Webster who retires by rotation in accordance with article 19.4 of the Company's articles of association and who, being eligible, offers himself for re-election, as a director.

6. **THAT**, the directors be and are hereby generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("**Rights**") up to an aggregate nominal amount of £35,172.55, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 15 months from the passing of this Resolution or, if earlier, the date of the next annual general meeting of the Company, save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offers or agreements notwithstanding that the authority conferred by this Resolution has expired.

   This authority is in substitution for all unexercised authorities previously granted to the directors to allot shares or grant Rights but without prejudice to any allotment of any shares or grant of any Rights already made, offered or agreed to be made pursuant to such authorities.

SPECIAL RESOLUTIONS

7. **THAT**, subject to the passing of Resolution 6 above, the directors be given the general power to allot equity securities (as defined by section 560 of the Companies Act 2006 (the "**Act**")) for cash, either pursuant to the authority conferred by Resolution 6 above or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:

   (a) the allotment of equity securities in connection with an offer of equity securities:

      (i) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

      (ii) to the holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

   but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

   (b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £10,551.77,

   and shall, unless renewed, varied or revoked by the Company, expire on the date which is 15 months from the passing of this Resolution or, if earlier, the date of the next annual general meeting of the Company, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution has expired.

Driver Group Plc (the "Company")

This authority is in substitution for all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

8. **TO** authorise the Company generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 0.4p each ("**Ordinary Shares**") provided that:

   (a) the maximum aggregate number of Ordinary Shares that may be purchased is 2,637,942;

   (b) the minimum price (excluding expenses) which may be paid for each Ordinary Share is 0.4p;

   (c) the maximum price (excluding expenses) which may be paid for each Ordinary Share is the higher of:

      (i) 105 per cent. of the average market value of an Ordinary Share in the Company for the five business days prior to the day the purchase is made; and

      (ii) the value of an Ordinary Share calculated on the basis of the higher of the price quoted for:

         a. the last independent trade of; and

         b. the highest current independent bid for,

      any number of the Company's Ordinary Shares on the trading venue where the purchase is carried out.

   The authority conferred by this Resolution shall expire on the date which is 15 months from the passing of this Resolution or, if earlier, at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this Resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority.

Dated: 11 January 2013

Registered office:

1 Norton Folgate
London
United Kingdom
E1 6DB

By order of the Board

Thomas Hugh Ferns
Company Secretary

Annual General Meeting Notes and Explanations

Driver Group Plc (the "Company")

1. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that to be entitled to attend and vote at the Annual General Meeting ("**AGM**") (and for the purpose of determining the number of votes a member may cast), members must be entered on the register of members of the Company ("**Register of Members**") by 6.00 p.m. on 26th February 2013 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting. Changes to entries in the Register of Members after 6.00 p.m. on 26th February 2013 or, in the event that the meeting is adjourned, in the Register of Members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend and vote at the meeting.

2. A member of the Company entitled to attend, speak and vote at the AGM is entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote on his or her behalf (on a show of hands and on a poll). You should have received a proxy form with this notice of the AGM. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy need not also be a member, but must attend the AGM to represent you. Completion and return of a proxy form will not preclude a member from attending and voting at the AGM or at any adjournment thereof should the member so decide. If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to the same shares.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

6. To be valid, the proxy form must be completed, signed and returned so as to reach Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA by no later than 48 hours before the time for holding the AGM (or any adjourned meeting).

7. Details of how to appoint the Chairman of the AGM or another person as your proxy using the proxy form are set out in the notes to the proxy form. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold his vote. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the AGM and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.

8. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

9. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the name of the joint holders appear in the Register of Members in respect of the joint holding (the first-named being the most senior).

11. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same shares.

12. Proxy forms may not be submitted via the Company's website or via any e-mail address set out on the Company's website.

13. You may not use any electronic address provided either in this notice or any related documents (including the Chairman's letter, the proxy form and any revocation notice) to communicate with the Company for any purpose other than those expressly stated.

Driver Group Plc (the "Company")

EXPLANATORY NOTES TO THE RESOLUTIONS:

RESOLUTION 1 – REPORT AND ACCOUNTS

The directors are required by law to present to the annual general meeting the annual accounts, the directors' report and the auditor's report on the annual accounts.

RESOLUTION 2 – DECLARATION OF DIVIDEND

The final dividend for the year ended 30 September 2012 will be paid on 9th April 2013 to shareholders on the register at the close of business on 2nd April 2013, subject to approval by shareholders.

RESOLUTIONS 3 AND 4 – RE-APPOINTMENT AND REMUNERATION OF AUDITORS

The appointment of BDO LLP as auditors of the Company terminates at the conclusion of the AGM. They have indicated their willingness to be re-appointed as the Company's auditors. Accordingly, this resolution proposes their re-appointment and, in accordance with standard practice, gives authority to the directors to determine their remuneration.

RESOLUTION 5 – RE-ELECTION OF DIRECTOR

Under the Company's articles of association, David Webster is required to retire by rotation as a director at this AGM. He is eligible for re-election and the directors recommend that he is re-elected.

RESOLUTION 6 – ALLOTMENT OF SHARES

This resolution will, if passed, authorise the directors to allot shares or grant rights to subscribe for, or to convert securities into shares up to a maximum nominal amount of £35,172.55 which represents approximately one third of the Company's issued ordinary shares as at 11 January 2013. The authority granted by this resolution will expire on 28th May 2014 or, if earlier, the date of the next annual general meeting of the Company.

RESOLUTION 7 – DISAPPLICATION OF PRE-EMPTION RIGHTS

This resolution will, if passed, give the directors power, pursuant to the authority to allot granted by resolution 6, to allot equity securities or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing holdings:

(a) in relation to pre-emptive offers and offers to holders of other equity securities if required by the rights of those securities or as the directors otherwise consider necessary, up to a maximum nominal amount of £35,172.55 which represents approximately one third of the Company's issued ordinary shares as at 11 January 2013; and

(b) in any other case, up to a maximum nominal amount of £10,551.77 which represents approximately 10% of the Company's issued ordinary shares as at 11 January 2013.

The power granted by this resolution will expire on 28th May 2014 or, if earlier, the date of the next annual general meeting of the Company.

RESOLUTION 8 – MARKET PURCHASES OF OWN SHARES

This resolution seeks authority for the Company to make market purchases of its own ordinary shares. If passed, the resolution gives authority for the Company to purchase up to 2,637,942 of its ordinary shares, representing approximately 10% of the Company's issued ordinary shares as at 11 January 2013. The authority will expire on 28th May 2014 or, if earlier, the date of the next annual general meeting of the Company.

Driver Group plc

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