driver group plc

Company number: 3475146

Annual Report & Accounts 2016

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Key Financial Information

Financial Highlights

- Revenue and profits in line with guidance given in pre-close trading update of 14 September
- Revenue up 21% to £58.3m (2015: £48.0m)
    - Second half revenue up 13% to £30.4m (2015: £26.8m)
- Underlying* operating loss of £0.2m (2015: Profit £1.2m)
    - Second half underlying* operating profit of £1.2m (2015: £1.6m)
    - Second half result absorbs £0.5m bad debt provision for "AMEA"
- Underlying* loss before taxation of £0.4m (2015: Profit £1.1m) and reported loss before taxation of £5.3m (2015: £1.9m)
- Net borrowings £9.9m at end September (2015: £2.5m)

Operational Highlights

- Group Board changes
    - Gordon Wilkinson appointed Chief Executive Officer in March 2016
    - Hugh Cawley appointed Group Finance Director in September 2016
    - Bob Laslett resigned as Non-Executive Director in June 2016
- Strategy refreshed and clearly articulated, focusing on the Group's traditional and proven areas of expertise, claims and dispute resolution and expert witness support services
- Overhead and administrative savings of £1.3m (annualised) implemented in the second half
- Asia Pacific, Middle East & Africa ('AMEA')
    - Regional oil & gas disputes team established in Singapore
    - H2 revenue up 26% on prior year period led by organic growth in UAE, Oman and Singapore
- Europe & Americas ('EuAm')
    - H2 revenue up 6% on prior year period led by organic growth across the regions disputes services and growth from the Paris office opened in April 2015

Start to new financial year

- Balance sheet restructured with a successful £8.0 million equity raise, with potential for a further £0.5 million and renegotiated banking facilities of £8.0 million, to underpin and support the next phase of the turnaround
- Strong start to the new year with first four months comfortably ahead of prior year (+£1.1m at an underlying* profit before tax level) and ahead of internal forecasts
- Appointment of John Horgan as non-executive director to the Board, on David Webster's standing down

** Underlying figures are stated before the share-based payment costs, exceptional items and amortisation of intangible assets*

***Net (borrowings) / cash consists of cash and cash equivalents, bank loans and finance leases*

Chairman's Statement

INTRODUCTION

The past year has been one of enormous change across the whole of the Driver Group. The first half saw a significant increase in revenue but this was not accompanied by commensurate profits as the costs of the increased headcount within the "AMEA" region in particular outweighed new client assignments, and we experienced some delay in securing new opportunities. The loss declared at the half year was clearly unacceptable. Significant change was needed to improve the prospects of the Group and action needed to be taken decisively and effectively. While much remains to be done the changes implemented saw a new management team under Gordon Wilkinson take charge and introduce a radical overhaul of every part of our business resulting in a second half which demonstrated a marked improvement. The underlying* loss before tax of £1.5m in the first half was reduced to an underlying* loss before tax of £0.4m for the full year to 30 September 2016 and a clear strategy for the businesses has been articulated and is being executed. The business in the UK and Europe showed excellent progress, particularly in the disputes and claims business, enhancing its reputation as a leading supplier of expert witnesses and in particular strengthening the Diales brand. Our ambition now is to turn underlying profits into actual and sustainable profits and your Board is confident that this can be achieved over time.

FINANCIAL RESULTS

Revenue for the year was £58.3m (2015: £48.0m) and underlying* operating loss before tax was £0.2m (2015: profit £1.2m). The underlying* loss per share was 1.0p (2015: earnings of 3.2p). The reported loss before taxation was £5.3m (2015: £1.9m), after exceptional items relating to severance payments of £1.4m (2015: £0.5m), impairment of goodwill £1.4m (2015: £nil), acquisition and integration costs of £0.6m (2015: £1.6m), restructuring costs of £0.2m (2015: £nil), a share based payment charge of £1.1m (2015: £0.5m) and amortisation of intangible assets of £0.2m (2015: £0.2m).

Net borrowings at the year-end were slightly higher than expected, at £9.9m (2015: £2.5m), reflecting the losses, the costs of severance payments, and of the acquisition of initiate Consulting Limited ('Initiate') and the increase in working capital requirements associated with the growth of the business. The deleveraging of the balance sheet is, of course, the principal reason for the additional equity injection. The Company has raised £8.0 million before expenses though the placing of 20,000,000 ordinary shares and extended an Open Offer to existing shareholders of up to a maximum of a further £0.5 million at a price of 40 pence per share. New term debt facilities have also been agreed for an initial £8.0 million, comprising a £5.0 million term loan facility and a revolving credit facility of a further £3.0 million; these facilities will become effective and drawable upon completion of the Placing.

DIVIDEND

Given the trading results the Board do not recommend the payment of a dividend for 2016 (2015: final 1.05p; full year 1.65p).

STRATEGY

The strategy of your Board is to concentrate on those areas where we excel, in claims and dispute resolution, with the objective of consolidating the Group's position as one of the pre-eminent firms in its areas of expertise. Whilst this may not deliver dramatic revenue growth in the near term it ought to result in a healthy and stable business, generating attractive returns for shareholders.

BOARD

As announced with the Interims, Dave Webster retired as CEO and assumed a non-executive role. Dave was replaced by Gordon Wilkinson, previously Chief Operating Officer of Initiate in March of this year. Bob Laslett resigned as a non-executive director at the beginning of June, and Damien McDonald stepped down to pursue other opportunities with effect from 30 September to be replaced by Hugh Cawley as Group Finance Director. As Dave Webster now steps down altogether, we welcome the appointment of John Horgan as a non-executive director who I am sure will be a significant asset to the Board in the future. I believe we now have a balanced and experienced Board well able to deliver the Group's recovery and growth strategy.

I should like to place on record our thanks to the retiring members of the Board for their service and dedication and to wish them well in their future endeavours.

OUTLOOK

The first four months of this current financial year have shown a marked improvement compared with the equivalent period in the previous year, with underlying* profit before tax improving by £1.1m and ahead of internal forecasts. While it is always difficult to predict volumes in a professional services business such as ours your Board is confident that the company will continue to take out unnecessary costs, improve margins and refine our areas of operation both geographically and intellectually. Gordon Wilkinson as CEO and Mark Wheeler as Global COO have led this recovery and I am enormously grateful to them both and through them to all our staff for the enormous effort they have put in to reforming our business in challenging times. With this strategy of increasing our concentration on the higher margin claims and disputes markets now so clearly articulated and once the financial structure of the business is again back on

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a solid base following the equity raise now in process, I believe that shareholders, staff and other stakeholders can look forward to the future with renewed confidence.

Steven Norris
Non-Executive Chairman

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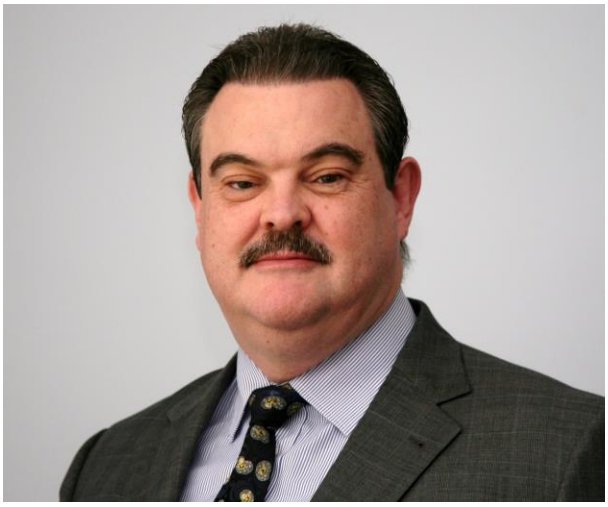
Strategic Report – Chief Executive's Review



INTRODUCTION

Having taken on the role of Group Chief Executive in March 2016, I was in no doubt of the significant challenges that lay ahead and the major rebuilding exercise required to return the business to a sustainable and profitable business model. Despite impressive revenue growth in recent years, we had failed to effectively manage our cost base and cash collections, ultimately leading to an underlying* loss before tax of £1.5m in the first half of the financial year.

There were a number of immediate challenges to address:

The first priority was clearly to adjust the cost base, which presented opportunities for reduction as it had been put in place to support a planned steep increase in both revenue and profit. Actions taken resulted in an annualised overhead cost saving of £1.3m.

In parallel the Group strategy for growth and diversification was closely scrutinised, and a decision made to move away from providing a high volume of low margin work in a wide number of construction related activities. Instead, the focus was returned to the Group's core business offering of construction claims, dispute resolution, and the provision of expert witness services. These core services have consistently been the Group's most profitable services, with gross margins of between 25% and 40%, varying from region to region. We also focussed on the development and strengthening of the Diales brand, which has proved hugely successful with our clients.

Our cash collection had become less effective, especially in some of our more challenging markets. Immediate steps were taken to improve our cash position and put in place new processes to improve our on-going cash collection.

The final step in the repositioning process was to appoint a predominately new leadership team and structure which was both streamlined, and could provide consistent global leadership and direction. This led to the recruitment of Hugh Cawley as Group Finance Director, replacing Damien McDonald, who has now left the business. The appointment of Mark Wheeler as Global Chief Operating Officer in September 2016, completed the leadership team and gave us the ability to drive a strategy of global integration focussed on delivering excellence in all that we do and achieving sustainable and profitable success.

The financial year 2015-16 was undoubtedly a challenging one, with H1 being particularly disappointing. However H2 saw the Group return to profit at an underlying* level with trading stabilised, and an underlying* loss before tax for the year of £0.4m (2015: £1.1m profit), a creditable recovery on the H1 underlying* loss before tax of £1.5m.

On behalf of the Board I would like to take this opportunity to thank the staff for their efforts and loyalty throughout a very challenging 2016.

FINANCIAL PERFORMANCE

Revenue grew by 21% to £58.3m (2015: £48.0m). Gross Margin increased by £1.1m to £11.7m (2015: £10.6m).

AMEA

A significant proportion of the revenue generated in AMEA came from the Middle East market. This market continues to be highly competitive, and the payment terms available have created a significant challenge for the business in collecting its debts. Our overall bad debt provision in 2016 was increased significantly to £1.4m (2015: £0.5m) owing to a number of Middle East contracts being written down. Moving forward we will take a more stringent approach to our bad debt provisions.

The implementation of our previous strategic plan had led to a significant increase in headcount across the AMEA region. Steps have been taken to ensure our headcount is more closely aligned with our ability to secure and deliver profitable work.

Despite the downturn in the Oil & Gas sector in the year, the region saw an increase in the number of appointments on commissions, particularly in Asia Pacific. We are optimistic that this trend will continue.

The market in Hong Kong has been challenging, and whilst there was no growth for the Group, trading was steady and we remain confident that we can be a major player in the marketplace.

The Australian market was very difficult in FY 2015-16 and as such we significantly reduced our costs to stabilise trading.

EUROPE AND AMERICAS

The UK continued to operate in a strong and consistent manner. Following the outcome of the Brexit vote in June, the UK construction market dipped briefly but has now recovered and is showing signs of growth in 2017 and beyond. The UK Government announced an additional £23bn of capital spend on innovation and infrastructure over the next five years; the third runway at Heathrow was approved; and construction of HS2 will start next year.

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The UK has developed into a centre of excellence for testimony and dispute resolution expertise. 2016 saw the number of our Diales experts increase, from only 13 four years ago, to close to 40, half of whom are based in the UK. We are winning more expert work around the globe, typically with healthy gross margins of up to 40%.

The Netherlands and Germany have been effectively run as one business following leadership changes in 2014-15. The offices service Northern Europe predominantly in offshore and heavy engineering. Both have had a good year, with the Netherlands achieving record breaking revenue and profit levels for the year as a whole.

Although still in its infancy, our France business is performing well. In its first 18 months the office has expanded to a team of 10, and there are significant opportunities to grow the business further. We have a dominant position and unique offering in the French market that should facilitate continued growth and opportunities to develop markets in Central and South America, as well as parts of French speaking Africa and Canada.

After a strong first year in 2015 for our Canadian business, 2016 has been somewhat more difficult owing to a number of commissions taking longer than expected to start.

At the end of year we changed the leadership team which had a positive effect and is starting to produce results.

INITIATE

Initiate was acquired in December 2014, and performed broadly in line with expectations throughout 2016 financial year. During this financial year Initiate has continued to provide project delivery and project management services to the infrastructure sector. Strong relationships with the existing client base have served as a solid base for the business, particularly in Network Rail, Transport for London and Heathrow.

During the year a review of the management team's progress in extending these services to the Middle East region took place. A decision was made to discontinue this intended expansion due to a high level of local competition in a well-established marketplace that did not provide opportunity for increased margin. The Initiate brand is now firmly focused on the UK infrastructure market, where its core strengths lie. The business's consulting revenues have reduced in Q4 from £1.5m in 2015 to £1.3m in 2016. The board has subsequently determined from a review of the market for such businesses that an impairment was required against the carrying amount of goodwill (note 12) for both this business and Driver Project Services of some £1.4m.

The outlook for Initiate, however, remains reasonable with recent post-Brexit decisions for Hinkley, HS2, and in particular Heathrow, where Initiate is well placed to capitalise on the planned expansion.

OUTLOOK

The outlook for the Group's core global business in the construction claims, dispute resolution, and expert witness markets remains strong. The Driver Trett brand is ranked among the top three global leaders in this niche section. Our highly-regarded pool of experts/specialists have an excellent reputation in the industry and strong links to the world's leading law firms.

Whilst the Group had a very disappointing period in H1 of 2016, we have taken decisive action in the restructuring of the leadership team with an emphasis firmly on profit and cash generation. Significant cost savings have already been implemented in H2, and we are seeing the benefits of a reduced cost base in re-building our margin.

Although the business has been through a difficult time in 2016 much of the substantial investment made in attracting new talent and achieving a truly global reach leaves the Group well placed to deliver a significantly improved performance in the next financial year and beyond.

With the Group now operating as one global business, rather than by region, under one Chief Operating Officer, we can ensure that our clients get the right people/team with the right expertise, and in the right location.

Gordon Wilkinson
Chief Executive Officer

Strategic Report – Description of the Business

Driver Group has been providing consultancy services to the engineering and construction industries since 1978. The company has grown to over 400 members of staff, with offices across Africa, Asia Pacific, Canada, Europe and the Middle East. The range of services offered across the Group provides support to the engineering and construction industries it serves, from 'cradle to grave'.

DIALES

DIALES is the Group's expert witness support service provider. We supply world-class quantum, delay, and technical experts for litigation; alongside provision of internationally experienced adjudicators, arbitrators, and mediators.

DRIVER PROJECT MANAGEMENT

Driver Project Management provides the strategic and leadership disciplines necessary to develop and deliver a project. We support clients in the strategic leadership and decision making necessary to define, evaluate, develop, finance, procure, and implement their investment projects.

DRIVER PROJECT SERVICES

Driver Project Services provides customer focused project controls solutions throughout a project lifecycle. We deliver commercial management, quantity surveying, and planning services, offering clients long term support and commitment for the duration of their projects.

DRIVER TRETT

Driver Trett provides multi-disciplinary consultancy services to support effective delivery of our clients' projects. Our specialisms include commercial and contract management, planning, programming and scheduling, and dispute resolution support services.

INITIATE

Initiate are capital investment consultants providing development, project and construction management services to the infrastructure market in the UK and overseas.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks are outlined below and the main uncertainties centre on the impacts upon our business of the various economic environments in which we operate.

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 is 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. At the year end, the Group's borrowing facilities consisted of an overdraft facility of £3.0m, a revolving credit facility of £7.0m repayable on 30 November 2018 and an additional revolving credit facility of £2.0m repayable on 30 April 2017. With an overdraft availability of £1.77m and cash balances of £0.55m the Group had access to £2.32m of available funds at 30 September 2016. 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.

In February 2017, new 3 year term debt facilities have been agreed with HSBC Bank plc for an initial £8.0m, comprising a £5.0m term loan facility and a revolving credit facility of a further £3.0m; these facilities will become effective and drawable upon completion of the equity Placing.

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.

UTILISATION RISK

Utilisation risk is attributable to the number of hours billed by staff and sub consultants generating revenue against the costs of their services. The Group manages the risk by monitoring expected revenue across the Group and employing flexible mobile staff and managing peak workloads through the use of sub consultants.

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"), Kuwaiti Dinar ("KWD") and Qatari Riyals ("QAR") from its Middle East businesses; South African Rand ("ZAR") from its African business; Malaysian Ringgit ("MYR"), Singapore Dollar ("SGD"), Hong Kong Dollar ("HKD") and Australian Dollar ("AUD") from its Asia Pacific operations and Canadian Dollar ("CAD") generated in Canada. 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 are returned to the UK and 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, QAR, SGD, AUD and HKD exposure is managed using foreign currency hedge contracts to provide a targeted level of cover of between 50% and 75% of the net income statement 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 2016 are shown in note 22 to the accounts.

As a consequence of the earnings generated in the Middle East, Canada, 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 Canadian Dollar, Malaysian Ringgit, Singapore Dollar, Hong Kong Dollar, Australian Dollar, Euro, and South African Rand. The estimated impact of movements in the Sterling exchange rate on profits and equity are summarised in note 22 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.

Strategic Report – Finance Director's Review

OVERVIEW OF THE YEAR

The financial key performance indicators for the Group are revenue, operating profit and profit before tax, all of which ultimately reflect the effects of the key influence of chargeable staff utilisation. We also monitor underlying* operating profit and underlying* profit before tax as we believe that these measures better reflect the underlying, replicable results of the Group. The poor results for the first half year, in which the Group lost £1.5 million at underlying* profit before tax level contrasted markedly with the second half in which the Group returned to profit, though not sufficient wholly to counteract the losses of the first half. In terms of revenue, this was another year of substantial growth, up 21% to £58.3m from £48.0m, whereas underlying* profit before tax fell from a profit of £1.1m in the prior year to a loss of £0.4m. There were also substantial exceptional costs recognised in the year of £3.6m (2015: £2.2m), reflecting principally severance costs incurred of £1.4m (2015: £0.5m) in an effort to control overheads particularly, in dismantling the central team which had been assembled in the UAE. With the appointment of the Global COO, such a team was no longer necessary. Other significant exceptional costs were the recognition of impairment in the value of the UK project management businesses of £1.4m (2015: £nil); and the amortisation of deferred consideration of £0.6m (2015: £1.6m) relating to the acquisition of Initiate at the end of 2014. Other costs excluded from underlying* profit before tax comprised share-based payments of £1.1m (2015: £0.5m). The increased cost in the year has been largely due to the acceleration of the share options charge relating to employee options that were replaced by long term incentive plans designed to help align staff motivation with the interests of shareholders and the amortisation of acquired intangibles of £0.2m (2015: £0.2m) associated with the Initiate acquisition. Utilisation across the whole business during the year averaged out at 71% (2015: 76%), including the first half of the year when it dropped to 69% (2015: 74%). The financial results for 2016 clearly reflected this excess of unproductive headcount.

After a net interest charge of £0.2m (2015: £0.1m) the underlying* loss before tax was £0.4m (2015: profit of £1.1m) and the reported loss before tax was £5.3m (2015: loss £1.9m).

The Europe & Americas business segment revenue grew again this year, by £0.7m to £22.9m although underlying* operating profit reduced by £0.2m to £1.9m; exceptional costs of £0.5m (2015: £0.1m), reduced profit for the year to £1.4m (2015: £2.0m).

The Asia Pacific / Middle East / Africa segment revenue increased by £9.1m to £29.4m, whilst underlying* operating profit turned negative from a profit of £0.8m to a loss of £1.1m. This deterioration can be attributed to the decision to recruit extensively with the aim of growing revenue, in advance of winning the business for which the staff would be required. After exceptional items and amortisation of intangible assets of £0.5m (2015: £0.5m) the operating loss increased to £1.6m (2015: profit £0.2m).

Initiate, acquired in December 2014, reported revenue of £5.9m (2015:£5.4m) and an underlying* operating loss of £0.1m (2015: profit of £0.4m). After exceptional items of £1.6m and amortisation of intangibles of £0.2m, the operating loss was £1.8m (2015: £1.4m).

Corporate costs have been allocated more fully to the business segments in 2016 in order to better reflect the benefits accruing to the segments from the support activities reflected in the corporate costs. Unallocated costs remaining at the underlying level amounted to £1.0m in 2016 (2015: £2.1m). After a share option cost of £1.1m (2015: £0.5m) and exceptional costs of £0.9m (2015: £nil) the reported unallocated costs were £3.3m (2015: £2.7m). These segmental results for the year are disclosed in note 2.

TAXATION

The Group showed a tax credit of £0.1m (2015: charge £0.1m). The tax charge includes the effects of expenses not deductible for tax purposes and losses made in countries where the effective tax rate is nil, consequently, the effective tax rate for the year was negative 2% (2015: 5%).

EARNINGS PER SHARE

Underlying* earnings per share were minus 1.0 pence (2015: 3.2 pence). The basic loss per share was 16.8 pence (2015: loss per share 6.5 pence).

CASH FLOW

There was a cash outflow from operations before changes in Working Capital of £1.6m (2015: £0.7m). This reflected the reported loss for the year of £5.3m (2015: profit of £1.8m) before depreciation and amortisation of £0.7m (2015: £0.6m) and the share based payment charge of £1.1m (2015: £0.5m). The outflow from increased receivables of £4.2m (2015: £3.0m) resulting from the growth in revenue in the second half of the year was offset slightly by an inflow from increased payables of £0.4m (2015: £2.9m). Net tax paid in the year was £0.1m (2015: £0.5m).

There was a net cash outflow from investing activities of £0.7m (2015: £0.8m) principally consisting of net capital spend of £0.7m (2015: £0.5m). There were no costs of acquisition in 2016 (2015: £0.3m).

Net cashflow from financing activities was an inflow of £3.1m (2015: £1.7m). This included net proceeds from borrowings of £4.2m (2015: £1.9m), offset by the repurchase of share options of £0.4m (2015: £nil), a dividend paid of £0.3m (2015: £0.5m), interest paid of

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£0.2m (2015: £0.1m) and repayment of borrowings of £0.1m (2015: £nil). The prior year, 2015, also benefited from the proceeds from sale of shares of £0.4m.

The Company had net borrowings at the end of the year of £9.9m compared to £2.5m at 30 September 2015.

DIVIDENDS

The Directors do not propose the payment of a dividend for the year (2015: a final dividend of 1.05 pence per share at a cost of £320,000).

On behalf of the Board

Hugh Cawley
Finance Director
9 March 2017

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Directors

Steven Norris (aged 71)
Non-Executive Chairman

Steve was a Member of Parliament from 1983 – 1997 serving as Parliamentary Private Secretary in the Departments of Environment, Trade and Industry and the Home Office before becoming Minister for Transport in 1992. He is Chairman of BNP Paribas Real Estate UK, Soho Estates and Virtus Data Centres. He is a Partner in Norris McDonough LLP and a member of the Board of Cubic Corporation Inc. Steve is Chairman of the National Infrastructure Planning Association and a Commissioner of the Independent Transport Commission. He served on the Treasury's HS2 Growth Task Force and is an Honorary Fellow of the Association for Project Management, a Companion of the Institution of Civil Engineers, a Fellow of the Royal Institution of Chartered Surveyors and an Honorary Life Member of the Railway Civil Engineers Association.

Gordon Wilkinson (aged 54)
Chief Executive Officer

Gordon's initial consultancy experience was gained with KPMG from 1989 to 2000 where he progressed to become a full equity partner, responsible for a number of business units in the Consulting Division. More recently he was a Director at AECOM where he was Head of the Global Consulting and Cost Management Businesses. Prior to AECOM he was a Director at Arup and a member of Arup's UKMEA Board with responsibility for the UKMEA Consulting division.

Prior to his appointment as CEO for Driver Group, Gordon was appointed as Chief Operating Officer of initiate Consulting in December 2015.

Hugh Cawley (aged 59)
Finance Director

A Chartered Accountant and member of the Institute for Turnaround, in his career to date he has specialised in working with public companies facing major strategic challenge or undergoing significant corporate change. His public company executive roles have included spells with S Daniels PLC, Dawson Holdings PLC and office2office PLC.

Hugh is also a founding member of the advisory board of the Confucius Institute for Business at the University of Leeds.

Colin Davies (aged 59)
Non-Executive Director

Colin, a Chartered Certified Accountant, started his early career with Grant Thornton in corporate reconstruction before moving into private equity with a regional development fund. In 1992 he became Corporate Finance Director of Graystone plc and subsequently led a management buyout of the engineering division in 1995 as Chief Executive of Hallmark Industries.

Following his exit from Hallmark Industries he has been involved in several private equity transactions including Floors 2 Go, Interlink Foods, Mount Engineering and Access Intelligence. He has acted as a non-executive director of several Aim Listed companies.

He continues to be an investor in and non-executive director of several private companies.

Dave Webster (aged 49)
Non-Executive Director

Dave has a BSc in Quantity Surveying, an MSc in Construction Law and Dispute Resolution and is a Fellow of the Chartered Institution of Civil Engineering Surveyors.

Dave was appointed a Director of Driver Consult in 2002, was a member of the Board of Driver Group that successfully led the Company to Admission on AIM in October 2005 and progressed to become CEO in 2009, a position from which he held until 2 March 2016 when he became a Non-Executive Director. Dave has resigned from the Board with effect from February 2017.

John Horgan (aged 66)
Non-Executive Director

John is a Non-Executive Director to AECOM EMIA and was formerly the Deputy CEO for AECOM's business in Europe, the Middle East, Africa and India. He previously served as Managing Director for Europe, Middle East and India for URS and prior to that was Managing Director of International Operations. He has held Managing Director level positions in UK companies for more than three decades.

John was formerly Chief Executive Officer of the consulting engineering firm Cameron Taylor, a URS legacy company. John has overseen a diverse range of structural engineering projects in his 40-year career, from designing North Sea oil rigs to heritage work for the Crown Estate, as well as numerous industrial and residential projects for developer clients. He has a keen interest in the conservation of historic buildings. John has a BSc in civil engineering from Lanchester Polytechnic and is a fluent French speaker.

Company Secretary and Advisers

COMPANY SECRETARY	**Thomas Ferns**
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BANKERS	**HSBC Bank plc** 1 Forest Green, Caxton Road, Fulwood, Preston PR2 9LJ
SOLICITORS	**Rosenblatt Solicitors** 9-13 St Andrew Street London, EC4A 3AF
NOMINATED ADVISERS	**Nplus 1 Singer Advisory LLP** One Bartholomew Lane London, EC2N 2AX
BROKERS	**Nplus 1 Singer Advisory LLP** One Bartholomew Lane London, EC2N 2AX
REGISTRARS	**Neville Registrars Limited** Neville House, 18 Laurel Lane Halesowen, B63 3DA

Report of the Directors

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 2016.

BUSINESS REVIEW

A review of the business is contained within the Strategic Report.

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.

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 Strategic Report and note 22.

DIRECTORS

The Directors during the year under review were:

S J Norris
G Wilkinson (appointed 2 March 2016)
H C L Cawley (appointed 22 September 2016)
C E Davies
D J Webster
D P McDonald (resigned 22 September 2016)
R C Laslett (resigned 1 June 2016)

The beneficial interests of the Directors in office during the year in the issued share capital of the Company were as follows:

	30 September 2016 Ordinary 0.4p Shares	30 September 2015 Ordinary 0.4p Shares
S J Norris	187,562	187,562
G Wilkinson	400,000	-
H C L Cawley	21,191	-
C E Davies	100,000	100,000
D J Webster	2,852,088	2,052,088
D P McDonald	110,000	110,000
R C Laslett	110,000	210,000

On 27 March 2015 Mr Norris was granted new options over a maximum of 600,000 shares exercisable at 63.5p per share. These options are conditional on the future performance of the Company. The options will vest on the following basis should the Company achieve specified underlying earnings per share in any financial year up to and including the year ended 30 September 2017. The earnings per share targets are as follows: 20 pence per share 200,000 shares, 25 pence per share 400,000 shares and 30 pence per share 600,000 shares.

On 8 December 2015 Mr Wilkinson was granted new options over 800,000 shares exercisable at £nil consideration. These options were contingent on the purchase of Driver Group plc shares by Mr Wilkinson and the future performance of the company. The options over 200,000 shares vested immediately if Mr Wilkinson also purchases 200,000 shares on his own accord before 30 September 2016. The 600,000 performance options would vest should the company have achieved specified underlying earnings per share targets for the year ending 30 September 2018 as follows: 200,000 shares if earnings per share was between 20.0 pence and 24.99 pence, a further 200,000 shares if earnings per share was between 25.0 pence and 29.99 pence and a further 200,000 shares if earnings per share was 30.0 pence or higher.

On 22 September 2016 the above 800,000 options for Mr Wilkinson were modified with 1,300,000 options plus potential performance related options exercisable at £nil consideration. The options are conditional on the purchase of Driver Group plc shares by Mr Wilkinson and the future performance of the company. The options over 400,000 shares will vest immediately if Mr Wilkinson also purchases 400,000 shares on his own accord. The 900,000 performance options will vest should the company achieve specified profit before exceptional costs and tax "PBET" as follows: 300,000 shares if PBET for the year ended 30 September 2017 is equal to or exceeds £2,400,000, a further 300,000 shares if PBET for the year ended 30 September 2018 is equal to or exceeds £3,000,000 and a further 300,000 shares if PBET for the year ended 30 September 2019 is equal to or exceeds £3,700,000. In addition to these options, Mr Wilkinson can also exercise a further 50,000 shares per year for each additional £500,000 profit by which the above PBET thresholds are exceeded. On 30 September 2016 Mr Wilkinson purchased 400,000 shares but has not yet exercised the initial 400,000 share options.

During the year Mr Cawley purchased 21,191 shares.

On 9 December 2014 Mr Webster was granted new options over a maximum of 1,250,000 shares exercisable at £nil consideration. These options are conditional on the future performance of the Company. The options will vest on the following basis should the Company achieve specified underlying earnings per share in any financial year up to and including the year ended 30 September 2017. The earnings per share targets are as follows: 20 pence per share 415,000 shares, 25 pence per share 830,000 shares and 30 pence per share 1,250,000 shares.

During the year Mr Webster was granted 600,000 shares as part of his settlement arrangement when he stepped down as Group Chief Executive. Mr Webster also purchased 200,000 shares during the year.

On 9 December 2014 Mr McDonald was granted new options over a maximum of 300,000 shares exercisable at £nil consideration. These options were conditional on the future performance of the Company. The options would vest on the following basis should the Company achieve specified underlying earnings per share in any financial year up to and including the year ended 30 September 2017. The earnings per share targets were as follows: 20 pence per share 100,000 shares, 25 pence per share 200,000 shares and 30 pence per share 300,000 shares.

Report of the Directors continued

As Mr McDonald resigned as Director during the year the above options have now lapsed.

During the year Mr Laslett disposed of 100,000 shares.

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 2016, the Trust owned 396,677 (2015: 596,677) shares which it acquired at an average of 73p per share (note 12).

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:
Hugh Cawley
Finance Director
9 March 2017

Corporate Governance
For the year ended 30 September 2016

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
From 1 October 2015 to 2 March 2016 the Board consisted of two Executive Directors, David Webster and Damien McDonald and three Non-Executive Directors, Steven Norris, Colin Davies and Bob Laslett. At the close of the Annual General Meeting on 2 March 2016 Gordon Wilkinson was appointed to the Board as Chief Executive Officer and David Webster took the role of a Non-Executive Director. Bob Laslett resigned from the Board on 1 June 2016. On 22 September 2016 Damien McDonald resigned from the Board and Hugh Cawley was appointed. The Board now consists of two Executive Directors, Gordon Wilkinson and Hugh Cawley, and three Non-Executive Directors, Steven Norris, Colin Davies and David Webster.

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.

Between 1 October 2015 and 31 May 2016 the Remuneration Committee consisted of Steve Norris, Colin Davies and Bob Laslett. From 1 June 2016 the Committee consisted of Steven Norris and Colin Davies. The Directors' Remuneration Report on page 16 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.

The Audit Committee consisted of Colin Davies and Steven Norris. 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 2016

The members of the Remuneration Committee are Steven Norris and Colin Davies who are 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 2016

	Salary and fees £	Car allowance £	Overseas expenses £	Benefits £	Cash Compensation for loss of office	Share Compensation for loss of office £	Pension[1] £	Total Remuneration £
Gordon Wilkinson[1][6]	**202,173**	**7,000**	**-**	**232**	**-**	**-**	**18,665**	**228,070**
Hugh Cawley[2]	**20,871**	**1,318**	**-**	**-**	**-**	**-**	**1,044**	**23,233**
Colin Davies	**28,000**	**-**	**-**	**-**	**-**	**-**	**-**	**28,000**
Steven Norris	**51,500**	**-**	**-**	**-**	**-**	**-**	**-**	**51,500**
David Webster[3][9]	**163,559**	**-**	**111,306**	**1,122**	**201,743**	**360,000**	**-**	**837,730**
Damien McDonald[4][5]	**107,328**	**12,000**	**-**	**2,416**	**65,010**	**-**	**31,602**	**218,356**
Bob Laslett[7]	**20,604**	**-**	**-**	**-**	**-**	**-**	**-**	**20,604**
William Alan McClue[5][8]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total	**594,035**	**20,318**	**111,306**	**3,770**	**266,753**	**360,000**	**51,311**	**1,407,493**

DIRECTORS' REMUNERATION 2015

	Salary and fees £	Car allowance £	Overseas expenses £	Benefits £	Cash Compensation for loss of office	Share Compensation for loss of office £	Pension[1] £	Total Remuneration £
Gordon Wilkinson[1][6]	-	-	-	-	-	-	-	**-**
Hugh Cawley[2]	-	-	-	-	-	-	-	**-**
Colin Davies	25,000	-	-	-	-	-	-	25,000
Steven Norris	35,030	-	-	-	-	-	-	35,030
David Webster[3]	335,169	7,000	46,523	1,084	-	-	21,250	411,026
Damien McDonald[4][5]	91,638	12,000	-	3,488	-	-	44,216	151,342
Bob Laslett[7]	10,284	-	-	-	-	-	-	10,284
William Alan McClue[5][8]	-	-	-	-	-	-	25,644	25,644
Total	497,121	19,000	46,523	4,572	-	-	91,110	658,326

(1) Gordon Wilkinson was appointed to the board as Chief Executive Officer on 2 March 2016.
(2) Hugh Cawley was appointed as Group Finance Director effective 22 September 2016.
(3) David Webster resigned as Chief Executive Officer on 2 March 2016 and took the role of a Non-Executive Director.
(4) Damien McDonald resigned from his role of Group Finance Director on 22 September 2016.
(5) Pension includes salary sacrifice with the director voluntarily reducing salary and bonus in exchange for a higher company pension contribution.
(6) Share option charge in respect of options held by directors is £336,000 (2015: £nil).
(7) Bob Laslett resigned from the role of Non-Executive Director on 1 June 2016.
(8) W Alan McClue resigned from the role of Chairman on 25 February 2015.
(9) £360,000 of David Webster's compensation was settled by issue of 600,000 shares in Driver Group plc which at the time of issue had a market value of £225,000.

For the year to 30 September 2016, the remuneration of Non-Executive Directors was set by the Board and consisted of an annual fee paid in equal monthly instalments.

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

Steven Norris
Chairman of the Remuneration Committee
9 March 2017

Statement of Directors' Responsibilities

In respect of the Report of the Directors and the Financial Statements for the year ended 30 September 2016

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, Report of the Directors, the Annual Report 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 IFRSs 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 2016

TO THE MEMBERS OF DRIVER GROUP PLC

We have audited the Financial Statements of Driver Group plc for the year ended 30 September 2016 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 Statement of Financial Position, the Parent Statement of Changes in Equity 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of the Group's loss 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 Strategic Report and 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

9 March 2017

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

Consolidated Income Statement

For The Year Ended 30 September 2016

	Notes	2016 £000	2015 £000
REVENUE	2	**58,261**	47,950
Cost of Sales		**(46,579)**	(37,380)
GROSS PROFIT		**11,682**	10,570
Administrative expenses		**(17,010)**	(12,508)
Other operating income		**197**	170
Underlying* operating (loss)/profit		**(208)**	1,155
Exceptional items	5	**(3,559)**	(2,173)
Share-based payment charges and associated costs	19	**(1,141)**	(510)
Amortisation of intangible assets	13	**(223)**	(240)
OPERATING LOSS	2, 4	**(5,131)**	(1,768)
Finance income		**14**	9
Finance costs	6	**(231)**	(104)
LOSS BEFORE TAXATION	2	**(5,348)**	(1,863)
Tax expense	7	**115**	(96)
LOSS FOR THE YEAR		**(5,233)**	(1,959)
Loss attributable to non-controlling interests from continuing operations		**(3)**	-
Loss attributable to equity shareholders of the parent from continuing operations		**(5,230)**	(1,959)
		(5,233)	(1,959)
Basic loss per share attributable to equity shareholders of the parent (pence)	10	**(16.8)p**	(6.5)p

The notes on pages 24 to 61 form part of these Financial Statements.

** Underlying figures are stated before the share-based payment costs, exceptional items and amortisation of intangible assets*

Consolidated Statement of Comprehensive Income

For The Year Ended 30 September 2016

	Notes	2016 £000	2015 £000
LOSS FOR THE YEAR		**(5,233)**	(1,959)
Other comprehensive income:			
Items that could subsequently be reclassified to the Income Statement:			
Exchange differences on translating foreign operations		**(49)**	(79)
OTHER COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX		**(49)**	(79)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(5,282)**	(2,038)
Total comprehensive income attributable to:			
Owners of the parent		**(5,279)**	(2,038)
Non-controlling interest		**(3)**	-
		(5,282)	(2,038)

The notes on pages 24 to 61 form part of these Financial Statements.

Consolidated Statement of Financial Position

At 30 September 2016

Company Number 3475146

	Notes	2016 £000	2016 £000	2015 Restated* £000	2015 Restated* £000
NON-CURRENT ASSETS					
Goodwill	12	**3,456**		4,838	
Property, plant and equipment	11	**2,927**		2,676	
Intangible assets	13	**621**		842	
Deferred tax asset	18	**21**		35	
			7,025		8,391
CURRENT ASSETS					
Trade and other receivables	14	**20,346**		16,537	
Derivative financial asset	22	**454**		17	
Cash and cash equivalents	17	**555**		1,111	
			21,355		17,665
TOTAL ASSETS			**28,380**		26,056
CURRENT LIABLITIES					
Borrowings	16	**(3,352)**		(479)	
Trade and other payables	15	**(8,593)**		(9,384)	
Derivative financial liability	22	**(1,395)**		(153)	
Current tax payable		**(49)**		(209)	
			(13,389)		(10,225)
NON-CURRENT LIABILITIES					
Borrowings	16	**(7,110)**		(3,100)	
Deferred tax liabilities	18	**(301)**		(352)	
Trade and other payables	15	**-**		(317)	
			(7,411)		(3,769)
TOTAL LIABILITIES			**(20,800)**		(13,994)
NET ASSETS			**7,580**		12,062
SHAREHOLDERS' EQUITY					
Share capital	19		**127**		125
Share premium	23		**3,453**		3,095
Merger reserve	23		**1,702**		3,102
Currency reserve	23		**(441)**		(392)
Capital redemption reserve	23		**18**		18
Retained earnings	23		**2,829**		6,219
Own shares	23		**(107)**		(107)
TOTAL SHAREHOLDERS' EQUITY			**7,581**		12,060
NON-CONTROLLING INTEREST	23		**(1)**		2
TOTAL EQUITY			**7,580**		12,062

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

Hugh Cawley
Finance Director

9 March 2017

The notes on pages 24 to 61 form part of these Financial Statements.

**Restated to reflect the reallocation of £1,609,000 from the share premium account to the merger reserve in relation to shares issued as part of the consideration for the purchase of initiate Consulting Ltd in December 2014. The amount is equal to the difference between the fair value on issue and the nominal value.*

Consolidated Cashflow Statement

For The Year Ended 30 September 2016

	Notes	2016 £000	2015 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		**(5,233)**	(1,959)
Adjustments for:			
Depreciation	11	**503**	357
Amortisation	13	**223**	240
Impairment of goodwill	12	**1,400**	-
Exchange adjustments		**249**	(5)
Finance income		**(14)**	(9)
Finance expense		**231**	104
Tax (credit)/expense		**(115)**	96
Equity settled share-based payment charge	19	**1,141**	510
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		**(1,615)**	(666)
Increase in trade and other receivables		**(4,184)**	(2,968)
Increase in trade and other payables		**434**	2,865
CASH USED IN OPERATIONS		**(5,365)**	(769)
Tax paid		**(98)**	(491)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES		**(5,463)**	(1,260)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**14**	9
Acquisition of property, plant and equipment		**(728)**	(532)
Acquisition of intangible assets		**-**	(41)
Acquisition of subsidiary net of cash acquired	21	**-**	(344)
Proceeds from the disposal of property, plant & equipment		**-**	80
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(714)**	(828)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		**(231)**	(104)
Repayment of borrowings		**(91)**	(33)
Proceeds of borrowings		**4,162**	1,926
Repurchase of share options		**(462)**	-
Proceeds from sale of shares		**-**	401
Dividends paid to equity shareholders of the parent	9	**(320)**	(505)
Payment of dividends to non controlling interests		**-**	(10)
NET CASH INFLOW FROM FINANCING ACTIVITIES		**3,058**	1,675
Net decrease in cash and cash equivalents		**(3,119)**	(413)
Effect of foreign exchange on cash and cash equivalents		**(249)**	5
Cash and cash equivalents at start of period		**694**	1,102
CASH AND CASH EQUIVALENTS AT END OF PERIOD	17	**(2,674)**	694

The notes on pages 24 to 61 form part of these Financial Statements.

Consolidated Statement of Changes in Equity

For The Year Ended 30 September 2016

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves[2] £000	Retained earnings £000	Own shares £000	Total[1] £000	*Restated Non-controlling interest £000	Total Equity £000
OPENING BALANCE AT 1 OCTOBER 2014	**111**	**2,702**	**1,493**	**(295)**	**8,173**	**(107)**	**12,077**	**12**	**12,089**
Loss for the year	-	-	-	-	(1,959)	-	(1,959)	-	(1,959)
Other comprehensive income for the year	-	-	-	(79)	-	-	(79)	-	(79)
Total comprehensive income for the year	-	-	-	(79)	(1,959)	-	(2,038)	-	(2,038)
Dividends	-	-	-	-	(505)	-	(505)	(10)	(515)
Share-based payment	-	-	-	-	510	-	510	-	510
Issue of share capital	8	393	-	-	-	-	401	-	401
Shares issued as part of the consideration in a business combination	6	-	1,609	-	-	-	1,615	-	1,615
CLOSING BALANCE AT 30 SEPTEMBER 2015	**125**	**3,095**	**3,102**	**(374)**	**6,219**	**(107)**	**12,060**	**2**	**12,062**
Loss for the year	-	-	-	-	(5,230)	-	(5,230)	(3)	(5,233)
Other comprehensive income for the year	-	-	-	(49)	-	-	(49)	-	(49)
Total comprehensive income for the year	-	-	-	(49)	(5,230)	-	(5,279)	(3)	(5,282)
Dividends	-	-	-	-	(320)	-	(320)	-	(320)
Share-based payment	-	-	-	-	1,141	-	1,141	-	1,141
Transfer on impairment of goodwill	-	-	(1,400)	-	1,400	-	-	-	-
Issue of share capital	2	358	-	-	-	-	360	-	360
Repurchase of share options	-	-	-	-	(381)	-	(381)	-	(381)
CLOSING BALANCE AT 30 SEPTEMBER 2016	**127**	**3,453**	**1,702**	**(423)**	**2,829**	**(107)**	**7,581**	**(1)**	**7,580**

(1) Total equity attributable to the equity holders of the parent

(2) 'Other reserves' combines the translation reserve and capital redemption reserve. The movement in the current and prior year relates to the translation of foreign currency equity balances and foreign currency non-monetary items. Explanatory details for these reserves are disclosed in note 23.

The notes on pages 24 to 61 form part of these Financial Statements.

**Restated to reflect the reallocation of £1,609,000 from the share premium account to the merger reserve in relation to shares issued as part of the consideration for the purchase of initiate Consulting Ltd in December 2014. The amount is equal to the difference between the fair value on issue and the nominal value.*

Summary of Significant Accounting Policies continued

For The Year Ended 30 September 2016

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 FRS 102. These are provided on pages 53 to 61.

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 over the investee, either directly or indirectly, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns, 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 are reserved under option 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 closing bid 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.

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. 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.

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 using the exchange rates at each month end. 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.

1 ACCOUNTING POLICIES - continued

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 within 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 in the Annual General Meeting.

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 and laws that have been 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. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary differences is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. 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.

1 ACCOUNTING POLICIES - continued

TAXATION - continued
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.

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 from inception, 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
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. Any issue costs for

1 ACCOUNTING POLICIES - continued

FINANCIAL LIABLITIES - continued
Loans - continued

such borrowings are expensed to the Income Statement.

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% per annum
Fixtures and fittings	-	10% - 33% per annum
Computer equipment	-	25% per annum
Motor Vehicles	-	25% per annum

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.

INTANGIBLE ASSETS
Intangible assets are stated at cost less accumulated amortisation and any provision for impairment.

Intangible assets relating to externally acquired customer contracts are amortised over the life of the contract which is typically between one and five years.

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 IFRS 10 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.

JOINT ARRANGEMENTS
The Group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:
- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:
- The structure of the joint arrangement;
- The legal form of joint arrangements;
- The contractual terms of the joint arrangement agreement; and
- Any other facts and circumstances (including any other contractual arrangements).

The Group has deemed that it has a joint arrangement in Canada, this has been accounted for as a joint operation. The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS
Details of the Group's accounting estimates and judgements are included in note 26.

STANDARDS ADOPTED FOR THE FIRST TIME

The Group has not adopted any standards or interpretations in advance of the required implementation dates. It is not expected that adoption of standards or interpretations which have been issued by the International Accounting Standards Board, but have not been adopted, will have a material impact on the financial statements.

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 October 2015. None of the amendments to standards that are effective from that date had a significant effect on the Group's financial statements

International Financial Reporting Standards in issue but not effective until future periods:
The IASB and IFRS Interpretations Committee have issued standards, interpretations and amendments which are applicable to the Group. They are not effective and have not been applied in the current year, the following may have an impact going forward:

1 ACCOUNTING POLICIES - continued

STANDARDS ADOPTED FOR THE FIRST TIME – continued

- IFRS 9 Financial Instruments: is effective for periods commencing on or after 1 January 2018. IFRS 9 is a replacement for IAS 39 Financial Instruments and covers three distinct areas. Phase 1 contains new requirements for the classification and measurement of financial assets and liabilities. Phase 2 relates to the impairment of financial assets and requires the calculation of impairment on an expected loss basis rather than the current incurred loss basis. Phase 3 relates to less stringent requirements for general hedge accounting. The potential impact on the Group has not yet been assessed by management.
- IFRS 15 Revenue from Contracts with Customers: is effective for periods commencing 1 January 2018. IFRS 15 introduces a 5 step approach to the timing of revenue recognition based on the performance obligations in customer contracts. IFRS 15 may have an impact on revenue recognition and related disclosures. The potential impact on the group is still being assessed by management.
- IFRS 16 Leases: is effective for periods beginning on or after 1 January 2019 subject to endorsement by the EU. IFRS 16 provides a single lessee accounting model, requiring lessees to recognise right of use assets and lease liabilities for all applicable leases. The potential impact on the Group has not yet been assessed by management.

Notes to the Financial Statements

For The Year Ended 30 September 2016

2 SEGMENTAL ANALYSIS

REPORTABLE SEGMENTS

For management purposes, the Group is organised into three operating divisions: EuAm (Europe & Americas), AMEA (APAC, Middle East & Africa) and Initiate. These divisions are the basis on which the Group is structured and managed, based on its geographic structure. In EuAm and AMEA the key service provisions are: quantity surveying, planning / programming, quantum and planning experts, dispute avoidance / resolution, litigation support, contract administration and commercial advice / management. In Initiate the key service provisions are capital investment consultancy providing development, project and contracting management services to the infrastructure market in the UK.

Segment information about these reportable segments is presented below.

Year ended 30 September 2016

	Europe & Americas £000	APAC, Middle East & Africa £000	Initiate £000	Eliminations £000	Unallocated[1] £000	Consolidated £000
Total external revenue	22,945	29,440	5,876	-	-	58,261
Total inter-segment revenue	532	80	-	(612)	-	-
Total revenue	23,477	29,520	5,876	(612)	-	58,261
Segmental profit/(loss)	1,916	(1,089)	(52)	-	-	775
Unallocated corporate expenses[1]	-	-	-	-	(983)	(983)
Share-based payment charge	-	-	-	-	(1,141)	(1,141)
Exceptional items (note 5)	(535)	(504)	(1,600)	-	(920)	(3,559)
Amortisation of intangible assets	-	(27)	(196)	-	-	(223)
Operating profit/(loss)	1,381	(1,620)	(1,848)	-	(3,044)	(5,131)
Finance income	-	-	-	-	14	14
Finance expense	-	-	-	-	(231)	(231)
Profit/(loss) before taxation	1,381	(1,620)	(1,848)	-	(3,261)	(5,348)
Taxation	-	-	-	-	115	115
Profit/(loss) for the year	1,381	(1,620)	(1,848)	-	(3,146)	(5,233)
OTHER INFORMATION						
Non current assets	5,642	742	490	-	151	7,025
Reportable segment assets	9,955	14,779	908	-	2,738	28,380
Capital additions[2]	70	547	4	-	107	728
Depreciation and amortisation	118	291	197	-	120	726

(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 of 10% or more of the Group's revenue in the year to 30 September 2016.

Notes to the Financial Statements continued

For The Year Ended 30 September 2016

2 SEGMENTAL ANALYSIS – continued

Year ended 30 September 2015

	Europe & Americas £000	APAC, Middle East & Africa £000	initiate £000	Eliminations £000	Unallocated[1] £000	Consolidated £000
Total external revenue	22,243	20,333	5,374	-	-	47,950
Total inter-segment revenue	508	200	-	(708)	-	-
Total revenue	22,751	20,533	5,374	(708)	-	47,950
Segmental profit/(loss)	2,087	781	399	-	-	3,267
Unallocated corporate expenses[1]	-	-	-	-	(2,112)	(2,112)
Share-based payment charge	-	-	-	-	(510)	(510)
Exceptional items (note 5)	(81)	(460)	(1,617)	-	(15)	(2,173)
Amortisation of intangible assets	-	(77)	(163)	-	-	(240)
Operating profit/(loss)	2,006	244	(1,381)	-	(2,637)	(1,768)
Finance income	-	-	-	-	9	9
Finance expense	-	-	-	-	(104)	(104)
Profit/(loss) before taxation	2,006	244	(1,381)	-	(2,732)	(1,863)
Taxation	-	-	-	-	(96)	(96)
Profit/(loss) for the year	2,006	244	(1,381)	-	(2,828)	(1,959)
OTHER INFORMATION						
Non current assets	7,556	471	2	-	362	8,391
Reportable segment assets	13,335	10,744	577	-	1,400	26,056
Capital additions[2]	111	333	-	-	70	514
Depreciation and amortisation	105	208	163	-	121	597

(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 of 10% or more of the Group's revenue in the year to 30 September 2015.

2 SEGMENTAL ANALYSIS – continued

Geographical information:

	External revenue by location of customers 2016 £000	2015 £000
UK	**20,713**	21,413
UAE	**8,724**	7,040
Oman	**6,270**	4,306
South Africa	**3,347**	4,894
Netherlands	**2,699**	1,381
South Korea	**1,939**	226
France	**1,740**	356
Singapore	**1,689**	405
Qatar	**1,678**	1,650
Saudi Arabia	**1,481**	-
Malaysia	**1,330**	654
Germany	**1,272**	1,174
Hong Kong	**1,123**	648
Kuwait	**967**	748
Australia	**924**	1,006
Belgium	**624**	236
Canada	**540**	511
United States	**367**	-
China	**205**	7
Azerbaijan	**75**	576
Other countries	**554**	719
	58,261	47,950

Geographical information of Non current assets

	2016 £000	2015 £000
UK	**6,248**	7,899
Oman	**302**	185
UAE	**278**	94
Singapore	**53**	37
South Africa	**34**	65
Malaysia	**27**	7
Hong Kong	**22**	57
Qatar	**17**	18
Netherlands	**13**	13
France	**13**	5
Australia	**9**	8
Canada	**9**	3
	7,025	8,391

Notes to the Financial Statements continued

For The Year Ended 30 September 2016

3 EMPLOYEES

Staff costs including Directors' remuneration:

	2016 £000	2015 £000
Wages and salaries	**37,539**	27,109
Social security costs	**1,550**	1,370
Other pension costs	**818**	637
Share based payment charges and associated costs	**1,141**	510
	41,048	29,626

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

	2016	2015
By role:		
Directors	**5**	5
Fee-earners	**348**	274
Administration	**75**	65
	428	344

KEY MANAGEMENT AND DIRECTORS' REMUNERATION

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

	2016 £000	2015 £000
Remuneration	**1,721**	1,557
Social security costs	**114**	125
Short term benefits	**1**	1
Money purchase pension contributions	**76**	115
Compensation for loss of office[1]	**784**	-
	2,696	1,798
Share based compensation (note 19)	**597**	134
Total key management compensation	**3,293**	1,932

Key management consists of the statutory Executive Directors of the Company plus a further 3 (2015: 4) key business unit senior personnel.

The Executive Directors' remuneration is shown below:

	2016 £000	2015 £000
Emoluments	**729**	567
Money purchase pension contributions	**51**	91
Compensation for loss of office[1]	**627**	-
Gain on share options	**-**	83
Total remuneration	**1,407**	741

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

	2016 £000	2015 £000
Emoluments	**276**	390
Money purchase pension contributions	**-**	21
Compensation for loss of office[1]	**562**	-
Total remuneration	**838**	411

The number of Directors to whom retirement benefits are accruing:

	2016	2015
Money purchase pension schemes	**3**	3

[1] £360,000 of David Webster's compensation was settled by issue of 600,000 shares in Driver Group plc which at the time of issue had a market value of £225,000.

4 PROFIT FROM OPERATIONS

Profit from operations includes the following significant expenses:

	2016 £000	2015 £000
Depreciation and amounts written off property, plant and equipment – owned assets	**503**	357
Audit services:		
- statutory audit of parent	**9**	7
- statutory audit of subsidiaries	**82**	70
- audit regulatory reporting – interim review	**8**	8
Tax services:		
- compliance	**15**	15
- other services – iXBRL	**5**	5
Operating lease rentals – land and buildings	**1,316**	870
Exchange (profit)/loss	**(462)**	65

5 EXCEPTIONAL ITEMS

	2016 £000	2015 £000
Severance costs (1)	**1,385**	526
Acquisition and integration costs (2)	**620**	1,647
Restructuring costs (3)	**154**	-
Impairment of Goodwill (note 12)	**1,400**	-
	3,559	2,173

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

(2) Acquisition and integration costs include contingent consideration being a cost of £0.6m (2015: £1.5m) in respect of deferred consideration dependent on future employment, legal and professional fees associated with the acquisition of Initiate and office restructuring costs (note 21).

(3) Restructuring costs include bank charges and legal and professional fees in relation to the requirement of an additional banking facility.

6 FINANCE EXPENSE

	2016 £000	2015 £000
Bank interest	**220**	99
Finance lease interest	**11**	5
	231	104

7 TAXATION

Analysis of the tax charge

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

	2016 £000	2015 £000
Current tax:		
UK corporation tax on profit for the year	**-**	-
Non-UK corporation tax	**146**	103
Adjustments to the prior period estimates	**(224)**	15
	(78)	118
Deferred tax:		
Origination and reversal of temporary difference (note 18)	**(37)**	(22)
Tax (credit)/charge for the year	**(115)**	96

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:

	2016 £000	2015 £000
Loss before tax	**(5,348)**	(1,863)
Expected tax credit based on the standard average rate of corporation tax in the UK of 20% (2015: 20.5%)	**(1,070)**	(382)
Effects of:		
Expenses not deductible	**644**	405
Deferred tax – other differences	**(36)**	22
Foreign tax rate difference	**341**	(69)
Adjustment to prior period estimates	**(224)**	15
Utilisation of losses	**(302)**	(33)
Share options exercised	**-**	(239)
Unprovided losses	**532**	377
Tax (credit)/expense for the year	**(115)**	96

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 £1,851,000 (2015: £1,735,000). The Company has elected to prepare the parent Company Financial Statements in accordance with FRS 102.

9 DIVIDENDS

	2016 £000	2015 £000
The aggregate amount of equity dividends comprises:		
Final dividend paid in respect of prior year	**320**	322
Interim dividend paid in respect of the current year Nilp (2015: 0.6p)	**-**	183
Aggregate amount of dividends paid in the financial year	**320**	505
Equity dividends proposed for approval at Annual General Meeting (not recognised at year end)		
Final dividend for 2016: Nilp (2015: 1.05p)	**-**	320

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

10 EARNINGS PER SHARE

	2016 £000	2015 £000
Loss for the financial year attributable to equity shareholders	**(5,230)**	(1,959)
Share-based payment charges and associated costs (note 19)	**1,141**	510
Exceptionals (note 5)	**3,559**	2,173
Amortisation of intangible assets	**223**	240
Adjusted (loss)/profit for the year before share-based payments, amortisation of intangible assets and exceptional items	**(307)**	964
Weighted average number of shares:		
- Ordinary shares in issue	**31,251,190**	30,401,519
- Shares held by EBT	**(596,677)**	(596,677)
- Vested options with nominal consideration	**426,017**	272,997
Basic weighted average number of shares	**31,080,530**	30,077,839
Effect of Employee share options	**1,590,610**	2,149,588
Diluted weighted average number of shares	**32,671,140**	32,227,427
Basic loss per share	**(16.8)p**	(6.5)p
Adjusted (loss)/earnings per share before share-based payments, amortisation of intangible assets and exceptional items	**(1.0)p**	3.2p

Notes to the Financial Statements continued

For The Year Ended 30 September 2016

11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings Long leasehold £000	Fixtures and fittings £000	Computer equipment £000	Motor Vehicles £000	Total £000
COST					
At 1 October 2014	1,987	910	766	37	3,700
Additions	-	82	232	200	514
Additions acquired through business combination	80	-	-	-	80
Disposals	(80)	(25)	(5)	(15)	(125)
Foreign exchange movement	-	17	6	(2)	21
At 30 September 2015	1,987	984	999	220	4,190
DEPRECIATION					
At 1 October 2014	274	458	429	12	1,173
Charge for year	33	120	167	37	357
Disposals	-	(18)	(5)	(7)	(30)
Foreign exchange movement	-	12	4	(2)	14
At 30 September 2015	307	572	595	40	1,514
NET BOOK VALUE					
At 30 September 2015	1,680	412	404	180	2,676
At 30 September 2014	1,713	452	337	25	2,527

COST					
At 1 October 2015	1,987	984	999	220	4,190
Additions	-	270	315	141	726
Disposals	-	(98)	(1)	(29)	(128)
Foreign exchange movement	-	59	54	37	150
At 30 September 2016	1,987	1,215	1,367	369	4,938
DEPRECIATION					
At 1 October 2015	307	572	595	40	1,514
Charge for year	33	150	225	95	503
Disposals	-	(92)	-	(11)	(103)
Foreign exchange movement	-	59	21	17	97
At 30 September 2016	340	689	841	141	2,011
NET BOOK VALUE					
At 30 September 2016	1,647	526	526	228	2,927
At 30 September 2015	1,680	412	404	180	2,676

Included in Motor Vehicles are assets held under finance leases with a net book value of £222,000 (2015: £171,000) and a depreciation charge of £89,000 (2015: £34,000).

The long leasehold land and buildings is mixed use, it is used by the Group as the head office and approximately half of the building is rented out to a third party. Rental income for the year totalled £100,000 (2015: £100,000) and service charge income totalled £38,000 (2015: £36,000).

12 GOODWILL

	£000
COST	
At 1 October 2015	4,838
Additions	18
Impairment	(1,400)
At 30 September 2016	3,456

The addition in the year relates to Initiate (note 21).

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method required the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

As discussed in the Chief Executive Officer's review, a decision was made to discontinue the intended expansion of the project delivery and project management services, into the Middle East region. Consequently and in addition to the reduced revenues of the UK project management businesses (Initiate and Driver Project Services) the recoverable amount of these cash generating units ('CGU's') was insufficient to cover the carrying value of the total net assets, resulting in an impairment charge totalling £1.4m being recognised in the statement of comprehensive income.

A 1% increase in the discount rate would reduce the recoverable amount of the Initiate CGU by approximately £0.001 million and the Driver Project Services CGU by £0.11 million

A 2% reduction in the annual revenue would reduce the recoverable amount Initiate CGU by approximately £0.064 million and the Driver Project Services CGU by £0.11 million

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;

	2016 £000	2015 £000
Europe & Americas	**2,969**	3,407
Initiate	**487**	1,431
	3,456	4,838

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	-	13.5% – 34%
Growth rate	-	2%
Discount rate	-	18% (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.

12 GOODWILL - continued

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%	
Driver Project Services Ltd	England and Wales	Construction consultancy services	100%	
Driver Consult (Oman) LLC	Oman	Construction consultancy services	65%	(1)
Driver Consult (UAE) LLC	Abu Dhabi	Construction consultancy services	49%	(2)
Driver Trett South Africa (pty) Ltd	South Africa	Construction consultancy services	100%	
Driver Consult Qatar LLC	Qatar	Construction consultancy services	49%	(2)
Trett Holdings Ltd	England and Wales	Construction consultancy services	100%	
Trett Ltd	England and Wales	Construction consultancy services	100%	
Driver Trett (Hong Kong) Ltd	Hong Kong	Construction consultancy services	100%	
Trett Consulting (India) Ltd	India	Dormant	70%	(3)
Driver Trett (Singapore) Pty Ltd	Singapore	Construction consultancy services	100%	
Trett Consulting B.V.	Netherlands	Construction consultancy services	100%	
Trett Contract Services Ltd	England and Wales	Dormant	100%	
Driver Trett (Malaysia) SDN BHD	Malaysia	Construction consultancy services	100%	
Driver Trett Australia Pty Ltd	Australia	Construction consultancy services	100%	
Driver Trett (Canada) Ltd	Canada	Construction consultancy services	100%	(5)
initiate Consulting Ltd	England and Wales	Construction consultancy services	100%	(4)
Driver Trett France SAS	France	Construction consultancy services	100%	

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

(1) The Company is entitled to 99% of the profits.
(2) The legal structure of the business provides the Company with effective 100% control and the business is therefore treated as a fully owned subsidiary
(3) The Company was sold to Khaitan Consultants Limited on 17 May 2016.
(4) Initiate Consulting Limited was acquired on 8 December 2014 (note 21).
(5) Driver Trett Canada is a joint operation with MHPM partners limited to provide consultancy services. This operation had a loss of £343,000 (2015 Profit: £62,000) to net margin during the financial period.

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 1,700,645 shares in the Company for £1,242,206. On 29 July 2013 the Trust disposed of 575,645 shares for net proceeds of £506,567. On 10 December 2013 the Trust disposed of 500,000 shares for net proceeds of £107,500. On 12 August 2014 the Trust disposed of 28,323 shares for net proceeds of £27,615. On 23 September 2016 the Trust transferred 200,000 shares to an employee in settlement of 200,000 nil cost options. At 30 September 2016 the assets of the Trust comprised 396,677 (2015: 596,677) of the Company's own shares with a nominal value of £1,587 (2015: £2,387) and a market value of £194,372 (2015: £411,707). 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 19) 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 INTANGIBLE ASSETS

	2016 £000	2015 £000
At the beginning of the year	**842**	96
Additions in the year	**-**	980
Amortisation	**(223)**	(240)
Foreign exchange movement	**2**	6
At the end of the year	**621**	842

On 8 December 2014 the Group acquired initiate Consulting Limited ("Initiate"). As part of the acquisition intangible assets relating to customer relationships were acquired with a fair value of £0.98m (note 21).

These customer relationships acquired with Initiate are being amortised over their useful economic life which has been deemed as 5 years.

14 TRADE AND OTHER RECEIVABLES

	2016 £000	2015 £000
Trade receivables	**17,233**	13,630
Other receivables	**824**	740
Prepayments	**1,210**	1,263
Accrued income	**1,079**	904
	20,346	16,537

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value. Included within other receivables and accrued income is £296,000 (2015: £257,000) due after 1 year.

As at 30 September 2016 trade receivables of £7,451,000 (2015: £4,675,000) were past due but not impaired. They relate to customers against whom no provision is considered necessary. The ageing analysis of trade receivables is as follows:

30 September 2016	Current (not yet overdue)	Debt age – "days overdue" 0-30 days	31-60 days	Over 60 days	Total
Trade receivables					
Value (£'000)	9,782	2,087	1,322	4,042	17,233
%	57%	12%	8%	23%	100%

30 September 2015	Current (not yet overdue)	Debt age – "days overdue" 0-30 days	31-60 days	Over 60 days	Total
Trade receivables					
Value (£'000)	8,955	1,512	726	2,437	13,630
%	66%	11%	5%	18%	100%

As at 30 September 2016 trade receivables of £1,576,000 (2015: £893,000) were past due, impaired and provided against. 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 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 22.

Movements in the impairment allowance for trade receivables are as follows:

	2016 £000	2015 £000
At the beginning of the year	**893**	666
Increase during the year	**947**	342
Receivable written off during the year as uncollectible	**(264)**	(115)
At the end of the year	**1,576**	893

The movement in the impairment allowance for trade receivables has been included in the administrative expenses line in the Consolidated Income Statement.

15 TRADE AND OTHER PAYABLES:

	2016 £000	2015 £000
Trade payables	**2,653**	3,422
Social security and other taxes	**1,977**	2,012
Other payables	**1,329**	288
Accrued expenses	**2,634**	3,662
	8,593	9,384

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

Included within trade payables is £19,000 (2015: £39,000) payable between 3 and 12 months with the remainder due within 3 months.

Amounts payable over one year:
In the current year amounts payable over one year is £nil (2015: £317,000). The prior year amount was in relation to accrued contingent consideration (note 21).

16 BORROWINGS

An analysis of the maturity of loans is given below:

	2016 £000	2015 £000
Current:		
Bank loan and overdraft	**3,229**	417
Finance lease	**123**	62
	3,352	479
Non-current falling due between one and two years:		
Bank loan	**-**	3,000
Finance lease	**54**	38
Non-current falling due between two and five years:		
Bank loan	**7,000**	-
Finance lease	**56**	62
	7,110	3,100

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

As at 30 September 2016 the banking facilities with HSBC consisted of:

	Facility	Interest rate (annual)
Overdraft facility	£3,000,000	1.75% over base rate
Revolving credit facility repayable on 30 November 2018	£7,000,000	1.75% over Libor
Revolving credit facility repayable on 30 April 2017	£2,000,000	5.5% over base

As at 30 September 2016 the Company had access to cash balances of £555,000 in addition to the unutilised overdraft facility of £1,771,000. 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 £1,647,000.

17 CASH AND CASH EQUIVALENTS

	2016 £000	2015 £000
Cash at bank	**555**	1,111
Bank overdraft (note 16)	**(3,229)**	(417)
	(2,674)	694

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

18 DEFERRED TAXATION

Deferred tax is calculated at 17% (2015: 20%)

Deferred tax liability

	2016 £000	2015 £000
At the beginning of the year	**352**	194
Credit for the year recognised in the Income Statement	**(43)**	(22)
Deferred tax on intangible asset arising on business combination	**-**	186
Temporary differences on property credited to the Income Statement	**(8)**	(6)
At the end of the year	**301**	352

Deferred tax asset

	2016 £000	2015 £000
At the beginning of the year	**35**	22
Debit for the year recognised in the Income Statement	**(14)**	13
At the end of the year	**21**	35

The elements of the deferred tax balances are as follows:

		Assets		Liabilities
	2016 £000	2015 £000	2016 £000	2015 £000
Temporary differences on property	**-**	-	**(158)**	(166)
Capital allowances difference to depreciation	**-**	-	**(25)**	(31)
Deferred tax on intangible asset	**-**	-	**(118)**	(155)
Other short term temporary differences	**21**	35	**-**	-
	21	35	**(301)**	(352)

The Group had taxable losses of £7,050,000 (2015: £5,974,000) carried forward at the year end. No deferred tax asset has been recognised in relation to these.

19 CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal Value:	2016 £000	2015 £000
50,000,000	Ordinary	0.4p	**200**	200

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2016 £000	2015 £000
31,701,190	Ordinary	0.4p	**127**	125

Ordinary shares of 0.4p each	2016 Number:	2016 £000	2015 Number:	2015 £000
At beginning of the year	**31,101,190**	**125**	27,754,416	111
Issued during the year	**600,000**	**2**	3,346,774	14
At end of the year	**31,701,190**	**127**	31,101,190	125

SHARE BASED PAYMENT TRANSACTIONS

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. 600,000 of these options remain outstanding at the year end.

On 10 October 2013 656,886 share options with a nil p exercise price were granted. These options were granted in three equal tranches and have vesting conditions. Tranche 1 was consideration for the acquisition of the non-controlling interest and a full charge has been recognised in the accounts. Tranche 2 is dependent on the employees remaining with the Group. Tranche 3 is conditional on profit targets, in addition the options are forfeited if the employee leaves the Group before the options vest. Share options granted in the year have been valued based on market value on the date of grant. This results in an equivalent value to one derived using an alternative valuation technique. During the year 426,017 of these options were exercised with the remaining options lapsing due to conditional profit targets not being met.

19 CALLED UP SHARE CAPITAL - continued

During the prior year options totalling 5,270,000 shares were granted. These options were granted with an exercise price of between nil p and 65.5p with a vesting period of between 2 and 5 years. Some options are conditional on profit targets and in addition are forfeited if the employee leaves the Group before the options vest. The share options have been valued based on market value on the date of grant. Since these options were granted, 1,270,500 of these share options have lapsed, 556,500 shares have been forfeited and 200,000 shares have been exercised. Detail of the outstanding 3,243,000 share options are shown in the table below.

During the year options totalling 1,300,000 shares were granted. These were granted with an exercise price of nil p and a vesting period between 0 and 4 years. Some of these options are contingent on the employee purchasing their own shares with the remaining conditional of profit targets. 800,000 of these share options were modified from original options granted in the year. 400,000 have become exercisable at 30 September 2016. Detail of the outstanding 1,300,000 share options are shown in the table below.

At 30 September 2016 the following unexercised share options to acquire ordinary shares granted under The Driver Group plc Enterprise Management Incentive Scheme and other option agreements were outstanding in respect of 21 employees (2015: 64):

Year of grant	Vesting period	Exercise price per 0.4p share (pence)	2016 Number	2015 Number
2011	23-01-2011 to 01-10-2014	21.5p	**600,000**	600,000
2014	10-10-2013 to 10-10-2013	Nilp	**-**	136,392
	10-10-2013 to 01-10-2014	Nilp	**-**	136,605
	10-10-2013 to 01-10-2015	Nilp	**-**	136,605
	10-10-2013 to 01-10-2016	Nilp	**-**	247,284
2015	01-10-2014 to 01-10-2016	Nilp	**-**	154,000
	01-10-2014 to 01-10-2017	Nilp	**100,000**	570,000
	13-11-2014 to 01-10-2016	Nilp	**200,000**	400,000
	13-11-2014 to 01-10-2017	Nilp	**400,000**	800,000
	13-11-2014 to 01-10-2018	Nilp	**200,000**	400,000
	09-12-2014 to 01-10-2017	Nilp	**1,250,000**	1,550,000
	18-03-2015 to 01-10-2017	Nilp	**40,000**	40,000
	18-03-2015 to 01-10-2020	65.5p	**160,000**	160,000
	26-03-2015 to 01-10-2017	63.5p	**600,000**	600,000
	17-08-2015 to 01-10-2017	Nilp	**20,000**	20,000
	29-09-2015 to 01-01-2017	Nilp	**238,000**	238,000
	29-09-2015 to 01-06-2017	Nilp	**-**	60,000
	29-09-2015 to 01-10-2017	Nilp	**35,000**	53,000
2016	22-09-2016 to 30-09-2016	Nilp	**400,000**	-
	22-09-2016 to 30-09-2017	Nilp	**300,000**	-
	22-09-2016 to 30-09-2018	Nilp	**300,000**	-
	22-09-2016 to 30-09-2019	Nilp	**300,000**	-
			5,143,000	6,301,886

	2016 Options	2016 Weighted average exercise price per share (pence)	2015 Options	2015 Weighted average exercise price per share (pence)
Outstanding at 1 October	**6,301,886**	**4p**	3,009,386	18p
Granted during the year	**1,316,415**	**Nilp**	5,270,000	2p
Forfeited during the year	**(1,292,784)**	**Nilp**	(225,000)	Nilp
Exercised during the year	**(626,017)**	**Nilp**	(1,752,500)	23p
Surrendered during the year	**(556,500)**	**Nilp**	-	Nilp
Outstanding at 30 September	**5,143,000**	**12p**	6,301,886	4p
Exercisable at 30 September	**1,200,000**	**10.8p**	872,997	14.8p

The options outstanding at 30 September 2016 had an exercise price between nil p and 65.5p and a weighted average remaining contractual life of 2.75 years.

The Group recognised a charge of £1,141,000 (2015: £510,000) relating to equity settled share options.

The directors' interests in share options are shown on page 13 in the Report of the Directors.

20 LEASES

Finance leases

During the year ended 30 September 2015 the Group entered into a lease for motor vehicles which is classified as a finance lease due to the nature of the risks and rewards of ownership. The net carrying value of these assets at 30 September 2016 was £221,760 (2015: £170,791).

Future lease payments are due as follows:

	Minimum lease payments 2016 £000	Interest 2016 £000
Not later than one year	**120**	**6**
Later than one year and not later than five years	**110**	**6**
	230	**12**

The present values of future lease payments are analysed as:

	2016 £000	2015 £000
Current liabilities	**120**	62
Non-current liabilities	**110**	100
	230	162

Operating lease – lessee

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

	2016		2015	
	Land and buildings £000	Other leases £000	Land and buildings £000	Other leases £000
Due:				
Not later than one year	**1,066**	**7**	985	19
Later than one year and not later than five years	**1,762**	**4**	1,744	2
Later than five years	**63**	**-**	399	-
	2,891	**11**	3,128	21

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 operating leases are as follows:

	2016 £000	2015 £000
Not later than one year	**135**	34
Later than one year and not later than five years	**451**	-
	586	34

21 ACQUISITIONS

On 08 December 2014 the Group acquired initiate Consulting Limited (“Initiate”). Initiate are capital investment consultants providing development, project and construction management services to the infrastructure market in the UK. The consideration for the acquisition was satisfied by way of an initial cash payment of £1.5m, which was satisfied out of the Company’s existing financial resources at that time, and by the issue of 1,594,274 new ordinary shares in the Group (the “Consideration Shares”) with a fair value of £1.6m. The purchase agreement also included a two year earn-out payable to the sellers as contingent consideration if they remained with the Group for a two year period post acquisition. The Group has recognised £0.6m (2015: £1.5m) in the income statement, being the present value of the consideration payable having made a probability based assessment of the amount payable. The terms of the purchase agreement states that the total amount payable would be £2.185m. The contingent consideration payable is linked to post combination employment and therefore has been charged to the income statement (note 5).

21 ACQUISITIONS – continued

The acquisition enabled the Group to immediately provide development and project management services on significant aviation, highway and rail projects across the UK and created the opportunity to leverage existing project and dispute & advisory services in to this sector and to Initiate's client base.

Book and fair value of assets and liabilities acquired:

	Book Value £000	Adjustments £000	Fair Value £000
Intangible assets – customer relationships	-	980	980
Cash and cash equivalents	1,156	-	1,156
Trade and other receivables	818	(18)	800
Property, plant and equipment	110	(30)	80
Trade and other payables	(656)	(331)	(987)
Tax liability	(177)	-	(177)
Deferred tax on intangible asset	-	(186)	(186)
NET ASSETS ACQUIRED	1,251	415	1,666

The fair value of the net assets acquired was reduced by £18,000 in 2016 relating to an adjustment to Trade and other receivables.

Fair value of consideration paid

	£000
Cash	1,500
Consideration shares issued	1,615
Total consideration	3,115
Goodwill	1,449

In the prior year acquisition costs of £0.143m arose as a result of the transaction. These were recognised as exceptional costs in the Income Statement. The main factor leading to the recognition of goodwill is: the presence of certain intangible assets, such as the assembled workforce of the acquired entity, which does not qualify for separate recognition. The goodwill recognised will not be deductible for tax purposes.

The contribution to net profit of the Group was an underlying* loss of £0.052m (2015 Profit: £0.399m). After exceptional items (note 5) and amortisation of intangible assets of £0.196m (2015: £0.163m) the contribution was a net loss of £1.848m (2015: £1.381m). Group revenue includes £5.876m (2015: £5.37m) from the operations of Initiate.

Had Initiate been acquired for the whole of the prior year the contribution to revenue would have been approximately £6.57m. The contribution to underlying* operating profit would have been approximately £0.51m. After exceptional items and amortisation of intangible assets the contribution to net loss would have been approximately £1.63m.

** Underlying figures are from continuing operations and are stated before the share-based payment costs, exceptional items and amortisation of intangible assets*

22 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	
	2016 £000	2015 £000	2016 £000	2015 £000
FINANCIAL ASSETS				
Cash and cash equivalents	**-**	-	**555**	1,111
Trade and other receivables	**-**	-	**19,136**	15,274
Derivative financial assets	**454**	17	**-**	-
TOTAL FINANCIAL ASSETS	**454**	17	**19,691**	16,385

	Financial liabilities at fair value through income statement		Financial liabilities at amortised costs	
	2016 £000	2015 £000	2016 £000	2015 £000
FINANCIAL LIABILITIES				
Trade and other payables	**-**	-	**6,616**	9,701
Loans and borrowings	**-**	-	**10,462**	3,579
Derivative financial liabilities	**1,395**	153	**-**	-
TOTAL FINANCIAL LIABILITIES	**1,395**	153	**17,078**	13,280

Financial assets and liabilities measured at fair value through income statement are all valued using level 2 external valuations. The fair value of forward exchange contracts is determined based on the forward exchange rates as at reporting date.

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.

22 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:

	2016 £000	**2015 £000**
Un-drawn borrowing facilities at 30 September	**1,771**	632
Cash and cash equivalents	**555**	1,111
Available funds	**2,326**	1,743

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 2016

	Due within 1 year £000	**Due between 1 and 5 years £000**	**Total £000**
Non-derivative financial liabilities			
Bank loans and overdrafts	**3,229**	**7,000**	**10,229**
Finance lease creditor	**123**	**110**	**233**
Trade and other payables	**6,616**	**-**	**6,616**
Total	**9,968**	**7,110**	**17,078**

30 September 2015

	Due within 1 year £000	**Due between 1 and 5 years £000**	**Total £000**
Non-derivative financial liabilities			
Bank loans and overdrafts	417	3,000	3,417
Finance lease creditor	62	100	162
Trade and other payables	9,701	-	9,701
Total	10,180	3,100	13,280

As at 30 September 2016 the banking facilities with HSBC consisted of:

	Facility	Interest rate (annual)
Overdraft facility	£3,000,000	1.75% over base rate
Revolving credit facility repayable on 30 November 2018	£7,000,000	1.75% over Libor
Revolving credit facility repayable on 30 April 2017	£2,000,000	5.5% over base

As at 30 September 2016 the Company had access to cash balances of £555,000 in addition to the unutilised overdraft facility of £1,771,000. 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 £1,647,000.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

(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, Singapore Dollar, Australian Dollar, Hong Kong Dollar, Canadian Dollar and Kuwaiti Dinar. 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.

The following balances are contained within other receivables (note 14) and other payables (note 15) in respect of derivative financial instruments, being foreign currency forward contract arrangements:

	2016 £000	**2015 £000**
Asset	**454**	17
Liability	**(1,395)**	(153)
	(941)	(136)

The balances are all current with assets of £449,000 (2015: £12,000) and liabilities of £936,000 (2015: £153,000) maturing within 3 months and assets of £5,000 (2015: £5,000) maturing in 6 to 12 months and liabilities of £459,000 (2015: £nil).

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

FINANCIAL ASSETS 2016

	Cash and cash equivalents £000	**Trade and other receivables £000**
GBP	22	4,048
EUR	58	1,796
CAD	39	256
AED	72	4,956
OMR	71	4,234
KWD	-	621
USD	5	-
QAR	28	294
ZAR	110	768
SGD	76	1,247
MYR	17	508
HKD	22	218
AUD	35	190
Total	555	19,136

FINANCIAL LIABILITIES 2016

	Trade and other payables £000	**Loans and borrowings £000**
GBP	3,374	10,228
EUR	423	-
CAD	29	-
AED	971	-
OMR	811	232
KWD	128	-
USD	-	-
QAR	198	-
ZAR	366	2
SGD	154	-
MYR	14	-
HKD	27	-
AUD	121	-
Total	6,616	10,462

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

(b) Foreign exchange risk - continued

FINANCIAL ASSETS 2015

	Cash and cash equivalents £000	Trade and other receivables £000
GBP	787	4,428
EUR	(75)	1,154
CAD	20	377
AED	249	3,094
OMR	91	2,946
KWD	-	374
USD	12	-
QAR	48	242
ZAR	85	1,805
SGD	(159)	187
MYR	64	280
HKD	(17)	104
AUD	6	283
Total	1,111	15,274

FINANCIAL LIABILITIES 2015

	Trade and other payables £000	Loans and borrowings £000
GBP	6,382	3,417
EUR	363	-
CAD	190	-
AED	672	-
OMR	746	158
KWD	56	-
USD	-	-
QAR	234	-
ZAR	780	4
SGD	39	-
MYR	60	-
HKD	45	-
AUD	134	-
Total	9,701	3,579

The Group earns Euro revenues in Europe and also generates local currency revenues and costs in South Africa, Oman, the UAE, Qatar, Kuwait, Malaysia, Singapore, Australia, Hong Kong and Canada. 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 Ringgits, Australian Dollar, Hong Kong Dollar, Canadian Dollar, Kuwaiti Dinar, 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 current year.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

(b) Foreign exchange risk - continued

Sensitivity analysis – Impact on Income Statement and on Equity

% change in Sterling relative to:	10%	20%	10%	20%
	Income statement		Equity	
	£000	£000	£000	£000
Sterling strengthens relative to Euro	(130)	(238)	(98)	(179)
Sterling weakens relative to Euro	159	358	119	268
Sterling strengthens relative to US Dollar	148	272	142	262
Sterling weakens relative to US Dollar	(181)	(408)	(174)	(392)
Sterling strengthens relative to South African Rand	10	18	7	13
Sterling weakens relative to South African Rand	(12)	(27)	(9)	(20)
Sterling strengthens relative to Malaysian Ringgit	(4)	(7)	(3)	(5)
Sterling weakens relative to Malaysian Ringgit	5	11	4	8
Sterling strengthens relative to Singapore Dollar	(27)	(50)	(22)	(41)
Sterling weakens relative to Singapore Dollar	33	75	28	63
Sterling strengthens relative to Australian Dollar	32	59	22	41
Sterling weakens relative to Australian Dollar	(40)	(89)	(28)	(63)
Sterling strengthens relative to Hong Kong Dollar	(1)	(1)	(1)	(1)
Sterling weakens relative to Hong Kong Dollar	1	2	1	2
Sterling strengthens relative to Canadian Dollar	28	51	24	44
Sterling weakens relative to Canadian Dollar	(34)	(77)	(29)	(65)
Sterling strengthens relative to Kuwaiti Dinar	3	6	2	5
Sterling weakens relative to Kuwaiti Dinar	(4)	(10)	(4)	(9)

As overseas profits and non-Sterling income grow, the exposure of the Group’s profit and equity to movements in Sterling relative to the foreign currencies will increase too.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

(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 2016

	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
Cash and cash equivalents	-	555	-	555
Trade and other receivables	-	-	19,136	19,136
Derivative financial instrument – asset	-	-	454	454
Trade and other payables	-	-	(6,616)	(6,616)
Derivative financial instrument – liability	-	-	(1,395)	(1,395)
Bank loans and overdrafts	-	(10,229)	-	(10,229)
Finance lease creditor	(233)	-	-	(233)
	(233)	(9,674)	11,579	1,672

30 September 2015

	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
Cash and cash equivalents	-	1,111	-	1,111
Trade and other receivables	-	-	15,274	15,274
Derivative financial instrument – asset	-	-	17	17
Trade and other payables	-	-	(9,701)	(9,701)
Derivative financial instrument – liability	-	-	(153)	(153)
Bank loans and overdrafts	-	(3,417)	-	(3,417)
Finance lease creditor	(162)	-	-	(162)
	(162)	(2,306)	5,437	2,969

Interest rates on bank loans are disclosed in note 16.

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.

	2016 £000
Impact on Income Statement and Equity	
1% increase in base rate of interest	**(99)**
2% increase in base rate of interest	**(197)**

(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 14.

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.

22 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

(e) Capital management - continued
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 23). 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).

23 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.

Currency reserve
The currency 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 the nominal value of shares purchased and then cancelled by the Company.

Non-controlling interest
The non-controlling interest relates to minority shareholdings in Driver Consult (Oman) LLC.

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 2016 was 396,677 (2015: 596,677).

24 RELATED PARTY TRANSACTIONS

Other than the transactions with Directors noted in the Directors' Remuneration Report (page 16) and dividends paid to Directors, during the financial year, the Group had no transactions with other related parties as defined by IAS 24 'Related Party Disclosures'.

Notes to the Financial Statements continued

For The Year Ended 30 September 2016

25 MAJOR SHAREHOLDERS

The major shareholders (more than 3%) as at 30 September 2016 are:

	Number of Shares 30 September 2016
Living Bridge	5,115,805
David Webster	2,852,088
Adrian J Williams	2,498,500
John P Mullen	2,059,436
Ennismore Fund Management	1,773,179
Close Asset Management	1,759,839
Unicorn Asset Management	1,626,936
Sanford DeLand Asset Management	1,520,000
David P Law	1,184,600
Castlefield Investments	1,080,000
Paul Battrick	951,700

26 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 reviews
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 the need for an 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 £1,576,000 (2015: £893,000) 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 Manager's assessment of the contract terms, the time incurred and the performance obligations achieved and remaining.

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.

Share Based Payments
The Group operates an equity-settled share-based compensation plan as detailed in note 19. Employee services received and the corresponding increase in equity are measured by reference to the fair value of the equity instruments as at the date of grant. Key estimates include the number of future staff leavers on the basis of past experience and the likelihood of specific vesting conditions being met.

27 POST BALANCE SHEET EVENTS

The Company has raised £8.0 million before expenses though the placing of 20,000,000 ordinary shares and extended an Open Offer to existing shareholders of up to a maximum of a further £0.5 million at a price of 40 pence per share. New term debt facilities have also been agreed for an initial £8.0 million, comprising a £5.0 million term loan facility and a revolving credit facility of a further £3.0 million; these facilities will become effective and drawable upon completion of the Placing.

Driver Group plc (Company)
Statement of Financial Position

At 30 September 2016

Company number: 3475146

	Notes	2016 £000	2016 £000	2015 Restated* £000	2015 Restated* £000
FIXED ASSETS					
Tangible assets	29		**2,314**		2,163
Investments	30		**7,993**		10,596
			10,307		12,759
CURRENT ASSETS					
Debtors	31	**9,011**		4,226	
Cash and cash equivalents		**-**		355	
		9,011		4,581	
CREDITORS					
Amounts falling due within one year	32	**(2,658)**		(3,852)	
NET CURRENT ASSETS			**6,353**		729
TOTAL ASSETS LESS CURRENT LIABILITIES			**16,660**		13,488
CREDITORS					
Amounts falling due after more than one year	33		**(7,133)**		(3,435)
NET ASSETS			**9,527**		10,053
CAPITAL RESERVES					
Called up share capital	36		**127**		125
Share premium	37		**3,453**		3,095
Merger reserve	37		**-**		3,102
Revaluation reserve	37		**1,213**		1,077
Capital redemption reserve	37		**18**		18
Retained earnings	37		**4,823**		2,743
Own shares	38		**(107)**		(107)
SHAREHOLDERS' FUNDS			**9,527**		10,053

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 £1,851,000 (2015: £1,735,000).

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

Hugh Cawley
Finance Director
9 March 2017

The notes on pages 55 to 61 form part of the Financial Statements.

**Restated to reflect the reallocation of £1,609,000 from the share premium account to the merger reserve in relation to shares issued as part of the consideration for the acquisition of initiate Consulting Ltd in December 2014, the amount is equal to the difference in the fair value of the shares issued and the nominal value.*

Statement of Changes in Equity - Company

At 30 September 2016

	Share capital £000	Share premium £000	Merger reserve £000	Revaluation Reserve £000	Capital redemption reserve £000	Retained earnings £000	Own shares £000	Total Equity £000
OPENING BALANCE AT 1 OCTOBER 2014	**111**	**2,702**	**1,493**	**1,073**	**18**	**4,455**	**(107)**	**9,745**
Loss for the year	-	-	-	-	-	(1,735)	-	(1,735)
Deferred tax on Land and Buildings	-	-	-	22	-	-	-	22
Total comprehensive income for the year	-	-	-	22	-	(1,735)	-	(1,713)
Dividends	-	-	-	-	-	(505)	-	(505)
Share-based payment cost	-	-	-	-	-	5	-	5
Investment in subsidiary – share options	-	-	-	-	-	505	-	505
Reserves transfer	-	-	-	(18)	-	18	-	-
Issue of share capital	8	393	-	-	-	-	-	401
Shares issued as part of the consideration in a business combination	6	-	1,609	-	-	-	-	1,615
CLOSING BALANCE AT 30 SEPTEMBER 2015	**125**	**3,095**	**3,102**	**1,077**	**18**	**2,743**	**(107)**	**10,053**
Loss for the year	-	-	-	-	-	(1,851)	-	(1,851)
Revaluation of Land and Buildings	-	-	-	166	-	-	-	166
Deferred tax on Land and Buildings	-	-	-	(12)	-	-	-	(12)
Total comprehensive income for the year	-	-	-	154	-	(1,851)	-	(1,697)
Dividends	-	-	-	-	-	(320)	-	(320)
Share-based payment costs	-	-	-	-	-	347	-	347
Investment in subsidiary – Share options	-	-	-	-	-	794	-	794
Transfer on impairment of investment in subsidiary	-	-	(3,102)	-	-	3,102	-	-
Reserves transfer	-	-	-	(18)	-	18	-	-
Issue of share capital	2	358	-	-	-	-	-	360
Repurchase of share options	-	-	-	-	-	(10)	-	(10)
CLOSING BALANCE AT 30 SEPTEMBER 2016	**127**	**3,453**	**-**	**1,213**	**18**	**4,823**	**(107)**	**9,527**

28 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
These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 41.

Parent company disclosure exemptions
In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments and share-based payment arrangements have not been presented as equivalent disclosures have been provided in respect of the group as a whole; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

Tangible fixed assets
Long leasehold land and buildings are included at valuation. The directors perform periodic valuations and annual impairment reviews in accordance with section 17 of FRS 102.

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% per annum on revaluation
Fixtures and fittings	- 10% - 33% per annum on cost
Computer equipment	- 25% per annum on cost

Investments in subsidiaries
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.

28 ACCOUNTING POLICIES – continued

Employee Benefit Trust
In accordance with FRS 102.9.33 to 9.38, 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.

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.

Accounting estimates and judgements
The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The company operates an equity-settled share-based compensation plan as detailed in note 19. Employee services received and the corresponding increase in equity are measured by reference to the fair value of the equity instruments as at the date of grant.
- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- When determining the value Investment Properties, the valuation has been based upon market value. The market value is defined as the estimated amount for which the asset should exchange on valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.

Notes to the Financial Statements - Company continued

For The Year Ended 30 September 2016

29 TANGIBLE FIXED ASSETS

	Land and buildings Long leasehold £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST OR VALUATION				
At 1 October 2015	2,000	256	448	2,704
Additions	-	-	105	105
Revaluation	100	-	-	100
At 30 September 2016	2,100	256	553	2,909
DEPRECIATION				
At 1 October 2015	33	198	310	541
Charge for year	33	21	66	120
Revaluation	(66)	-	-	(66)
At 30 September 2016	-	219	376	595
NET BOOK VALUE				
At 30 September 2016	2,100	37	177	2,314
At 30 September 2015	1,967	58	138	2,163

The company's registered office at St Crispin Way is mixed use, it is used by the Group as the head office and approximately half of the building is rented out to a third party. On 28 November 2016 the long leasehold land and buildings were valued by Trevor Dawson, an independent firm of Chartered Surveyors, as at 30 September 2016 at £2,100,000.

Cost or valuation at 30 September 2016 is represented by:

	Land and buildings Long leasehold £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Valuation in 2016	2,100	-	-	2,100

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

	2016 £000	2015 £000
Gross cost	**919**	919
Depreciated historical cost	**757**	772

Notes to the Financial Statements - Company continued

For The Year Ended 30 September 2016

30 FIXED ASSET INVESTMENTS

	Shares in Group Undertakings £000
COST	
At 1 October 2015	10,596
Additional capital investment	793
Impairment	(3,396)
At 30 September 2016	7,993
NET BOOK VALUE	
At 30 September 2016	7,993
At 30 September 2015	10,596

The additional capital investment in the year relates to investment in share options of £0.8m (2015: £0.5m).

An impairment test was undertaken by the Directors to assess the carrying value of some investments and it was concluded that an impairment was required of £3.4m (2015: £nil).

In addition to this, in the previous year there was the acquisition of Initiate for £3.1m (note 21).

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%	
Driver Project Services Ltd	England and Wales	Construction consultancy services	100%	
Driver Consult (Oman) LLC	Oman	Construction consultancy services	65%	(1)
Driver Consult (UAE) LLC	Abu Dhabi	Construction consultancy services	49%	(2)
Driver Trett South Africa (pty) Ltd	South Africa	Construction consultancy services	100%	
Driver Consult Qatar LLC	Qatar	Construction consultancy services	49%	(2)
Trett Holdings Ltd	England and Wales	Construction consultancy services	100%	
Trett Ltd	England and Wales	Construction consultancy services	100%	
Driver Trett (Hong Kong) Ltd	Hong Kong	Construction consultancy services	100%	
Trett Consulting (India) Ltd	India	Dormant	70%	(3)
Driver Trett (Singapore) Pty Ltd	Singapore	Construction consultancy services	100%	
Trett Consulting B.V.	Netherlands	Construction consultancy services	100%	
Trett Contract Services Ltd	England and Wales	Dormant	100%	
Driver Trett (Malaysia) SDN BHD	Malaysia	Construction consultancy services	100%	
Driver Trett Australia Pty Ltd	Australia	Construction consultancy services	100%	
Driver Trett (Canada) Ltd	Canada	Construction consultancy services	100%	(5)
initiate Consulting Ltd	England and Wales	Construction consultancy services	100%	(4)
Driver Trett France SAS	France	Construction consultancy services	100%	

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

(1) The Company is entitled to 99% of the profits.
(2) The legal structure of the business provides the Company with effective 100% control and the business is therefore treated as a fully owned subsidiary
(3) The Company was sold to Khaitan Consultants Limited on 17 May 2016.
(4) initiate Consulting Limited was acquired on 8 December 2014 (note 21).
(5) Driver Trett Canada is a joint operation with MHPM partners limited to provide consultancy services. This operation had a loss of £343,000 (2015 Profit: £62,000) to net margin during the financial period.

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 1,700,645 shares in the Company for £1,242,206. On 29 July 2013 the Trust disposed of 575,645 shares for net proceeds of £506,567. On 10 December 2013 the Trust disposed of 500,000 shares for net proceeds of £107,500. On 12 August 2014 the Trust disposed of 28,323 shares for net proceeds of £27,615. On 23 September 2016 the Trust transferred 200,000 shares to an employee in settlement of 200,000 nil cost options. At 30 September 2016 the assets of the Trust comprised 396,677 (2015: 596,677) of the Company's own shares with a nominal value of £1,587 (2015: £2,387) and a market value of £194,372 (2015: £411,707). 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 19) 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.

Notes to the Financial Statements - Company continued

For The Year Ended 30 September 2016

31 DEBTORS

Amounts falling due within one year:

	2016 £000	2015 £000
Trade debtors	**15**	14
Amounts owed by Group undertakings	**8,820**	3,950
Prepayments and accrued income	**176**	262
	9,011	4,226

32 CREDITORS

Amounts falling due within one year:

	2016 £000	2015 £000
Trade creditors	**123**	287
Bank loans and overdrafts	**818**	-
Social security and other taxes	**253**	479
Accrued expenses	**820**	1,306
Amounts owed to Group undertakings	**644**	1,780
	2,658	3,852

33 CREDITORS

Amounts falling due after more than one year:

	2016 £000	2015 £000
Bank loan (note 34)	**7,000**	3,000
Accrued expenses	**-**	317
Deferred tax	**133**	118
	7,133	3,435

Accrued expenses in the prior year relate to contingent consideration (note 21).

34 BANK LOAN AND OVERDRAFTS

An analysis of the maturity of loans is given below:

	2016 £000	2015 £000
Amounts falling due within one year or on demand:		
Bank loans and overdrafts	**818**	-
Finance lease	**-**	-
	818	-
Amounts falling due between one and two years:		
Bank loan	**-**	-
Amount falling due between two and five years:		
Bank loan	**7,000**	3,000
	7,000	3,000

As at 30 September 2016 the banking facilities with HSBC consisted of:

	Facility	Interest rate (annual)
Overdraft facility	£3,000,000	1.75% over base rate
Revolving credit facility repayable on 30 November 2018	£7,000,000	1.75% over Libor
Revolving credit facility repayable on 30 April 2017	£2,000,000	5.5% over base

As at 30 September 2016 the Company had access to cash balances of £555,000 in addition to the unutilised overdraft facility of £1,771,000. 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 £1,647,000.

35 DEFERRED TAX

Deferred tax liability

	2016 £000	2015 £000
At the beginning of the year	**118**	140
Charge for the year recognised in the Income Statement	**3**	-
Charge/(credit) for the year recognised in Other Comprehensive Income	**12**	(22)
At the end of the year	**133**	118

The elements of the deferred tax balances are as follows:

	2016 £000	2015 £000
Temporary differences on property	**130**	118
Other short term temporary differences	**3**	-
At the end of the year	**133**	118

36 CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal Value:	2016 £000	2015 £000
50,000,000	Ordinary	0.4p	**200**	200

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2016 £000	2015 £000
31,701,190	Ordinary	0.4p	**127**	125

Ordinary shares of 0.4p each	2016 Number:	2016 £000	2015 Number:	2015 £000
At beginning of the year	**31,101,190**	**125**	27,754,416	111
Issued during the year	**600,000**	**2**	3,346,774	14
At end of the year	**31,701,190**	**127**	31,101,190	125

Information relating to the Company's share option scheme is detailed in note 19 of the Consolidated Group Accounts.

37 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.

Revaluation reserve
The revaluation reserve is the surplus between the fair value and the historical cost and is in relation to Land and Buildings.

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

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

38 OWN SHARES

	£000
At 1 October 2015 and 30 September 2016	107

39 COMMITMENTS

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

	Land and buildings 2016 £000	2015 £000
Due:		
Not later than one year	**331**	320
Later than one year and not later than five years	**1,336**	1,333
Later than five years	**63**	399
	1,730	2,052

The charge to the Income Statement for the lease will be borne by Driver Consult Ltd.

40 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption included in section 33 of FRS 102 and has not disclosed transactions with other wholly owned members of the Group headed by Driver Group plc. Transactions with Directors include amounts paid as dividends and transactions disclosed on page 16.

There is no ultimate controlling party.

41 FRS 102 TRANSITION

The company transitioned to FRS 102 from the previous UK GAAP on 1 October 2014. FRS 102 requires that deferred tax be recognised on the revaluation of land and buildings to Other Comprehensive Income. This charge has been retrospectively applied leading to the recognition of an additional deferred tax liability at the date of transition of £140,000 and a credit to Other Comprehensive Income for the year ending 30 September 2015 of £22,000.

The impact of FRS 102 on the prior year comparative is shown in the following:

	Equity as at 1 October 2014 £000	Profit for the year ended 30 September 2015 £000	Equity as at 30 September 2015 £000
As previously stated under former UK GAAP	9,885	(1,735)	10,171
TRANSITIONAL ADJUSTMENTS			
Deferred tax on revaluation of Land and Buildings recognised in the revaluation reserve	(140)	-	(140)
Deferred tax on revaluation of Land and Buildings recognised in the revaluation reserve	-	-	22
As stated in accordance with FRS 102	9,745	(1,735)	10,053

42 POST BALANCE SHEET EVENTS

The Company has raised £8.0 million before expenses though the placing of 20,000,000 ordinary shares and extended an Open Offer to existing shareholders of up to a maximum of a further £0.5 million at a price of 40 pence per share. New term debt facilities have also been agreed for an initial £8.0 million, comprising a £5.0 million term loan facility and a revolving credit facility of a further £3.0 million; these facilities will become effective and drawable upon completion of the Placing.

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