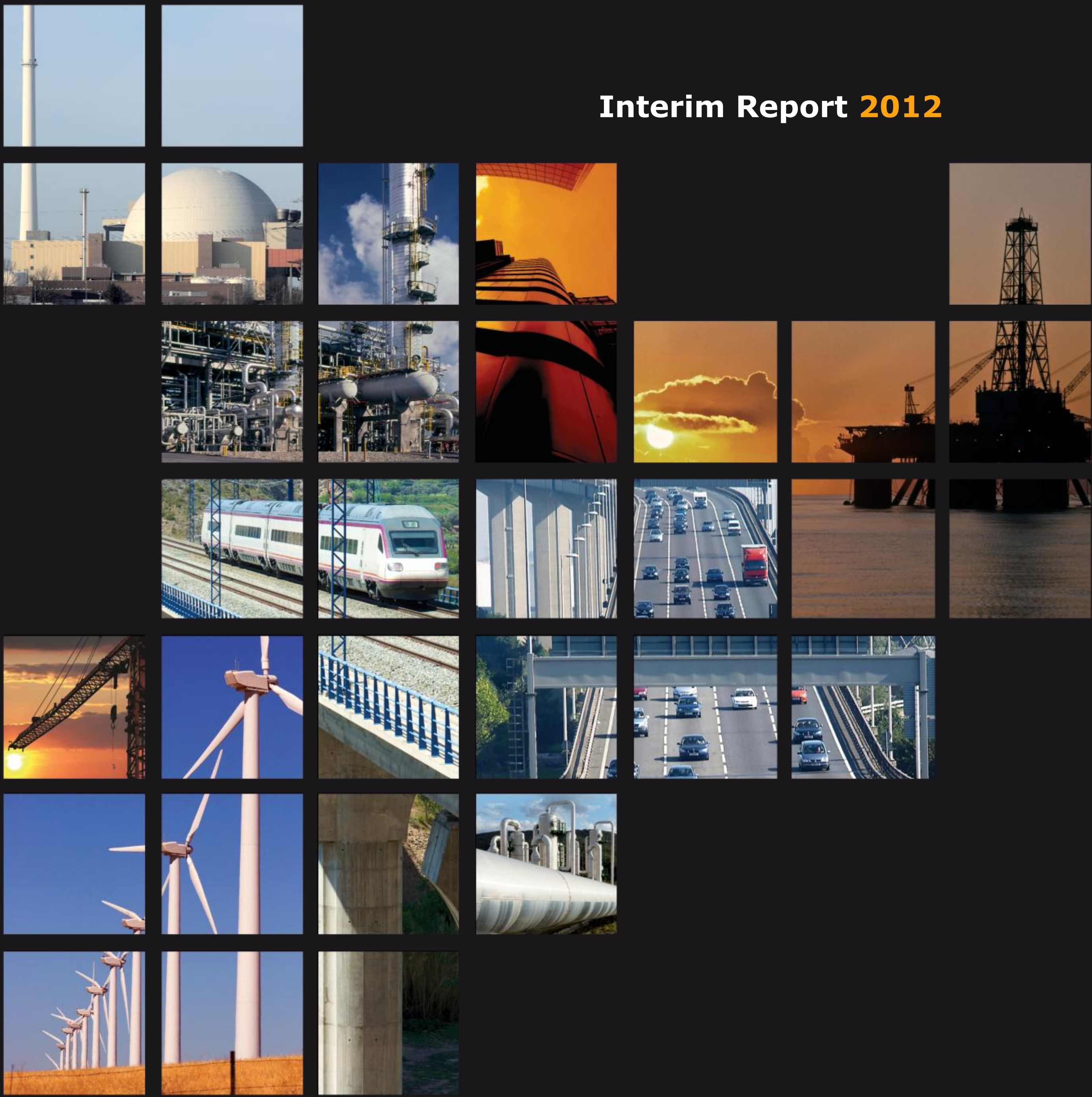
driver group plc

Company number: 3475146

Interim Report 2012



The shares of Driver Group plc are quoted on AIM, the London Stock Exchange's specialist market for growing companies. The Group is a specialist provider of consultancy and advisory services to the construction and engineering industries.

Highlights (for the six months ended 31 March 2012)

Key Financial Information (unaudited)

	6 months ended 31 March 2012 £000	6 months ended 31 March 2011 £000	Change 31 March 2012 to 31 March 2011	6 months ended 30 September 2011 £000	Change 31 March 2012 to 30 September 2011	Year ended 30 September 2011 £000
Revenue	10,640	7,893	**2,747**	9,472	**1,168**	17,365
Gross Profit %	30.1%	25.9%	**4.2%**	27.6%	**2.5%**	26.8%
Underlying* profit / (loss) before tax	799	(48)	**847**	596	**203**	548
Exceptional items and share-based payment charge	(68)	(92)	**24**	(107)	**39**	(199)
Profit / (loss) before tax	731	(140)	**871**	489	**242**	349
Profit / (loss) after tax	619	(116)	**735**	384	**235**	268
Basic earnings / (loss) per share	2.3p	(0.6)p	**2.9p**	1.5p	**0.8p**	0.9p
Underlying* earnings / (loss) per share	2.6p	(0.2)p	**2.8p**	1.9p	**0.7p**	1.7p
Proposed dividend per share	0.3p	Nil	**0.3p**	0.5p	**(0.2p)**	0.5p
Net cash / (borrowings) at period end**	924	(603)	**1,527**	572	**352**	572
Access to available funds***	3,190	1,986	**1,204**	3,078	**112**	3,078
Total Equity	7,255	6,238	**1,017**	6,700	**555**	6,700

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**Underlying figures are stated before the share-based payment charge and exceptional items (note 6).*

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

****Available funds include net undrawn bank facilities plus other cash balances.*

Chairman's Statement

INTRODUCTION

I am pleased to report on the Group's performance for the first half of financial year 2011/2012. The period continued the positive trends seen in the second half of our last financial year and was another period in which we achieved all of our objectives including growth in revenues, profits and cash position. The strength of our trading and our continued optimism for the business allows us to return to the payment of an interim dividend.

In my statement in the Annual Report & Accounts for 2010/2011, I said that we would develop our operations in Africa, Qatar and the Power & Process market in the UK whilst maintaining a stable environment in the remaining businesses. Building on performance in that year, I am pleased to report that we have delivered on each of these objectives. Indeed the Middle East outperformed our expectations and contributed to us issuing two positive trading updates in the period.

FINANCIAL RESULTS

Revenue for the six months ended 31 March 2012 increased by 35% to £10.6m compared with £7.9m for the same period in 2011 and was up 12% compared with the second half revenue for 2011 of £9.5m.

The principal increase in revenue was in the Middle East where revenue grew by 48% to £2.9m (2011: £2.0m; second half 2011: £2.5m). Revenue from Europe increased 22% to £6.8m (2011: £5.6m) and is 5% higher than the second half revenue of 2011 (£6.5m). Africa revenue increased to £0.92m compared to £0.35m in the first half of 2011 and £0.47m in the second half of 2011.

The Group reported an underlying pre-tax profit before the charge for share options of £799,000. This compared with an underlying pre-tax loss of £48,000 for the first half of 2011 and an underlying pre-tax profit of £596,000 in the second half of last year. After a charge for share options of £68,000 (2011: £44,000) the pre-tax profit for the six months ended 31 March 2012 was £731,000 compared with a pre-tax loss of £140,000 after the share option charge and exceptional items of £48,000 for the same period in 2011.

The Group's effective tax rate has reduced to 15% (2011: full year 23%) reflecting improved profits from overseas operations which benefit from lower tax rates. The underlying earnings per share, before the share option charge was 2.6p (2011: loss per share before share options and exceptional items 0.2p). After the share option charge the earnings per share was 2.3p (2011: loss per share 0.6p after share options and exceptional items).

As a result of the continued revenue growth, trade and other receivables increased by £0.74m over the first half (2011: £0.54m) and trade and other payables increased by £0.48m (2011: £0.37m). Net cash inflow from operations of £0.52m compares with an outflow of £0.11m in the corresponding period last year reflecting a return to profitability.

The Group had net cash at 31 March 2012 of £0.9m compared to net borrowings at 31 March 2011 of £0.6m and net cash at 30 September 2011 of £0.6m.

DIVIDEND

In view of the first half trading results, the Board are recommending an interim dividend for 2012 of 0.3 pence per share (2011: nil) which will be paid on 3 August 2012 to shareholders on the register at the close of business on 6 July 2012.

TRADING PERFORMANCE

The Group's performance continues to progress against all key parameters when compared to the second half of 2011. Revenue is 12% higher, underlying pre tax profit is 34% higher and our net cash position has improved by 62% in the first six months of our financial year.

This has been achieved in a trading environment that continues to be challenging with significant macro-economic uncertainty across the world and continued volatility in construction markets. This is down to the strength of our personnel and our continued focus on cost control and the development of targeted service streams and additional sectors.

Our European business is performing as expected. Revenues have increased by 5% on the second half of 2011. As we have expanded our reach and offering we have increased our cost base in this region which has enabled us to position the business for the continued growth being experienced in the Power & Process sector. This alignment of our business for the anticipated increase in revenues from Power & Process has resulted in margins in the period from our European business being reduced by 4%.

The Middle East region has outperformed our expectations as set out in previous trading updates. The restructuring and refocusing that was implemented during the middle of the last financial year has been a success. Revenues are up 17% on the second half of 2011 and profits are up 160% on the same period. This has been achieved by focusing the UAE business on the dispute market, the continued development of the Oman business across all service offerings and the commencement of more meaningful activity in the Qatar office. Our focus on expert witness work across the region has also contributed to the success.

Africa has developed well and is also ahead of expectations, as previously reported. Revenue is up 94% on the second half of last year and the £96k loss in the second half of 2011 has been converted to a £93k profit in the first half of 2012. This has been brought about by work in the PPP market, our planning services and some significant expert witness appointments.

OUTLOOK

The business entered the second half of 2012 in good shape resulting in the Group issuing a further positive trading update. In addition, we were delighted to announce the completion of the acquisition of Trett Consulting ("Trett") in May 2012.

This acquisition of Trett now ensures that we have a global footprint with offices in UK, Mainland Europe, Middle East, Africa, Asia Pacific and North America. Through our global network of offices we are now able to offer the three key service streams of the Group in Project Services, Dispute & Contract Advice and Expert Witness & Litigation Support. The potential to leverage these services and our client base across the network of offices provides the potential for significant growth over the medium to longer term.

The integration of Trett is progressing as planned and we anticipate having fully integrated the Trett business by the end of the financial year. This will allow us to build on the progress we have already made with the Trett business and therefore enter the following financial year set to develop on the opportunities available to our enlarged business. An important objective will be the development of our oil, gas and petrochemical expertise across the network of oil and gas hubs in Houston, UAE and Kuala Lumpur/Singapore.

We have within the last few days recently launched a fresh branding for the Group's expert witness service under the brand name of – 'Diales'. The aim of this is to promote a higher level of focus on the expert witnesses we have within the Group and enhance our ability to secure appointments on a larger number of high value international arbitrations.

In respect of the current financial year our secured revenues and revenue expected to be secured and delivered in the remainder of the year, give the Board a high level of confidence in the outlook for this financial year.

The combination of Trett and Driver, two of the strongest brands in the dispute and advisory market, provides the Group with excellent opportunities for strong growth on a global basis. We are already starting to see the benefits of this acquisition, as evidenced by the previously announced contract with one of the world's largest independent oil and gas exploration and production companies. Notwithstanding the economic backdrop and the continued challenges we face as we operate in this environment, I continue to be very confident and excited by the opportunities that exist for the Group and look forward to working with our staff, both Driver and Trett, to continue growing the revenue and profitability of the business.

W. Alan McClue
Non-Executive Chairman
26 June 2012

Condensed Consolidated Income Statement (Unaudited)

Half yearly report for the six months ended 31 March 2012

		6 months ended 31 March 2012 £000	6 months ended 31 March 2011 £000	Year ended 30 September 2011 £000
REVENUE		**10,640**	7,893	17,365
Cost of sales		**(7,439)**	(5,849)	(12,704)
GROSS PROFIT		**3,201**	2,044	4,661
Administrative expenses		**(2,548)**	(2,234)	(4,424)
Other operating income		**75**	57	123
Operating profit / (loss) before share-based payment charge and exceptional items		**796**	(41)	559
Exceptional items (note 6)		**-**	(48)	(125)
Share-based payment charge		**(68)**	(44)	(74)
OPERATING PROFIT / (LOSS)		**728**	(133)	360
Finance income		**4**	-	2
Finance costs		**(1)**	(7)	(13)
PROFIT / (LOSS) BEFORE TAXATION		**731**	(140)	349
Tax (expense) / credit (note 2)		**(112)**	24	(81)
PROFIT / (LOSS) FOR THE PERIOD		**619**	(116)	268
Profit attributable to non-controlling interests		**56**	25	40
Profit / (loss) attributable to equity shareholders of the parent		**563**	(141)	228
		619	(116)	268
Basic earnings / (loss) per share (pence)	(note 5)	**2.3p**	(0.6)p	0.9p
Diluted earnings / (loss) per share (pence)	(note 5)	**2.3p**	(0.6)p	0.9p

Condensed Consolidated Statement Of Comprehensive Income (Unaudited)

Half yearly report for the six months ended 31 March 2012

	6 months ended 31 March 2012 £000	**6 months ended 31 March 2011 £000**	**Year ended 30 September 2011 £000**
PROFIT / LOSS FOR THE PERIOD	**619**	(116)	268
Other comprehensive income:			
Exchange differences on translating foreign operations	**(17)**	5	23
Deferred tax credit on property revaluation	**11**	-	30
Other comprehensive income for the year net of tax	**(6)**	5	53
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**613**	(111)	321
Total comprehensive income attributable to:			
Owners of the parent	**557**	(136)	281
Non-controlling interest	**56**	25	40
	613	(111)	321

Condensed Consolidated Statement Of Financial Position (Unaudited)

At 31 March 2012

	31 March 2012 £000	31 March 2011 £000	30 September 2011 £000
NON-CURRENT ASSETS			
Goodwill	**2,356**	2,356	2,356
Property, plant and equipment	**2,093**	2,210	2,134
Deferred tax asset	**77**	-	67
	4,526	4,566	4,557
CURRENT ASSETS			
Trade and other receivables	**5,579**	4,553	4,839
Cash and cash equivalents	**940**	653	596
Current tax receivable	**-**	210	-
	6,519	5,416	5,435
TOTAL ASSETS	**11,045**	9,982	9,992
CURRENT LIABILITIES			
Borrowings	**(16)**	(1,240)	(12)
Trade and other payables	**(3,393)**	(2,231)	(2,915)
Current tax payable	**(171)**	-	(131)
	(3,580)	(3,471)	(3,058)
NON-CURRENT LIABILITIES			
Borrowings	**-**	(16)	(12)
Deferred tax liabilities	**(210)**	(257)	(222)
	(210)	(273)	(234)
TOTAL LIABILITIES	**(3,790)**	(3,744)	(3,292)
NET ASSETS	**7,255**	6,238	6,700
SHAREHOLDERS' EQUITY			
Share capital	**106**	106	106
Share premium	**2,649**	2,649	2,649
Merger reserve	**1,493**	1,493	1,493
Translation reserve	**(33)**	(34)	(16)
Capital redemption reserve	**18**	18	18
Retained earnings	**3,892**	3,183	3,493
Own shares	**(963)**	(1,202)	(1,083)
TOTAL SHAREHOLDERS' EQUITY	**7,162**	6,213	6,660
NON-CONTROLLING INTEREST	**93**	25	40
TOTAL EQUITY	**7,255**	6,238	6,700

Condensed Consolidated Cashflow Statement (Unaudited)

Half yearly report for the six months ended 31 March 2012

	6 months ended 31 March 2012 £'000	6 months ended 31 March 2011 £'000	Year ended 30 September 2011 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation	**731**	(140)	349
Adjustments for:			
Depreciation	**102**	127	236
Exchange adjustments	**(12)**	9	(10)
Loss on disposal of equipment	**-**	-	2
Finance income	**(4)**	-	(2)
Finance costs	**1**	7	13
Equity settled share-based payment charge	**68**	44	74
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**886**	47	662
Increase in trade and other receivables	**(740)**	(534)	(825)
Increase in trade and other payables	**478**	365	1,049
CASH GENERATED / (ABSORBED) BY OPERATIONS	**624**	(122)	886
Tax (paid) / received	**(100)**	12	197
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	**524**	(110)	1,083
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**4**	-	2
Acquisition of property, plant and equipment	**(61)**	(14)	(49)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(57)**	(14)	(47)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	**(1)**	(7)	(13)
Decrease in borrowings	**(8)**	(7)	(1,239)
Payment of equity dividends	**(126)**	(4)	(4)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	**(135)**	(18)	(1,256)
Net increase / (decrease) in cash and cash equivalents	**332**	(142)	(220)
Effect of foreign exchange on cash and cash equivalents	**12**	(9)	12
Cash and cash equivalents at start of period	**596**	804	804
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**940**	653	596

Condensed Consolidated Statement of Changes in Equity (Unaudited)

Half yearly report for the six months ended 31 March 2012

For the six months ended 31 March 2012:

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves[1] £000	Retained earnings £000	Own shares £000	Total* £000	Non-controlling interest £000	Total Equity £000
Opening balance At 1 October 2011	106	2,649	1,493	2	3,493	(1,083)	6,660	40	6,700
Dividends	-	-	-	-	(123)	-	(123)	(3)	(126)
Share-based payment	-	-	-	-	68	-	68	-	68
Reserve transfer[2]	-	-	-	-	(120)	120	-	-	-
Total profit for the period	-	-	-	-	563	-	563	56	619
Other comprehensive income for the period	-	-	-	(17)	11	-	(6)	-	(6)
CLOSING BALANCE AT 31 MARCH 2012	**106**	**2,649**	**1,493**	**(15)**	**3,892**	**(963)**	**7,162**	**93**	**7,255**

For the six months ended 31 March 2011:

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves[1] £000	Retained earnings £000	Own shares £000	Total* £000	Non-controlling interest £000	Total Equity £000
Opening balance At 1 October 2010	106	2,649	1,493	(21)	3,320	(1,242)	6,305	4	6,309
Dividends	-	-	-	-	-	-	-	(4)	(4)
Share-based payment	-	-	-	-	44	-	44	-	44
Reserve transfer[2]	-	-	-	-	(40)	40	-	-	-
(Loss) / profit for the period	-	-	-	-	(141)	-	(141)	25	(116)
Other comprehensive income for the period	-	-	-	5	-	-	5	-	5
CLOSING BALANCE AT 31 MARCH 2011	**106**	**2,649**	**1,493**	**(16)**	**3,183**	**(1,202)**	**6,213**	**25**	**6,238**

For the year ended 30 September 2011:

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves[1] £000	Retained earnings £000	Own shares £000	Total* £000	Non-controlling interest £000	Total Equity £000
Opening balance At 1 October 2010	106	2,649	1,493	(21)	3,320	(1,242)	6,305	4	6,309
Dividends	-	-	-	-	-	-	-	(4)	(4)
Share-based payment	-	-	-	-	74	-	74	-	74
Reserve transfer	-	-	-	-	(159)	159	-	-	-
Profit for the year	-	-	-	-	228	-	228	40	268
Other comprehensive income for the year	-	-	-	23	30	-	53	-	53
CLOSING BALANCE AT 30 SEPTEMBER 2011	**106**	**2,649**	**1,493**	**2**	**3,493**	**(1,083)**	**6,660**	**40**	**6,700**

*Total equity attributable to the equity shareholders of the parent

[1] 'Other reserves' combines the translation reserve, capital redemption reserve and other reserves.

[2] The shortfall between the exercise price of share options granted and the outstanding loan due from the EBT is transferred from own shares to retained earnings over the vesting period.

Notes to the Interim Financial Statements

1 BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with IFRSs as adopted by the European Union. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2011 Annual Report. The accounting policies used are consistent with those in the most recent annual financial statements. The financial information for the half years ended 31 March 2012 and 31 March 2011 does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006 and is unaudited.

The annual financial statements of Driver Group plc are prepared in accordance with IFRSs as adopted by the European Union. The comparative financial information for the year ended 30 September 2011 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2011 have been filed with the Registrar of Companies. The Independent Auditor's Report on that Annual Report and Financial Statements for 2011 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed consolidated financial statements.

2 TAXATION

The tax expense on the profit for the half-year ended 31 March 2012 is based on the estimated tax rates in the jurisdictions in which the Group operates, for the year ending 30 September 2012.

3 DIVIDEND

The directors propose an interim dividend for the half-year ended 31 March 2012 of 0.3p per share (2011: nil).

4 SUMMARY SEGMENTAL ANALYSIS

REPORTABLE SEGMENTS

For management purposes, the Group is organised into three operating divisions: Europe, Middle East and Africa. These divisions are the basis on which the Group is structured and managed, based on its geographic structure. In each of the divisions the key service provisions are: quantity surveying, planning / programming, quantum and planning experts, dispute avoidance / resolution, litigation support, contract administration, commercial advice / management and strategic project management.

Segment information about these reportable segments is presented below.

Six months ended 31 March 2012

	Europe £000	Middle East £000	Africa £000	Eliminations £000	Unallocated £000	Consolidated £000
Total external revenue	6,782	2,939	919	-	-	10,640
Total inter-segment revenue[2]	10	-	-	(10)	-	-
Total revenue	6,792	2,939	919	(10)	-	10,640
Segmental profit	886	595	93	-	-	1,574
Unallocated corporate expenses[1]	-	-	-	-	(778)	(778)
Share-based payment charge	-	-	-	-	(68)	(68)
Exceptional items (note 6)	-	-	-	-	-	-
Operating profit	886	595	93	-	(846)	728
Finance Income	-	-	-	-	4	4
Finance costs	-	-	-	-	(1)	(1)
Profit before tax	886	595	93	-	(843)	731
Tax expense	-	-	-	-	(112)	(112)
Profit for the period	886	595	93	-	(955)	619

Six months ended 31 March 2011

	Continuing Operations					
	Europe £000	Middle East £000	Africa £000	Eliminations £000	Unallocated £000	Consolidated £000
Total external revenue	5,561	1,987	345	-	-	7,893
Total inter-segment revenue[2]	77	3	-	(80)	-	-
Total revenue	5,638	1,990	345	(80)	-	7,893
Segmental profit / (loss)	940	(315)	(2)	-	-	623
Unallocated corporate expenses[1]	-	-	-	-	(664)	(664)
Share-based payment charge	-	-	-	-	(44)	(44)
Exceptional items (note 6)	-	-	-	-	(48)	(48)
Operating profit / (loss)	940	(315)	(2)	-	(756)	(133)
Finance costs	-	-	-	-	(7)	(7)
Profit / (loss) before tax	940	(315)	(2)	-	(763)	(140)
Tax expense	-	-	-	-	24	24
Profit / (loss) for the period	940	(315)	(2)	-	(739)	(116)

(1) Unallocated costs represent Directors' remuneration, administrative staff, corporate head office costs and expenses associated with AIM.
(2) Inter-segment revenue is charged at prevailing market rates.

4 SUMMARY SEGMENTAL ANALYSIS - continued

Year ended 30 September 2011

	Continuing Operations					
	Europe £000	**Middle East £000**	**Africa £000**	**Eliminations £000**	**Unallocated £000**	**Consolidated £000**
Total external revenue	12,044	4,503	818	-	-	17,365
Total inter-segment revenue[2]	11	-	-	(11)	-	-
Total revenue	12,055	4,503	818	(11)	-	17,365
Segmental profit / (loss)	2,067	(15)	(98)	-	-	1,954
Unallocated corporate expenses[1]	-	-	-	-	(1,395)	(1,395)
Share-based payment charge	-	-	-	-	(74)	(74)
Exceptional items (note 6)	-	(71)	-	-	(54)	(125)
Operating profit / (loss)	2,067	(86)	(98)	-	(1,523)	360
Finance income	-	-	-	-	2	2
Finance expense	-	-	-	-	(13)	(13)
Profit / (loss) before tax	2,067	(86)	(98)	-	(1,534)	349
Tax expense	-	-	-	-	(81)	(81)
Profit / (loss) for the year	2,067	(86)	(98)	-	(1,615)	268

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

(2) Inter-segment revenue is charged at prevailing market rates.

5 EARNINGS PER SHARE

	6 months Ended 31 March 2012 £000	6 months Ended 31 March 2011 £000	Year Ended 30 September 2011 £000
Profit / (loss) for the financial period attributable to equity shareholders	563	(141)	228
Share-based payments charge	68	44	74
Exceptional items (note 6)	-	48	125
Adjusted profit / (loss) for the financial period before share-based payments and exceptional items	631	(49)	427
Weighted average number of shares:			
- Ordinary shares in issue	26,379,416	26,379,416	26,379,416
- Shares held by EBT	(1,700,645)	(1,700,645)	(1,700,645)
Basic weighted average number of shares	24,678,771	24,678,771	24,678,771
Effects of employee share options	316,339	-	-
Diluted weighted average number of shares	24,995,110	24,678,771	24,678,771
Basic profit / (loss) per share	2.3p	(0.6)p	0.9p
Diluted profit / (loss) per share	2.3p	(0.6)p	0.9p
Adjusted basic profit / (loss) per share before share-based payments and exceptional items	2.6p	(0.2)p	1.7p

Potential ordinary shares relating to 1,925,000 share options (31 March 2011: 3,727,500; 30 September 2011: 4,402,500) have not been included in the calculation of diluted earnings per share as their value has no dilutive effect.

6 EXCEPTIONAL ITEMS

	6 months Ended 31 March 2012 £000	6 months Ended 31 March 2011 £000	Year Ended 30 September 2011 £000
Severance costs[1]	-	48	125

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

INDEPENDENT REVIEW REPORT TO DRIVER GROUP PLC

INTRODUCTION

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2012 which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Statement of Financial Position, the Condensed Consolidated Cash Flow Statement, the Condensed Consolidated Statement of Changes in Equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

DIRECTORS' RESPONSIBILITIES

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the company's annual accounts having regard to the accounting standards applicable to such annual accounts.

OUR RESPONSIBILITY

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

Our report has been prepared in accordance with the terms of our engagement to assist the company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market, and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 March 2012 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

BDO LLP

Chartered Accountants and Registered Auditors
Manchester, United Kingdom

26 June 2012

BDO LLP is limited liability partnership registered in England and Wales (with registration number OC 305127)

COMPANY SECRETARY AND ADVISERS

Company Secretary
Thomas Ferns

Registered Office
1 Norton Folgate
London
E1 6DB

Tel: +44 (0) 20 7377 0005
Fax: +44 (0) 20 7377 0705
Email: info@driver-group.com
Website: www.driver-group.com

Registered Number
3475146

Auditors
BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Bankers
The Royal Bank of Scotland plc
Fifth Floor
1 Spinningfields Square
Manchester
M3 3AP

Solicitors
Rosenblatt Solicitors
9-13 St Andrew Street
London
EC4A 3AF

Dickinson Dees LLP
1 Whitehall Riverside
Leeds
LS1 4BN

Nominated Advisers
Charles Stanley Securities
131 Finsbury Pavement
London
EC2A 1NT

Brokers
Charles Stanley Securities
131 Finsbury Pavement
London
EC2A 1NT

Registrars
Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
B63 3DA

Driver Group plc

Registered Office:
1 Norton Folgate
London
E1 6DB

Tel: +44 (0) 20 7377 0005
Fax: +44 (0) 20 7377 0705
Email: info@driver-group.com

www.driver-group.com