Interim Report 2013

Corporate Statement & Highlights

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.

Key Financial Information (unaudited)

	6 months ended 31 March 2013 £000	6 months ended 31 March 2012 £000	Change 31 March 2013 to 31 March 2012	6 months ended 30 September 2012 £000	Change 31 March 2013 to 30 September 2012	Year ended 30 September 2012 £000
Revenue	18,543	10,640	**7,903**	15,618	**2,925**	26,258
Gross Profit %	26.8%	30.1%	**(3.3pp)**	24.6%	**2.2pp**	26.8%
Underlying* profit before tax	1,450	799	**651**	952	**498**	1,751
Exceptional items and share-based payment charge	(50)	(68)	**18**	(485)	**435**	(553)
Profit before tax	1,400	731	**669**	467	**933**	1,198
Profit after tax	1,158	619	**539**	342	**816**	961
Basic earnings per share	4.6p	2.3p	**2.3p**	1.0p	**3.6p**	3.3p
Underlying* earnings per share	4.8p	2.6p	**2.2p**	2.9p	**1.9p**	5.5p
Proposed dividend per share	0.5p	0.3p	**0.2p**	0.7p	**(0.2p)**	1.0p
Net cash / (borrowings) at period end**	99	924	**(825)**	(964)	**1,063**	(964)
Total Equity	8,745	7,255	**1,490**	7,497	**1,248**	7,497

Key Points

Given the impact of the Trett acquisition in May 2012 it is more appropriate to use the second half of 2012 as a comparator to this half year report for 2013 rather than the first half of 2012.

- Revenue up 19% to £18.5 million.
- Underlying* profit before tax up 52% to £1.45 million. Profit before tax up 200% to £1.4 million.
- Cash position improved by £1.1m ending the half year cash positive.
- Fee Earners' utilisation up 4%.
- Investment in Americas and Asia Pacific in accordance with management's plan providing the Group with a strengthening pipeline of opportunities.

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**Underlying figures are stated before the share-based payment charge and, in 2012 only, exceptional items (note 6).*

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

Chairman's Statement

INTRODUCTION

I am delighted to report on the Group's continuing satisfactory performance for the first half of financial year 2012/2013. Results in the period continued the positive trends seen in the second half of our last financial year and was a further period in which we achieved all of our financial objectives including growth in revenues, gross margin, utilisation levels, profits and a return to a net cash position following the funding of the Trett acquisition. The strength of our trading, strong cash generation and our continued optimism for the business allows us to increase the interim dividend payment.

In my statement in the Annual Report & Accounts for 2011/2012, I said that we would continue to grow and develop our service offerings in the five regions where we have established offices and commence a planned programme leading to an increase in our activity in the Oil & Gas sector throughout America, the Middle East and South East Asia. I stated that our growth plans would develop at different pace within each region and sector and I am pleased to report that progress is as anticipated and that the Middle East business performed ahead of expectations and contributed to us issuing a positive trading update in April.

FINANCIAL RESULTS

Revenue of £18.5m for the first six months of 2013 has grown by 74% compared to the first half of 2012 (£10.6m) and profit before tax has increased by 92% from £0.7m to £1.4m. This substantial growth is largely the result of the benefits of the acquisition of Trett in May 2012 and it is therefore more appropriate to comment on the Financial Results using the second half of 2012 as the comparator as that period reflects both the increased revenues and costs of the Trett acquisition.

Based against the second half of 2012, revenue for the six months ended 31 March 2013 increased by 19% compared with £15.6m for the six months in the second half of 2012.

The principal increases in revenue were in the Middle East where revenue grew by 36% to £5.7m (second half of 2012: £4.2m), Europe where revenue increased 7% to £9.9m (second half of 2012: £9.3m) and Africa where revenue increased by 57% to £1.7m compared to £1.1m in the second half of 2012.

Group underlying pre-tax profit, for the first half, before the charge for share options is £1.45m. This compared with an underlying pre-tax profit of £1.1m in the second half of last year before exceptional items and the charge for share options. After a charge for share options of £50,000 (second half of 2012: £67,000) the pre-tax profit for the six months ended 31 March 2013 was £1.4m compared with a pre-tax profit of £0.5m after the share option charge and exceptional items of £418,000 for the second half of 2013.

The Group's effective tax rate has reduced to 17% (2012: full year 20%) reflecting improved profits from overseas operations which benefit from lower tax rates. Underlying earnings per share, before the share option charge was 4.8p (second half of 2012: 2.9p before the share option charge and exceptional items). After the share option charge the earnings per share was 4.6p (second half of 2012: 1.0p after share options and exceptional items).

As a result of the continued revenue growth, trade and other receivables increased by £1.0m over the first half to £9.8m (30 September 2012: £8.8m) and trade and other payables increased by £0.6m to £6.3m (30 September 2012: £5.7m).

Net cash inflow from operations of £1.2m compares with £0.6m in the second half of 2012 reflecting increasing profitability.

The Group had net cash at 31 March 2013 of £0.1m compared to net borrowings at 30 September 2012 of £1m.

DIVIDEND

In view of the first half trading results, the Board are declaring an interim dividend for 2013 of 0.5 pence per share (2012: 0.3p) which will be paid on 2 August 2013 to shareholders on the register at the close of business on 5 July 2013.

TRADING PERFORMANCE

This excellent performance 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 a consequence of the quality of our personnel, our brand and our continued focus on staff utilisation.

Our European business is performing towards the higher end of our expectations. Revenues have increased by 7% on the second half of 2012 and in the DriverTrett business utilisation levels have increased by 7 percentage points. Utilisation levels in Driver Project Services fell by 3 percentage points in the same period due to the conclusion of a large commission and the time taken to place staff on new schemes. Overall underlying* profits in Europe increased by 35% driven by overall increases in utilisation levels, re- aligning of fee rates and cost savings flowing into this period from the integration of Trett.

As set out in the April trading update, the Middle East region has outperformed our expectation. Revenues are up 36% on the second half of 2012 and profits are up 59% on the same period. Utilisation levels have increased by 15 percentage points following the integration of Trett and the growing dispute market in the region allowed this level of utilisation to be achieved through the increase in revenues.

Africa continues to develop well. Revenue is up 57% on the second half of last year but profit is down by £74,000; the main reasons being due to delays by the client in the implementation of 3 hospital projects impacting utilisation levels in the strategic project management business.

These three regions; Europe, Middle East and Africa represent those developed prior to the acquisition of Trett in May 2012 and account for 93% of Group revenue. The America and Asia Pacific Regions are two areas acquired in conjunction with the Trett acquisition that represent areas of investment for recovery and growth over the short to medium term. As a result it was anticipated in the Group's plan that both regions would lose money in the current financial year.

America has been restructured and refocused to concentrate on the provision of project services to the Oil & Gas industry primarily out of Houston and investment has been made in the transfer of the Group's UK Project Services Managing Director to the region and the recruitment of senior personnel to support the development of this strategy. I am pleased with the progress made and the pipeline of opportunities that are starting to be generated. Revenues were down 19% on those in the second half of 2012 as a result of a major project and its team transferring as planned to Australia in the second quarter and therefore benefitting Asia Pacific.

Asia Pacific revenues increased 51% compared to the second half of 2012 reflecting the opening of an office in Australia and the early benefits seen in Malaysia and Singapore of the recruitment plans implemented in the second quarter. The losses in the region reflect the investment made in a regional Managing Director and recruitment of expert witness staff; however I am very pleased with the opportunities developed in the region in the dispute market.

OUTLOOK

The business commenced the year in very good shape and at the pre close in April issued a positive trading update.

The potential to leverage our four key service offerings across our client base and global network of offices continues to provide the potential for significant growth over the medium to longer term and the positive results of this first six month period, post the integration of the Trett acquisition, has evidenced that continued progress is being made.

A key objective is the continued development of our oil, gas and petrochemical expertise across the network of oil and gas hubs in Americas, Middle East, South East Asia and UK (Aberdeen). Whilst plans are in place and early progress is being made we are currently in the investment stage and anticipate the benefits to begin to come through towards the end of this financial year and gather momentum in the following financial year.

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

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 firmly believe that the plans we have in place to leverage our service offerings and global network of offices will deliver significant shareholder value in the medium term.

W. Alan McClue
Non-Executive Chairman
20 May 2013

Condensed Consolidated Income Statement (Unaudited)

Half yearly report for the six months ended 31 March 2013

	6 months ended 31 March 2013 £000	6 months ended 31 March 2012 £000	Year ended 30 September 2012 £000
REVENUE	**18,543**	10,640	26,258
Cost of sales	**(13,574)**	(7,439)	(19,209)
GROSS PROFIT	**4,969**	3,201	7,049
Administrative expenses	**(3,609)**	(2,548)	(5,966)
Other operating income	**83**	75	152
Operating profit before share-based payment charge and exceptional items	**1,493**	796	1,788
Exceptional items (note 6)	**-**	-	(418)
Share-based payment charge	**(50)**	(68)	(135)
OPERATING PROFIT	**1,443**	728	1,235
Finance income	**4**	4	9
Finance costs	**(47)**	(1)	(46)
PROFIT BEFORE TAXATION	**1,400**	731	1,198
Tax expense (note 2)	**(242)**	(112)	(237)
PROFIT FOR THE PERIOD	**1,158**	619	961
Profit attributable to non-controlling interests	**24**	56	152
Profit attributable to equity shareholders of the parent	**1,134**	563	809
	1,158	619	961
Basic earnings per share (pence) (note 5)	**4.6p**	2.3p	3.3p
Diluted earnings per share (pence) (note 5)	**4.1p**	2.3p	3.1p

Condensed Consolidated Statement Of Comprehensive Income (Unaudited)

Half yearly report for the six months ended 31 March 2013

	6 months ended 31 March 2013 £000	**6 months ended 31 March 2012 £000**	**Year ended 30 September 2012 £000**
PROFIT FOR THE PERIOD	**1,158**	619	961
Other comprehensive income:			
Exchange differences on translating foreign operations	**37**	(17)	(69)
Deferred tax credit	**-**	11	23
Other comprehensive income for the year net of tax	**37**	(6)	(46)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,195**	613	915
Total comprehensive income attributable to:			
Owners of the parent	**1,171**	557	763
Non-controlling interest	**24**	56	152
	1,195	613	915

Condensed Consolidated Statement Of Financial Position (Unaudited)

At 31 March 2013

	31 March 2013 £000	31 March 2012 £000	30 September 2012 £000
NON-CURRENT ASSETS			
Goodwill (note 7)	**3,407**	2,356	3,407
Property, plant and equipment	**2,180**	2,093	2,147
Deferred tax asset	**11**	77	12
	5,598	4,526	5,566
CURRENT ASSETS			
Trade and other receivables	**9,821**	5,579	8,835
Cash and cash equivalents	**2,037**	940	1,357
Current tax receivable	**-**	-	217
	11,858	6,519	10,409
TOTAL ASSETS	**17,456**	11,045	15,975
CURRENT LIABILITIES			
Borrowings	**(750)**	(16)	(758)
Trade and other payables	**(6,323)**	(3,393)	(5,741)
Current tax payable	**(131)**	(171)	(97)
	(7,204)	(3,580)	(6,596)
NON-CURRENT LIABILITIES			
Borrowings	**(1,188)**	-	(1,563)
Deferred tax liabilities	**(326)**	(210)	(319)
	(1,514)	(210)	(1,882)
TOTAL LIABILITIES	**(8,718)**	(3,790)	(8,478)
NET ASSETS	**8,738**	7,255	7,497
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	**(48)**	(33)	(85)
Capital redemption reserve	**18**	18	18
Retained earnings	**5,088**	3,892	4,024
Own shares	**(724)**	(963)	(844)
TOTAL SHAREHOLDERS' EQUITY	**8,582**	7,162	7,361
NON-CONTROLLING INTEREST	**156**	93	136
TOTAL EQUITY	**8,738**	7,255	7,497

Condensed Consolidated Cashflow Statement (Unaudited)

Half yearly report for the six months ended 31 March 2013

	6 months ended 31 March 2013 £000	6 months ended 31 March 2012 £000	Year ended 30 September 2012 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	**1,400**	731	1,198
Adjustments for:			
Depreciation	**90**	102	208
Exchange adjustments	**(33)**	(12)	(2)
Loss on disposal of equipment	**-**	-	2
Finance income	**(4)**	(4)	(9)
Finance costs	**47**	1	46
Equity settled share-based payment charge	**50**	68	135
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**1,550**	886	1,578
Increase in trade and other receivables	**(986)**	(740)	(1,688)
Increase in trade and other payables	**640**	478	1,496
CASH GENERATED BY OPERATIONS	**1,204**	624	1,386
Tax paid	**(3)**	(100)	(285)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**1,201**	524	1,101
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**4**	4	9
Acquisition of property, plant and equipment	**(123)**	(61)	(184)
Acquisition of subsidiary, net of cash acquired	**-**	-	(2,165)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(119)**	(57)	(2,340)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	**(47)**	(1)	(46)
Repayment of borrowings	**(383)**	(8)	(203)
Proceeds of borrowings	**-**	-	2,500
Dividends paid to equity shareholders of the parent	**-**	(123)	(197)
Payment of dividends to non controlling interests	**(4)**	(3)	(56)
NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES	**(434)**	(135)	1,998
Net increase in cash and cash equivalents	**648**	332	759
Effect of foreign exchange on cash and cash equivalents	**32**	12	2
Cash and cash equivalents at start of period	**1,357**	596	596
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**2,037**	940	1,357

Condensed Consolidated Statement of Changes in Equity (Unaudited)

Half yearly report for the six months ended 31 March 2013

For the six months ended 31 March 2013:

	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 2012	106	2,649	1,493	(67)	4,024	(844)	7,361	136	7,497
Dividends	-	-	-	-	-	-	-	(4)	(4)
Share-based payment	-	-	-	-	50	-	50	-	50
Reserve transfer(2)	-	-	-	-	(120)	120	-	-	-
Profit for the period	-	-	-	-	1,134	-	1,134	24	1,158
Other comprehensive income for the period	-	-	-	37	-	-	37	-	37
CLOSING BALANCE AT 31 MARCH 2013	**106**	**2,649**	**1,493**	**(30)**	**5,088**	**(724)**	**8,582**	**156**	**8,738**

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	-	-	-
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 year ended 30 September 2012:

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves(1) £000	Retained earnings £000	Own shares £000	Total* £000	Non-controlling interest £000	Total Equity £000
Opening balance At 1 October 2011	106	2,649	1,493	2	3,493	(1,083)	6,660	40	6,700
Dividends	-	-	-	-	(197)	-	(197)	(56)	(253)
Share-based payment	-	-	-	-	135	-	135	-	135
Reserve transfer(2)	-	-	-	-	(239)	239	-	-	-
Profit for the year	-	-	-	-	809	-	809	152	961
Other comprehensive income for the year	-	-	-	(69)	23	-	(46)	-	(46)
CLOSING BALANCE AT 30 SEPTEMBER 2012	**106**	**2,649**	**1,493**	**(67)**	**4,024**	**(844)**	**7,361**	**136**	**7,497**

*Total equity attributable to the equity 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

The condensed consolidated interim financial information has been prepared in accordance with the accounting policies that are expected to be adopted in the Group's full financial statements for the year ending 30 September 2013 which are not expected to be significantly different to those set out in Note 1 of the Group's audited financial statements for the year ended 30 September 2012. These are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 30 September 2013 or are expected to be adopted and effective at 30 September 2013. The financial information has not been prepared (and is not required to be prepared) in accordance with IAS 34. The accounting policies have been applied consistently throughout the Group for the purposes of preparation of this financial information. The financial information for the half years ended 31 March 2013 and 31 March 2012 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 2012 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2012 have been filed with the Registrar of Companies. The Independent Auditor's Report on that Annual Report and Financial Statements for 2012 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 2013 is based on the estimated tax rates in the jurisdictions in which the Group operates, for the year ending 30 September 2013.

3 DIVIDEND

The directors propose an interim dividend for the half-year ended 31 March 2013 of 0.5p per share (2012: 0.3p).

Notes to the Interim Financial Statements (continued)

4 SUMMARY SEGMENTAL ANALYSIS

REPORTABLE SEGMENTS
For management purposes, the Group is organised into five operating divisions: Europe, Middle East, Africa, Asia Pacific and America. Asia Pacific and America were added following the acquisition of Trett Holdings Limited (Note 7). 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 2013

	Europe £000	Middle East £000	Africa £000	Asia Pacific £000	Americas £000	Eliminations £000	Unallocated £000	Consolidated £000
Total external revenue	9,937	5,695	1,678	832	401	-	-	18,543
Total inter-segment revenue[2]	249	172	-	-	-	(421)	-	-
Total revenue	10,186	5,867	1,678	832	401	(421)	-	18,543
Segmental profit / (loss)	1,373	1,423	117	(309)	(87)	-	-	2,517
Unallocated corporate expenses[1]	-	-	-	-	-	-	(1,024)	(1,024)
Share-based payment charge	-	-	-	-	-	-	(50)	(50)
Exceptional items (note 6)	-	-	-	-	-	-	-	-
Operating profit / (loss)	1,373	1,423	117	(309)	(87)	-	(1,074)	1,443
Finance income	-	-	-	-	-	-	4	4
Finance costs	-	-	-	-	-	-	(47)	(47)
Profit / (loss) before tax	1,373	1,423	117	(309)	(87)	-	(1,117)	1,400
Tax expense	-	-	-	-	-	-	(242)	(242)
Profit / (loss) for the period	1,373	1,423	117	(309)	(87)	-	(1,359)	1,158

Six months ended 31 March 2012

	Europe £000	Middle East £000	Africa £000	Asia Pacific £000	Americas £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

(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 2012

						Continuing Operations		
	Europe £000	**Middle East £000**	**Africa £000**	**Asia Pacific £000**	**Americas £000**	**Eliminations £000**	**Unallocated[(1)] £000**	**Consolidated £000**
Total external revenue	16,085	7,134	1,990	551	498	-	-	26,258
Total inter-segment revenue	17	-	-	-	-	(17)	-	-
Total revenue	16,102	7,134	1,990	551	498	(17)	-	26,258
Segmental profit/(loss)	1,900	1,491	284	(149)	(4)	-	-	3,522
Unallocated corporate expenses[(1)]	-	-	-	-	-	-	(1,734)	(1,734)
Share-based payment charge	-	-	-	-	-	-	(135)	(135)
Exceptional items (note 6)	(311)	-	-	-	-	-	(107)	(418)
Operating profit/(loss)	1,589	1,491	284	(149)	(4)	-	(1,976)	1,235
Finance income	-	-	-	-	-	-	9	9
Finance expense	-	-	-	-	-	-	(46)	(46)
Profit/(loss) before taxation	1,589	1,491	284	(149)	(4)	-	(2,013)	1,198
Taxation	-	-	-	-	-	-	(237)	(237)
Profit/(loss) for the year	1,589	1,491	284	(149)	(4)	-	(2,250)	961

(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 2013 £000	**6 months Ended 31 March 2012 £000**	**Year Ended 30 September 2012 £000**
Profit for the financial period attributable to equity shareholders	1,134	563	809
Share-based payments charge	50	68	135
Exceptional items (note 6)	-	-	418
Adjusted profit for the financial period before share-based payments and exceptional items	1,184	631	1,362
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	2,824,787	316,339	1,210,294
Diluted weighted average number of shares	27,503,558	24,995,110	25,889,065
Basic profit per share	4.6p	2.3p	3.3p
Diluted profit per share	4.1p	2.3p	3.1p
Adjusted basic profit per share before share-based payments and exceptional items	4.8p	2.6p	5.5p

Potential ordinary shares relating to 625,000 share options (31 March 2012: 1,925,000; 30 September 2012: 1,950,000) 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 2013 £000	6 months Ended 31 March 2012 £000	Year Ended 30 September 2012 £000
Severance costs[1]	-	-	60
Acquisition and integration costs[2]	-	-	358
	-	-	418

[1] Severance costs include redundancy, ex-gratia, other discretionary payments and associated legal costs.
[2] Acquisition and integration costs include legal and professional fees and office restructuring costs.

7 BUSINESS COMBINATION

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

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

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

Other costs relating to the acquisition of £109,000 of the subsidiaries have not been included in the consideration and have been recognised as an expense. This expense is included within exceptional items in the year ended 30 September 2012 (note 6).

Book and fair value of assets and liabilities acquired:

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

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 2013 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 2013 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

20 May 2013

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

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