Company No: 3475146

Interim Report 2014

Chairman’s Statement

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

Key Points (for the six months ended 31 March 2014)

- Trading in line with management expectations
- Revenue up by 7% to £19.9m (2013: £18.5m)
- Middle East revenue up 15% and ahead of expectations
- Asia Pacific – revenue up 93% and ahead of expectations
- Europe – revenue up 6% - UK Project Services business strengthening in Power & Process and Civil & Infrastructure divisions.
- Underlying* profit before tax of £1.2m (2013: profit of £1.45m)
  Profit before tax of £1.1m (2013: profit of £1.4m)
- Proposed dividend per share increased by 20% to 0.6p (2013: 0.5p)
- Underlying* earnings per share of 3.8p (2013: 4.8p)
  Basic earnings per share of 3.3p (2013: 4.6p)
- Investment made in the following areas:
  - Commenced trading in Hong Kong and development of Australia.
  - Developing partnerships with software providers in training of staff in Europe.
  - Continued investment in America.
- Cost base subsequently realigned in America following a slow start to the year
- Africa has had a slower start to the year as a result of the Government suspending work on three major hospitals. However, we have strengthened our dispute & advisory and project services offering in this region.
- Established Joint Venture in Canada targeting dispute and advisory services – benefits to come in 2015

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**Underlying figures are stated before the share-based payment cost and amortisation of intangible assets*

Chairman's Statement

INTRODUCTION

I am delighted to report on the Group's performance for the first half of financial year 2013/2014; a period in which overall results were in line with management expectations.

The period was one of continued investment in the Asia Pacific region as we looked to establish our new offices in Australia and Hong Kong and strengthen our business in Singapore. I am very pleased to report that the Asia Pacific region is developing well and was ahead of expectations in the first half of the year. The Middle East region was again a strong contributor, trading better than anticipated in the period. These regions offset the slower start we had to the year in Africa, where the Government suspended work on three hospitals pending decisions on methods of procurement, and in America, where the continued investment has not yet generated the returns we were initially targeting from this region and certain measures have subsequently been taken to remedy the performance from the American business. The European region was helped by a better than anticipated performance in the Project Services business which compensated for a reduction in revenue in the UK's dispute and expert witness services. The offices in mainland Europe (Germany and Netherlands) were in line with our expectations. In addition, within our European business we have invested in developing partnerships with software businesses and in training staff which will serve to enhance the Company's Project Controls and Cost Management offerings.

New initiatives in the period have been the creation of a Joint Venture in Canada to serve the dispute and advisory market and working with software companies to assist in the implementation and use of project controls and management tools on construction and engineering projects. These areas of investment will begin to benefit the Group in the next financial year.

FINANCIAL RESULTS

Revenue of £19.9m for the first six months of 2014 has grown by 7% compared to the first half of 2013 (£18.5m) and profit before tax is £1.1m (2013: £1.4m). The revenue growth is the result of increased sales in all regions with the exception of Africa and America. The reduction in profit is in line with management's expectations for the period and is due to budgeted cost increases incurred as part of our investment programme resulting in a 1.3pp reduction in utilisation levels.

Group underlying pre-tax profit, for the first half, before the cost of share options and amortisation of intangible assets is £1.2m (2013: £1.45m). After the cost of share options and amortisation of intangible assets of £139,000 (2013: £50,000 cost of share options) the pre-tax profit for the six months ended 31 March 2014 was £1.1m (2013: £1.4m).

The Group's effective tax rate has remained stable at 17% (2013: 17%) reflecting the profits from overseas operations which benefit from lower tax rates. Underlying earnings per share, before share option costs and amortisation of intangible assets was 3.8p (2013: 4.8p). After share option costs and amortisation of intangible assets the earnings per share was 3.3p (2013: 4.6p). Net assets stand at £10.7m (2013: £8.7m).

The Group had net borrowings at 31 March 2014 of £1.2m (2013: net cash of £0.1m). This was in large part due to aged debt build up in Oman on extended Government contracts whilst contract addendum paperwork was put in place and contractual retentions on these projects. Since the close of the half year it is pleasing to report that these delayed payments have started to be received. Other matters impacting the cash position in the period were increases in general working capital requirements as a result of growth, increases in tax payable, and increased payment of prior year bonuses.

As a result of the continued revenue growth and the Oman debt, trade and other receivables increased by £1.9m over the first half to £12.6m (30 September 2013: £10.7m). Trade and other payables reduced by £0.5m to £6.3m (30 September 2013: £6.9m).

DIVIDEND

In view of the first half trading results and the secured revenues for the second half of the year, the Board are maintaining its progressive dividend policy and increasing the interim dividend for 2014 to 0.6 pence per share (2013: 0.5p) which will be paid on 1 August 2014 to shareholders on the register at the close of business on 4 July 2014.

TRADING PERFORMANCE

Continued growth of the business has been achieved in a trading environment that continues to be challenging for differing reasons across each region. We continue to focus on 'blue chip' clients and to provide a breadth of services that can be used across the lifetime of construction and engineering projects. Head count at the period end has increased to 354 (2013: 307) with increases in all regions.

Africa, whilst impacted by the suspension of the three hospitals resulting in revenue being down at £1m (2013: £1.7m), has strengthened its dispute & advisory offering and its project services division in the period. Utilisation levels in these areas of the business are at 78% whereas as a whole this is reduced to 61% due to the PPP team on the hospitals being underutilised. It remains a possibility that the Government will instruct a recommencement of the hospitals in Q4 of our financial year. Additionally, we have a significant number of proposals for PPP services outstanding that are awaiting final decisions.

America had a slow start to the year with revenue down 36% at £0.3m (2013: £0.4m) and was loss making in the period. This was largely due to one contract transferring to Asia Pacific upon commencement of construction activity. Action has subsequently been taken to adjust the senior management structure and costs to reflect the size and nature of the office now envisaged. We will continue to operate in this market within the Oil & Gas sector and use this base to build relationships with American customers when they need expert support in their overseas locations.

Asia Pacific has performed very well in the first half and is ahead of our expectations, primarily as a result of sales in Australia and Singapore. Revenue has doubled to £1.6m (2013: £0.8m). The new office in Hong Kong, which opened at the start of the year, has started to secure quality clients and commissions. Whilst the region posted a loss in the half year due to the establishment of key staff in the Hong Kong office and the high overhead burden necessary to establish and build a regional business this loss was less than budgeted. At the end of the period the region began to deliver monthly profits mainly through the provision of dispute & advisory services and expert witness work. Utilisation levels were relatively low at 53% (2013: 37%) reflecting the recruitment of staff in to Hong Kong and to a lesser extent the developing Australia office which was opened in Q3 of 2013. A large proportion of the anticipated increase in revenue in these offices can be undertaken by existing staff.

Performance of our European business has been satisfactory with revenue up 6% to £10.5m (2013: £9.9m). The Project Services business is ahead of anticipated revenues and utilisation levels are up 3pp at 82% (2013: 79%); this improvement is across both the Power & Process and the Civil & Infrastructure divisions. Mainland Europe and our International services from the UK performed as expected. However the disputes & advisory and expert witness services from the UK has underperformed with utilisation levels down 1pp at 68% (2013: 69%). The reason for the drop in these utilisation levels is not due to the number of commissions secured but as a result of them being smaller in scale than in the previous period. Added focus on market awareness of our expert witness offering to international disputes instructed out of the UK is starting to show some benefits for the second half. Profits from the UK were also reduced due to the investment of none billable consultants time in training on software products where we will partner with providers to assist in implementation and potentially operation of project controls and management systems to construction and engineering projects and companies.

The Middle East continues to be a strong region for the Group, once again outperforming our expectations. Revenues are up 15% at £6.5m (2013: £5.7m) and profit improved to £1.5m (2013: £1.4m). However, due to the unsustainably high utilisation levels in 2013 experienced as a symptom of substantial growth, utilisation levels were down 5pp at 83% (2013: 88%). The Qatar office performed particularly well and we are starting to see substantial opportunities ahead as the infrastructure, hotel and stadia projects are released ahead of the FIFA World Cup in 2022. Oman continues to grow as we secure work in both Government and private sectors and we are very pleased to have been appointed by the Petroleum Development Company of Oman to assist in developing their project controls and procedures across their business. We are also looking to further develop our project management business currently restricted to Oman in to UAE and are exploring the potential for an office in Kuwait focussing on the Oil sector.

OUTLOOK

The Group's budgets planned for a better performance in the second half of the year as the investments in new offices carried through from 2013 start to deliver benefits in the second half. A recent review of the regions continues to support the view that this is the case and this is also supported by the level of secured commissions we have obtained and our current pipeline of opportunities.

We continue to focus on the growth that the Asia Pacific region can provide for us through its network of offices and particularly the new offices in Australia and Hong Kong. The region will play an important role in leveraging our global clients as the Chinese, Japanese and Korean companies venture west to Africa, the Middle East and Europe. Our DIALES expert witness brand is also important for global growth and we see our strength being our international experts being supported by local staff so that we can serve our clients on any significant disputes in the key strategic areas of the world.

A key objective continues to be increasing and strengthening our offering in the Oil & Gas sector and the associated heavy engineering works in shipyards and on marine vessels. We have secured some quality appointments in the period in Asia Pacific, Middle East, Netherlands and UK and continue to believe that our office locations across these hubs are key to increasing commissions in this sector.

Whilst we have invested and will continue to invest in Canada this year we do not anticipate any meaningful benefit until 2015 and the same can be said for the investment in the project controls and project management software systems initiative.

In respect of the current financial year the platform created in our fledgling offices, the secured revenues and pipeline of opportunities and the recent review of our ability to deliver second half budgets give the Board confidence in the outlook for this financial year.

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
19 May 2014

Condensed Consolidated Income Statement (Unaudited)

Half yearly report for the six months ended 31 March 2014

	6 months ended 31 March 2014 £000	6 months ended 31 March 2013 £000	Year ended 30 September 2013 £000
REVENUE	**19,894**	18,543	37,235
Cost of sales	**(15,309)**	(13,574)	(27,888)
GROSS PROFIT	**4,585**	4,969	9,347
Administrative expenses	**(3,568)**	(3,609)	(6,867)
Other operating income	**76**	83	170
Operating profit before share-based payment cost and amortisation of intangible assets	**1,232**	1,493	3,132
Share-based payment charge and associated costs	**(106)**	(50)	(482)
Amortisation of intangible assets	**(33)**	-	-
OPERATING PROFIT	**1,093**	1,443	2,650
Finance income	**2**	4	14
Finance costs	**(29)**	(47)	(72)
PROFIT BEFORE TAXATION	**1,066**	1,400	2,592
Tax expense (note 2)	**(177)**	(242)	(387)
PROFIT FOR THE PERIOD	**889**	1,158	2,205
Profit attributable to non-controlling interests	**4**	24	104
Profit attributable to equity shareholders of the parent	**885**	1,134	2,101
	889	1,158	2,205
Basic earnings per share (pence) (note 5)	**3.3p**	4.6p	8.3p
Diluted earnings per share (pence) (note 5)	**3.0p**	4.1p	7.3p

Condensed Consolidated Statement Of Comprehensive Income (Unaudited)

Half yearly report for the six months ended 31 March 2014

	6 months ended 31 March 2014 £000	6 months ended 31 March 2013 £000	Year ended 30 September 2013 £000
PROFIT FOR THE PERIOD	**889**	1,158	2,205
Other comprehensive income:			
Items that could subsequently be reclassified to the Income Statement:			
Exchange differences on translating foreign operations	**(2)**	37	(112)
Other comprehensive income for the year net of tax	**(2)**	37	(112)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**887**	1,195	2,093
Total comprehensive income attributable to:			
Owners of the parent	**883**	1,171	1,989
Non-controlling interest	**4**	24	104
	887	1,195	2,093

Condensed Consolidated Statement Of Financial Position (Unaudited)

At 31 March 2014

	31 March 2014 £000	31 March 2013 £000	30 September 2013 £000
NON-CURRENT ASSETS			
Goodwill	**3,407**	3,407	3,407
Intangible assets	**122**	-	-
Property, plant and equipment	**2,554**	2,180	2,273
Deferred tax asset	**27**	11	12
	6,110	5,598	5,692
CURRENT ASSETS			
Trade and other receivables	**12,634**	9,821	10,696
Cash and cash equivalents	**1,060**	2,037	2,667
Current tax receivable	**95**	-	75
	13,789	11,858	13,438
TOTAL ASSETS	**19,899**	17,456	19,130
CURRENT LIABILITIES			
Borrowings	**(1,016)**	(750)	(574)
Trade and other payables	**(6,349)**	(6,323)	(6,885)
Current tax payable	**(304)**	(131)	(292)
	(7,669)	(7,204)	(7,751)
NON-CURRENT LIABILITIES			
Borrowings	**(1,250)**	(1,188)	(1,020)
Deferred tax liabilities	**(304)**	(326)	(308)
	(1,554)	(1,514)	(1,328)
TOTAL LIABILITIES	**(9,223)**	(8,718)	(9,079)
NET ASSETS	**10,676**	8,738	10,051
SHAREHOLDERS' EQUITY			
Share capital	**109**	106	106
Share premium	**2,649**	2,649	2,649
Merger reserve	**1,493**	1,493	1,493
Translation reserve	**(199)**	(48)	(197)
Capital redemption reserve	**18**	18	18
Retained earnings	**6,733**	5,088	5,988
Own shares	**(134)**	(724)	(242)
TOTAL SHAREHOLDERS' EQUITY	**10,669**	8,582	9,815
NON-CONTROLLING INTEREST	**7**	156	236
TOTAL EQUITY	**10,676**	8,738	10,051

Condensed Consolidated Cashflow Statement (Unaudited)

Half yearly report for the six months ended 31 March 2014

	6 months ended 31 March 2014 £000	6 months ended 31 March 2013 £000	Year ended 30 September 2013 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	**1,066**	1,400	2,592
Adjustments for:			
Depreciation	**84**	90	181
Amortisation	**33**	-	-
Exchange adjustments	**59**	(33)	28
Finance income	**(2)**	(4)	(14)
Finance expense	**29**	47	72
Equity settled share-based payment cost	**106**	50	253
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**1,375**	1,550	3,112
Increase in trade and other receivables	**(1,938)**	(986)	(1,861)
(Decrease) / Increase in trade and other payables	**(1,016)**	640	979
CASH GENERATED BY OPERATIONS	**(1,579)**	1,204	2,230
Tax paid	**(146)**	(3)	(8)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**(1,725)**	1,201	2,222
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**2**	4	14
Acquisition of property, plant and equipment	**(365)**	(123)	(307)
Acquisition of non-controlling interest	**(206)**	-	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(569)**	(119)	(293)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	**(29)**	(47)	(72)
Repayment of borrowings	**672**	(383)	(727)
Proceeds from sale of own shares	**111**	-	507
Dividends paid to equity shareholders of the parent	**-**	-	(295)
Payment of dividends to non controlling interests	**(8)**	(4)	(4)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES	**746**	(434)	(591)
Net (decrease) / increase in cash and cash equivalents	**(1,548)**	648	1,338
Effect of foreign exchange on cash and cash equivalents	**(59)**	32	(28)
Cash and cash equivalents at start of period	**2,667**	1,357	1,357
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,060**	2,037	2,667

Condensed Consolidated Statement of Changes in Equity (Unaudited)

Half yearly report for the six months ended 31 March 2014

For the six months ended 31 March 2014:

	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 2013	**106**	**2,649**	**1,493**	**(179)**	**5,988**	**(242)**	**9,815**	**236**	**10,051**
Dividends	-	-	-	-	(265)	-	(265)	(8)	(273)
Share-based payment	-	-	-	-	106	-	106	-	106
Acquisition of non-controlling interests	-	-	-	-	19	-	19	(225)	(206)
Proceeds from sale of own shares	3	-	-	-	-	108	111	-	111
Other comprehensive income for the period	-	-	-	(2)	-	-	(2)	-	(2)
Profit for the period	-	-	-	-	885	-	885	4	889
CLOSING BALANCE AT 31 MARCH 2014	**109**	**2,649**	**1,493**	**(181)**	**6,733**	**(134)**	**10,669**	**7**	**10,676**

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 year ended 30 September 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	-	-	-	-	(295)	-	(295)	(4)	(299)
Share-based payment	-	-	-	-	253	-	253	-	253
Reserve transfer(2)	-	-	-	-	(95)	95	-	-	-
Profit for the year	-	-	-	-	2,101	-	2,101	104	2,205
Proceeds from sale of own shares	-	-	-	-	-	507	507	-	507
Other comprehensive income for the year	-	-	-	(112)	-	-	(112)	-	(112)
CLOSING BALANCE AT 30 SEPTEMBER 2013	**106**	**2,649**	**1,493**	**(179)**	**5,988**	**(242)**	**9,815**	**236**	**10,051**

*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 2014 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 2013. 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 2014 or are expected to be adopted and effective at 30 September 2014. 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 2014 and 31 March 2013 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 2013 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2013 have been filed with the Registrar of Companies. The Independent Auditor's Report on that Annual Report and Financial Statements for 2013 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 2014 is based on the estimated tax rates in the jurisdictions in which the Group operates, for the year ending 30 September 2014.

3 DIVIDEND

The directors propose an interim dividend for the half-year ended 31 March 2014 of 0.6p per share (2013: 0.5p).

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. 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 2014

	Europe £000	Middle East £000	Africa £000	Asia Pacific £000	Americas £000	Eliminations £000	Unallocated £000	Consolidated £000
Total external revenue	10,534	6,540	957	1,606	257	-	-	19,894
Total inter-segment revenue(2)	622	88	-	-	37	(747)	-	-
Total revenue	11,156	6,628	957	1,606	294	(747)	-	19,894
Segmental profit / (loss)	1,095	1,545	(44)	(173)	(205)	-	-	2,218
Unallocated corporate expenses(1)	-	-	-	-	-	-	(986)	(986)
Share-based payment cost	-	-	-	-	-	-	(106)	(106)
Amortisation of intangible assets	-	-	-	(33)	-	-	-	(33)
Operating profit / (loss)	1,095	1,545	(44)	(206)	(205)	-	(1,092)	1,093
Finance income	-	-	-	-	-	-	2	2
Finance expense	-	-	-	-	-	-	(29)	(29)
Profit / (loss) before tax	1,095	1,545	(44)	(206)	(205)	-	(1,119)	1,066
Taxation	-	-	-	-	-	-	(177)	(177)
Profit / (loss) for the period	1,095	1,545	(44)	(206)	(205)	-	(1,296)	889

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 cost	-	-	-	-	-	-	(50)	(50)
Operating profit / (loss)	1,373	1,423	117	(309)	(87)	-	(1,074)	1,443
Finance income	-	-	-	-	-	-	4	4
Finance expense	-	-	-	-	-	-	(47)	(47)
Profit / (loss) before tax	1,373	1,423	117	(309)	(87)	-	(1,117)	1,400
Taxation	-	-	-	-	-	-	(242)	(242)
Profit / (loss) for the period	1,373	1,423	117	(309)	(87)	-	(1,359)	1,158

Notes to the Interim Financial Statements (continued)

4 SUMMARY SEGMENTAL ANALYSIS - continued

Year ended 30 September 2013

	Continuing Operations							
	Europe £000	Middle East £000	Africa £000	Asia Pacific £000	Americas £000	Eliminations £000	Unallocated[1] £000	Consolidated £000
Total external revenue	19,625	11,755	3,591	1,669	595	-	-	37,235
Total inter-segment revenue [2]	390	158	-	-	-	(548)	-	-
Total revenue	20,015	11,913	3,591	1,669	595	(548)	-	37,235
Segmental profit/(loss)	2,505	3,157	421	(742)	(299)	-	-	5,042
Unallocated corporate expenses[1]	-	-	-	-	-	-	(1,910)	(1,910)
Share-based payment cost	-	-	-	-	-	-	(482)	(482)
Operating profit/(loss)	2,505	3,157	421	(742)	(299)	-	(2,392)	2,650
Finance income	-	-	-	-	-	-	14	14
Finance expense	-	-	-	-	-	-	(72)	(72)
Profit/(loss) before taxation	2,505	3,157	421	(742)	(299)	-	(2,450)	2,592
Taxation	-	-	-	-	-	-	(387)	(387)
Profit/(loss) for the year	2,505	3,157	421	(742)	(299)	-	(2,837)	2,205

[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 2014 £000	6 months Ended 31 March 2013 £000	Year Ended 30 September 2013 £000
Profit for the financial period attributable to equity shareholders	885	1,134	2,101
Share-based payments cost and associated costs	106	50	482
Amortisation of intangible assets	33	-	-
Adjusted profit for the financial period before share-based payments cost amortisation of intangible assets	1,024	1,184	2,583
Weighted average number of shares:			
- Ordinary shares in issue	27,129,416	26,379,416	26,379,416
- Vested options with minimal consideration	511,392	-	-
- Shares held by EBT	(625,000)	(1,700,645)	(1,125,000)
Basic weighted average number of shares	27,015,808	24,678,771	25,254,416
Effects of employee share options	2,399,087	2,824,787	3,449,667
Diluted weighted average number of shares	29,414,895	27,503,558	28,704,083
Basic earnings per share	3.3p	4.6p	8.3p
Diluted earnings per share	3.0p	4.1p	7.3p
Adjusted basic profit per share before share-based payment cost and amortisation of intangible assets	3.8p	4.8p	10.2p

Potential ordinary shares relating to 247,285 share options (31 March 2013: 625,000) have not been included in the calculation of diluted earnings per share as their value has no dilutive effect.

6 ACQUISITIONS

On 30 September 2013 the Group entered into a contract to acquire the remaining 49% shareholding of Driver Group Africa (pty) Ltd subject to conditions precedent which were received during the period to 31 March 2014. The initial cost of the acquisition was ZAR 3.3m (£206,000) satisfied in cash and a further ZAR 2.7m (£164,000) satisfied by grant of options over Driver Group shares. Further share options may be issued based on future performance criteria.

On 25 September 2013 the Group acquired certain contracts and goodwill of PJ Consulting Limited through Driver Trett (Hong Kong) Limited. This contract had certain conditions which were met during March 2014 and consideration of HK$2m (£155,000) was paid after the period end. This transaction resulted in the recognition of an intangible asset relating to the contracts acquired.

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 2014 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 2014 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

19 May 2014

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

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