

driver
group plc

A photograph of an offshore wind farm at sunset. The sky transitions from a deep blue at the top to a warm orange and yellow near the horizon. Several wind turbines are visible, with the one in the foreground being the most prominent. The turbines are silhouetted against the bright sky, and their blades are slightly blurred, suggesting they are in motion. The water in the foreground is dark and calm.

INTERIM REPORT
2020

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

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Key Points

For the six months ended 31 March 2020

	6 months ended 31 March 2020 £000 Unaudited	6 months ended 31 March 2019 £000 Unaudited	Change £000
Revenue	28,042	29,711	(1,669)
Gross Profit	7,175	6,695	480
Gross Profit %	26%	23%	3%
Profit before tax	1,252	1,005	247
Less: Share-based payment credit	-	(243)	243
Underlying* profit before tax	1,252	762	490
Underlying* profit before tax %	4%	3%	1%
Underlying* earnings per share	1.8p	1.1p	0.7p
Net cash**	3,301	5,011	(1,710)

- Revenue down by 6% to £28.0m (2019: £29.7m) as a result of a slowdown in the Middle East market.
- Gross profit at 26% a £0.5m increase to £7.2m (2019: £6.7m) due to the continued focus on higher margin work.
- Underlying* profit before tax at £1.3m (2019: £0.8m) resulting in an underlying* profit before tax margin of 4% (2019: 3%).
- Profit before tax at £1.3m (2019: £1.0m).
- Net cash decrease year on year of £1.7m to £3.3m (2019: £5.0m).
- Fee earner headcount decreased by 26 to 329 with decreases in both APAC and Middle East.
- Overall utilisation rates of 73.1% (2019: 76.1%).
- Europe & Americas (EuAm) reported underlying* profit before tax for the period of £1.7m (2019: £2.0m) with utilisation rates at 71.6% (2019: 70.3%).
- Middle East (ME) reported underlying* profit before tax for the period of £0.03m (2019: £0.4m) with utilisation rates at 72.3% (2019: 80.9%).
- Asia Pacific (APAC) reported underlying* profit before tax for the period of £0.6m (2019: loss £0.6m) with utilisation rates at 77.1% (2019: 76.1%).

* Underlying figures are stated before the share-based payment costs (this is not a GAAP measure).

** Net cash consists of cash and cash equivalents and bank loans

*** Utilisation % is calculated by dividing the total hours billed by the total working hours available for chargeable staff

Chairman's statement



Steven Norris
Non-Executive
Chairman
29 June 2020

IMPACT OF COVID-19

Driver has continuously monitored the development of the Covid-19 pandemic since January 2020, in view of the Company's global footprint. Driver took early action to protect the business and the employees by implementing a clear business continuity strategy which has enabled its clients across key global regions and offices to be serviced effectively and sustainably, without business interruption. In accordance with the requirements of local government and regulatory authorities in the relevant jurisdictions and in some circumstances in advance, Driver moved quickly to a flexible home working model in every region and office worldwide to protect the health and safety of its staff.

Although the impact on Driver of Covid-19 has been limited to date, in the interests of prudence, resilience, and long term strategic competitive positioning the directors acted promptly and implemented the following measures in order to maximise liquidity, preserve cash and enhance operational flexibility:

- The Board will not pay an interim dividend in respect of the current financial year and will revisit the Group's dividend policy only when there is sufficient clarity as to the actual impact of the Covid-19 pandemic on its trading and financial position.
- It has indefinitely postponed all non-essential capex and discretionary operational expenditure.
- It has drawn down in full its £3.0m revolving credit facility and will hold the resulting funds in order to meet any currently unforeseen contingencies
- All Board members' salaries are reduced by 20%, effective from 1 April 2020, for the foreseeable future.
- Targeted reductions in pay for under-utilised staff have been implemented.
- A small number of personnel have been furloughed.
- Where appropriate the Group have taken local government Covid-19 related financial support schemes.
- To protect the Group from unforeseen Covid-19 related impact on the business, a package of additional debt facilities in the amount of £4m and a relaxation of bank covenants have been agreed with HSBC.

The directors have prepared stress-tested cashflow forecasts covering a period of more than twelve months from the date of releasing these interim financial statements and based on the package of cash and financing facilities available to Driver, including the agreed relaxation of bank covenants, the directors are confident in preparing the financial statements on a going concern basis.

THE BUSINESS

Driver have had a good first half year to 31 March 2020 with only limited impact on performance from Covid-19 related issues. There were strong results in the Europe & Americas (EuAm) and Asia Pacific (APAC) regions offset by a weaker performance in the Middle East (ME) region. On 31st May Gordon Wilkinson left the Group having during his tenure of four years led the business through a challenging period to a consistently profitable and financially stable position today. Mark Wheeler succeeds Gordon as the Group Chief Executive Officer and with an unrivalled wealth of industry knowledge is well placed to lead the group on its next phase of development. Additionally, John Mullen, a leading quantum expert, has been appointed as a non-executive director providing substantial additional industry expertise to the composition of the board.

TRADING PERFORMANCE

Group revenue for the six months to 31 March 2020 was £28.0m a decrease of 5.6% on the same period in 2019 (£29.7m). Overall, the Group reported a profit before tax of £1.3m (2019 £1.0m). Revenues in EuAm £15.4m and APAC £4.7m regions increased by 3.5% and 4.0% respectively which was offset by a decrease in ME region of 23% to £8.0m. The EuAm and APAC regions delivered operating profits of £1.7m (2019: £2.0m) and £0.6m (2019: loss of £0.6m) respectively with the ME region producing a disappointing breakeven result (2019: profit of £0.4m). The good performance in EuAm was across the region and in APAC was mainly from increased activity in Singapore. The weak performance in the ME region mainly resulted from a slowdown in the regional economy and steps were taken in January to reduce costs in light of the lower activity levels in the region. The significantly improved result from the APAC region was as a result of improved staff utilisation levels and the closure of the low margin project services business in the region.

The Group's effective tax rate is 24% (2019: 17%) reflecting a shift in the geographic split of overall Group profits. Earnings per share was 1.8p (2019: 1.5p).

The Group was in a net cash* position of £3.3m at 31 March 2020 compared to £5.4m at 30 September 2019 and 5.0m at 31 March 2019.

Net cash outflow from operations was £0.5m (2019: £0.8m) during the first six months, including a net outflow from an increase in trade and other receivables of £2.1m (2019: £0.5m cash inflow) and a net cash outflow from a decrease in trade and other payables of £0.4m (2019: £2.4m). Tax paid totalled £0.3m (2019: £0.5m) and the acquisition of fixed assets absorbed £0.1m (2019: £0.1m). A



further cash outflow during the period was the payment of dividends of £0.7m (2019: £nil).

DIVIDEND

The directors announced in the trading update that Driver will not pay an interim dividend in respect of the current financial year and will revisit the Group's dividend policy only when there is sufficient clarity as to the actual impact of the Covid-19 pandemic on its trading and financial position (2019: 0.5p per share).

OUTLOOK

Although the first half of 2020 has seen lower activity than expected in the Middle East, we took swift action to re-align the regional cost base and the first half profits of the Group are significantly ahead of the same period last year. The Group continues to maintain strict discipline over the management of its net working capital position and I am pleased to report that the Group's current net cash balance stands at £5.5m.

In more normal times, Driver is conditioned to operating with relatively low forward revenue visibility

and, as a consequence of the Covid-19 pandemic there is heightened uncertainty over client behaviours and their impact on our business. However, with current trading holding up well and with recently increased debt facilities, the directors believe that the Group is well placed to trade through this current uncertain market environment, and to take advantage of the opportunities afforded as a consequence of the disruption of Covid-19 in the Group's target market.

I would like to pay particular tribute to our CEO Mark Wheeler and CFO David Kilgour for the way they have managed the business through the last difficult months. I thank my Board colleagues, Peter Collini and Elizabeth Filkin for their unstinting support and most of all, I thank every one of our staff wherever they are in the world for their continued diligence and loyalty. I am grateful for the confidence our shareholders have consistently demonstrated and I assure them that the Group will continue to do its utmost to repay that confidence.

* Net cash consists of cash and cash equivalents and bank loans



Operating through 25 offices in 13 Countries, spreading over 5 Continents means that Driver Group plc offers a...

Global footprint

driver trett

Driver Trett provides specialist dispute avoidance and dispute resolution services to our clients from the outset of a project to its completion, and beyond. We offer strategic commercial improvement and contract management services; live planning and programming; assistance and forensic delay analysis; dispute avoidance, dispute resolution support and expertise; as well as training and seminars tailored to our clients' needs.

driver project services

Driver Project Services provides site-based commercial management, project management and planning and programming services to our clients. Our staff work seamlessly with our clients' teams, offering additional project support at the point of need or for the duration of the project.



Diales is the Group's Expert Witness and expert advisory services provider. Our world-class quantum, delay, and technical experts assist in litigation, arbitration, and adjudication, as well as in negotiation, mediation, and other dispute resolution forums. Diales also provides highly experienced adjudicators, arbitrators, and mediators, as well as offering third party neutral evaluation and determination.

Consolidated Income Statement

Interim report for the six months ended 31 March 2020

	6 months ended 31 March 2020 £000 Unaudited	6 months ended 31 March 2019 £000 Unaudited	Year ended 30 September 2019 £000 Audited
REVENUE	28,042	29,711	58,486
Cost of sales	(20,748)	(23,016)	(44,950)
Impairment movement	(119)	-	401
GROSS PROFIT	7,175	6,695	13,937
Administrative expenses	(5,946)	(5,722)	(10,760)
Other operating income	73	82	155
Underlying* operating profit	1,302	812	3,089
Share-based payment credit/(charge) and associated costs	-	243	243
OPERATING PROFIT	1,302	1,055	3,332
Finance income	14	20	44
Finance costs	(64)	(70)	(131)
PROFIT BEFORE TAXATION	1,252	1,005	3,245
Tax expense (note 3)	(301)	(170)	(497)
PROFIT FOR THE PERIOD	951	835	2,748
Profit attributable to non-controlling interests	1	3	1
Profit attributable to equity shareholders of the parent	950	832	2,747
	951	835	2,748
Basic earnings per share attributable to equity shareholders of the parent (pence)	1.8p	1.5p	5.2p
Diluted earnings per share attributable to equity shareholders of the parent (pence)	1.7p	1.5p	4.8p

* Underlying figures are stated before the share-based payment costs (this is not a GAAP measure).

Consolidated Statement of Comprehensive Income

Interim report for the six months ended 31 March 2020

	6 months ended 31 March 2020 £000 Unaudited	6 months ended 31 March 2019 £000 Unaudited	Year ended 30 September 2019 £000 Audited
PROFIT FOR THE PERIOD	951	835	2,748
Other comprehensive income:			
<i>Items that could subsequently be reclassified to the Income Statement:</i>			
Exchange differences on translating foreign operations	73	29	(25)
Other comprehensive income for the year net of tax	73	29	(25)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	1,024	864	2,723
Total comprehensive income attributable to:			
Owners of the parent	1,023	861	2,722
Non-controlling interest	1	3	1
	1,024	864	2,723

Consolidated Statement of Financial Position

Interim report for the six months ended 31 March 2020

	6 months ended 31 March 2020 £000 Unaudited	6 months ended 31 March 2019 £000 Unaudited	Year ended 30 September 2019 £000 Audited
NON-CURRENT ASSETS			
Goodwill	2,969	2,969	2,969
Property, plant and equipment	593	636	685
Right of use asset	2,226	-	-
Intangible asset	57	-	-
Deferred tax asset	268	98	268
	6,113	3,703	3,922
CURRENT ASSETS			
Trade and other receivables	21,767	18,956	20,189
Derivative financial asset	275	29	2
Cash and cash equivalents	3,301	7,394	7,526
	25,343	26,379	27,717
TOTAL ASSETS	31,456	30,082	31,639
CURRENT LIABILITIES			
Borrowings	-	(2,382)	(2,125)
Trade and other payables	(8,788)	(9,076)	(9,197)
Derivative financial liability	(64)	(101)	(398)
Lease liabilities	(916)	-	-
Current tax payable	(405)	(116)	(428)
	(10,173)	(11,675)	(12,148)
NON-CURRENT LIABILITIES			
Lease liabilities	(1,184)	-	-
	(1,184)	-	-
TOTAL LIABILITIES	(11,357)	(11,675)	(12,148)
NET ASSETS	20,099	18,407	19,491
SHAREHOLDERS' EQUITY			
Share capital	216	215	216
Share premium	11,496	11,497	11,496
Merger reserve	1,055	1,055	1,055
Currency reserve	(352)	(371)	(425)
Capital redemption reserve	18	18	18
Treasury shares	(1,025)	(486)	(1,000)
Retained earnings	8,686	6,473	8,127
Own shares	(3)	(3)	(3)
TOTAL SHAREHOLDERS' EQUITY	20,091	18,398	19,484
NON-CONTROLLING INTEREST	8	9	7
TOTAL EQUITY	20,099	18,407	19,491

Consolidated Cashflow Statement

Interim report for the six months ended 31 March 2020

	6 months ended 31 March 2020 £000 Unaudited	6 months ended 31 March 2019 £000 Unaudited	Year ended 30 September 2019 £000 Audited
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year	951	835	2,748
Adjustments for:			
Depreciation	162	227	418
Amortisation of right to use assets	514	-	-
Exchange adjustments	(7)	27	(69)
Finance income	(14)	(20)	(44)
Finance expense	64	70	131
Tax expense	301	170	497
Equity settled share-based payment charge	-	(243)	(243)
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	1,971	1,066	3,438
(Increase)/decrease in trade and other receivables	(2,051)	549	(658)
Decrease in trade and other payables	(394)	(2,415)	(2,053)
CASH (USED)/GENERATED IN OPERATIONS	(474)	(800)	727
Tax paid	(274)	(450)	(623)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	(748)	(1,250)	104
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	14	20	44
Acquisition of property, plant and equipment	(70)	(98)	(338)
Acquisition of intangible asset	(57)	-	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(113)	(78)	(294)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	(64)	(70)	(131)
Repayment of borrowings	(2,125)	(724)	(981)
Repayment of lease liabilities	(505)	-	-
Dividends paid to the equity shareholders of the parent	(652)	-	(270)
Proceeds from issue of new shares	-	22	22
Purchase of Treasury shares	(25)	(486)	(1,000)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(3,371)	(1,258)	(2,360)
Net decrease in cash and cash equivalents	(4,232)	(2,586)	(2,550)
Effect of foreign exchange on cash and cash equivalents	7	(27)	69
Cash and cash equivalents at start of period	7,526	10,007	10,007
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,301	7,394	7,526

Consolidated Statement of Changes of Equity

For the six months ended 31 March 2020 (Unaudited):

	Share capital £000	Share premium £000	Treasury shares £000	Merger reserve £000	Other reserves ⁽²⁾ £000	Retained earnings £000	Own shares £000	Total ⁽¹⁾ £000	Non-controlling interest £000	Total Equity £000
CLOSING BALANCE AT 30 SEPTEMBER 2019	216	11,496	(1,000)	1,055	(407)	8,127	(3)	19,484	7	19,491
Profit for the period	-	-	-	-	-	950	-	950	1	951
Other comprehensive income for the period	-	-	-	-	73	-	-	73	-	73
Total comprehensive income for the period	-	-	-	-	73	950	-	1,023	1	1,024
Contributions by and distributions to owners										
Dividend	-	-	-	-	-	(391)	-	(391)	-	(391)
Issue of new shares	-	-	-	-	-	-	-	-	-	-
Purchase of Treasury shares	-	-	(25)	-	-	-	-	(25)	-	(25)
Total contributions by and distributions to owners	-	-	(25)	-	-	(391)	-	(416)	-	(416)
CLOSING BALANCE AT 31 MARCH 2020	216	11,496	(1,025)	1,055	(334)	8,686	(3)	20,091	8	20,099

For the six months ended 31 March 2019 (Unaudited):

	Share capital £000	Share premium £000	Treasury shares £000	Merger reserve £000	Other reserves ⁽²⁾ £000	Retained earnings £000	Own shares £000	Total ⁽¹⁾ £000	Non-controlling interest £000	Total Equity £000
CLOSING BALANCE AT 30 SEPTEMBER 2018	215	11,475	-	1,055	(382)	7,107	(3)	19,467	6	19,473
Accounting policy change - IFRS 9	-	-	-	-	-	(953)	-	(953)	-	(953)
OPENING BALANCE AT 1 OCTOBER 2018	215	11,475	-	1,055	(382)	6,154	(3)	18,514	6	18,520
Profit for the period	-	-	-	-	-	832	-	832	3	835
Other comprehensive income for the period	-	-	-	-	29	-	-	29	-	29
Total comprehensive income for the period	-	-	-	-	29	832	-	861	3	864
Contributions by and distributions to owners										
Dividend	-	-	-	-	-	(270)	-	(270)	-	(270)
Share-based payment credit and associated costs	-	-	-	-	-	(243)	-	(243)	-	(243)
Issue of new shares	-	22	-	-	-	-	-	22	-	22
Purchase of Treasury shares	-	-	(486)	-	-	-	-	(486)	-	(486)
Total contributions by and distributions to owners	-	22	(486)	-	-	(513)	-	(977)	-	(977)
CLOSING BALANCE AT 31 MARCH 2019	215	11,497	(486)	1,055	(353)	6,473	(3)	18,398	9	18,407

Consolidated Statement of Changes of Equity

For the year ended 30 September 2019 (Audited):

	Share capital £000	Share premium £000	Treasury shares £000	Merger reserve £000	Other reserves ⁽²⁾ £000	Retained earnings £000	Own shares £000	Total ⁽¹⁾ £000	Non-controlling interest £000	Total Equity £000
OPENING BALANCE AT 1 OCTOBER 2018	215	11,475	-	1,055	(382)	6,154	(3)	18,514	6	18,520
Profit for the year	-	-	-	-	-	2,747	-	2,747	1	2,748
Other comprehensive income for the year	-	-	-	-	(25)	-	-	(25)	-	(25)
Total comprehensive income for the year	-	-	-	-	(25)	2,747	-	2,722	1	2,723
Contributions by and distributions to owners										
Dividends	-	-	-	-	-	(531)	-	(531)	-	(531)
Share-based payment charge and associated costs	-	-	-	-	-	(243)	-	(243)	-	(243)
Purchase of Treasury shares	-	-	(1,000)	-	-	-	-	(1,000)	-	(1,000)
Issue of new shares	1	21	-	-	-	-	-	22	-	22
Total contributions by and distributions to owners	-	21	(1,000)	-	-	(774)	-	(1,752)	-	(1,752)
CLOSING BALANCE AT 30 SEPTEMBER 2019	216	11,496	(1,000)	1,055	(407)	8,127	(3)	19,484	7	19,491

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

(2) 'Other reserves' combines the currency reserve and capital redemption reserve. The movement in the current and prior year relates to the translation of foreign currency equity balances and foreign currency non-monetary items.

Notes to the Interim Financial Statements

For the six months ended 31 March 2020

1 BASIS OF PREPARATION

The consolidated interim financial information has been prepared using accounting policies which are consistent with those applied at the prior year end 30 September 2019 and that are expected to be adopted in the Group's full financial statements for the year ending 30 September 2020. The Group has adopted the new IFRS 16 accounting standard from 1 October 2019.

The financial information in this interim report is in compliance with the recognition and measurement principles of IFRS as adopted by the European Union (EU) but does not include all disclosures that would be required under IFRSs and are not IAS 34 compliant. 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 2020 and 31 March 2019 does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006 and is unaudited but has been reviewed by our auditors.

The comparative financial information for the year ended 30 September 2019 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2019 have been filed with the Registrar of Companies. The Independent Auditor's Report on that Annual Report and Financial Statements for 2019 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.

The consolidated financial statements have been prepared on a going concern basis. In reaching their assessment, the directors have considered a period extending at least twelve months from the date of approval of this half yearly financial report.

The directors continue to monitor developments across the markets the Group operate in and the potential impact of Covid-19 in the short and medium term and is in particular focussed on the key risks of: delays by clients in contracting for claims advice; projects being suspended or planned projects not proceeding which could potentially result in a reduction in staff utilisation levels; and the impact of the current situation on the financial stability of clients causing delays to payments.

As Driver's business is geographically well spread across the World the directors have been managing the impact of Covid-19 since January 2020 when the Singapore and Hong Kong offices started working remotely. As Covid-19 has spread, remote working has been successfully adopted at varying times in the Middle East offices and across Europe including the UK with minimal disruption of service to our clients. The directors have been closely monitoring the impact on the business ensuring the welfare of the staff and the clients. The Group has implemented a number of measures to reduce operating costs and conserve cash, including:

- reduction of payroll costs from a small number of personnel being placed on Furlough Leave, targeted reductions in pay for under-utilised staff and a reduction in directors pay
- reduction in near term operating expenditure as a result of remote working and a lack of travel
- deferral of any non-essential operating and capital expenditure
- application of government financial support schemes where appropriate

The directors have prepared cash flow forecasts covering a period of more than 12 months from the date of releasing these interim financial statements. This assessment has included consideration of the forecast performance of the business for the foreseeable future, the cash and financing facilities available to the Group and the mitigating actions undertaken to reduce the impact of Covid-19. In preparing these forecasts, the directors have considered sensitivities incorporating the potential impact of Covid-19. The Group at 31 March 2020 had cash reserves of £3.3m and an undrawn revolving credit facility of £3.0m. Subsequent to the half year end the Group agreed terms with their debt providers, HSBC UK Bank plc, for additional facilities of £4.0m by way of an increase to the existing £3.0m revolving credit facility to £5.0m and a further £2.0m through a Coronavirus Large Business Interruption Loan Scheme Facility. In addition the relaxation of financial covenants for the next twelve months were agreed.

Based on the cash flow forecasts prepared including appropriate stress testing, the directors are confident that any funding needs required by the business will be sufficiently covered by the existing cash reserves and the undrawn additional credit facility.

Notes to the Interim Financial Statements (continued)

2 NEW STANDARDS ADOPTED - IFRS 16

IFRS 16 Leases: is effective for periods beginning on or after 1 January 2019 and the Group transitioned on 1 October 2019. IFRS 16 replaces IAS 17 Leases and provides a single lessee accounting model, requiring lessees to recognise related right of use lease assets and lease liabilities for all applicable leases on the statement of financial position. The presentation and timing of income and expense recognition in the income statement has also changed. On transition, management adopted the modified retrospective approach and as such, comparative figures have not been restated. As a result of the new accounting standard, the statement of financial position has seen an increase in non current assets of £2.2m, a decrease in prepayments of £0.2m and a resulting increase in liabilities of £2.1m, of which, £0.9m is a current liability and £1.2m is a non current liability. Overall profit has not materially changed, however, EBITDA and cashflow from operating activities have both increased by £0.5m due to IFRS 16. Leases of under one year in length and low value assets have not been capitalised.

The following table presents the impact of adopting IFRS 16 on the statement of financial position as at 1 October 2019:

	30 September 2019 £000	IFRS 16 £000	1 October 2019 £000
ASSETS			
Right of use asset	-	2,605	2,605
Trade & other receivables	20,189	(240)	19,949
LIABILITIES			
Trade & other payables	(9,197)	74	(9,123)
Lease liabilities	-	(2,439)	(2,439)

The following table reconciles the minimum lease commitments disclosed in the Group's 30 September 2019 financial statements to the amount of lease liabilities recognised on 1 October 2019:

	1 October 2019 £000
Minimum operating lease commitment at 30 September 2019	3,224
Less: short-term and low value leases not recognised under IFRS 16	(455)
Less: amounts transferred from prepayments	(240)
Add: accrued rent due	19
Undiscounted lease payments	2,548
Effect of discounting	(109)
Lease liability at 1 October 2019	2,439

3 TAXATION

The tax charge on the profit for the half-year ended 31 March 2020 is based on the estimated tax rates in the jurisdictions in which the Group operates, for the year ending 30 September 2020.

4 DIVIDEND

In view of the current trading position and the Covid-19 outbreak, the Board does not intend to pay an interim dividend for 2020 (2019: 0.5 pence per share).

Notes to the Interim Financial Statements (continued)

5 SUMMARY SEGMENTAL ANALYSIS
REPORTABLE SEGMENTS

For management purposes, the Group is organised into three operating divisions: Europe & Americas (EuAm), Middle East (ME) and Asia Pacific (APAC). These divisions are the basis on which the Group is structured and managed, based on its geographic structure. The following key service provisions are provided across all three operating divisions: quantity surveying, planning / programming, quantum and planning experts, dispute avoidance / resolution, litigation support, contract administration and commercial advice / management. Segment information about these reportable segments is presented below.

	Europe & Americas £000	Middle East £000	Asia Pacific £000	Eliminations £000	Unallocated £000	Consolidated £000
SIX MONTHS ENDED 31 MARCH 2020 (UNAUDITED)						
Total external revenue	15,371	7,951	4,720	-	-	28,042
Total inter-segment revenue	61	256	7	(324)	-	-
Total revenue	15,432	8,207	4,727	(324)	-	28,042
Segmental profit	1,715	30	633	-	-	2,378
Unallocated corporate expenses ⁽¹⁾	-	-	-	-	(1,076)	(1,076)
Operating profit/(loss)	1,715	30	633	-	(1,076)	1,302
Finance income	-	-	-	-	14	14
Finance expense	-	-	-	-	(64)	(64)
Profit/(loss) before taxation	1,715	30	633	-	(1,126)	1,252
Taxation	-	-	-	-	(301)	(301)
Profit/(loss) for the period	1,715	30	633	-	(1,427)	951

	Europe & Americas £000	Middle East £000	Asia Pacific £000	Eliminations £000	Unallocated £000	Consolidated £000
SIX MONTHS ENDED 31 MARCH 2019 (UNAUDITED)						
Total external revenue	14,851	10,321	4,539	-	-	29,711
Total inter-segment revenue	11	2	15	(28)	-	-
Total revenue	14,862	10,323	4,554	(28)	-	29,711
Segmental profit/(loss)	1,984	363	(576)	-	-	1,771
Unallocated corporate expenses ⁽¹⁾	-	-	-	-	(959)	(959)
Share-based payment charge	-	-	-	-	243	243
Operating profit/(loss)	1,984	363	(576)	-	(716)	1,055
Finance income	-	-	-	-	20	20
Finance expense	-	-	-	-	(70)	(70)
Profit/(loss) before taxation	1,984	363	(576)	-	(766)	1,005
Taxation	-	-	-	-	(170)	(170)
Profit/(loss) for the period	1,984	363	(576)	-	(936)	835

	Europe & Americas £000	Middle East £000	Asia Pacific £000	Eliminations £000	Unallocated £000	Consolidated £000
YEAR ENDED 30 SEPTEMBER 2019 (AUDITED)						
Total external revenue	29,771	19,645	9,070	-	-	58,486
Total inter-segment revenue	47	121	20	(188)	-	-
Total revenue	29,818	19,766	9,090	(188)	-	58,486
Segmental profit/(loss)	3,908	1,446	(363)	-	-	4,991
Unallocated corporate expenses ⁽¹⁾	-	-	-	-	(1,902)	(1,902)
Share-based payment charge	-	-	-	-	243	243
Operating profit/(loss)	3,908	1,446	(363)	-	(1,659)	3,332
Finance income	-	-	-	-	44	44
Finance expense	-	-	-	-	(131)	(131)
Profit/(loss) before taxation	3,908	1,446	(363)	-	(1,746)	3,245
Taxation	-	-	-	-	(497)	(497)
Profit/(loss) for the period	3,908	1,446	(363)	-	(2,243)	2,748

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

Notes to the Interim Financial Statements (continued)

6 EARNINGS PER SHARE

	6 months ended 31 March 2020 £000 Unaudited	6 months ended 31 March 2019 £000 Unaudited	Year ended 30 September 2019 £000 Audited
Profit for the financial period attributable to equity shareholders	950	832	2,747
Share-based payments cost and associated costs	-	(243)	(243)
Underlying* profit for the financial period	950	589	2,504
Weighted average number of shares:			
- Ordinary shares in issue	53,962,868	53,921,201	53,942,035
- Shares held by EBT	(3,677)	(3,677)	(3,677)
- Treasury shares	(1,786,062)	-	(619,223)
Basic weighted average number of shares	52,173,129	53,917,524	53,319,135
Effect of employee share options	2,759,618	3,297,421	3,462,087
Diluted weighted average number of shares	54,932,747	57,214,945	56,781,222
Basic earnings per share attributable to equity shareholders of the Parent (pence)	1.8p	1.5p	5.2p
Diluted earnings per share attributable to equity shareholders of the Parent (pence)	1.7p	1.5p	4.8p
Underlying* basic earnings per share	1.8p	1.1p	4.7p

7 POST BALANCE SHEET EVENT

Subsequent to the half year end the Group agreed terms with their debt providers, HSBC UK Bank plc, for additional facilities of £4.0m by way of an increase to the existing £3.0m revolving credit facility to £5.0m and a further £2.0m through a Coronavirus Large Business Interruption Loan Scheme Facility. In addition the relaxation of financial covenants for the next twelve months were agreed.

*Underlying figures are stated before the share-based payment costs (this is not a GAAP measure)

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 2020 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cash Flow Statement, the 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 AIM 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.

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 Financial Reporting Council 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 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 2020 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

USE OF OUR REPORT

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 AIM 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.

BDO LLP

*Chartered Accountants
Manchester, United Kingdom*

29 June 2020

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

Directors and Advisors



Steven Norris
Non-Executive Chairman

Steve was a Member of Parliament from 1983 – 1997 serving as Parliamentary Private Secretary in the Departments of Environment, Trade and Industry, and the Home

Office before becoming Minister for Transport in 1992. He is Chairman of Soho Estates and of Cambridgeshire's arms -length property development company, This Land Ltd. He is a member of the Board of Cubic Corporation Inc (NYSE: CUB) and Deputy Chairman of Optare plc. Steven is Chairman of the National Infrastructure Planning Association and a Commissioner of the Independent Transport Commission. He served on the Treasury's HS2 Growth Task Force and is an Honorary Fellow of the Association for Project Management, a Companion of the Institution of Civil Engineers, an Eminent Fellow of the Royal Institution of Chartered Surveyors and an Honorary Life Member of the Railway Civil Engineers Association.



David Kilgour
Chief Financial Officer

David is a Chartered Accountant with over 25 years' experience in the engineering, infrastructure and utilities sectors. He was formerly Managing Director for Amec plc of a renewable power developer and consultancy business and previously Finance Director for United Utilities plc of the international and non-regulated operations.

David has extensive financial and operational experience of managing international businesses.



Peter Collini
Non-Executive Director

Peter, ACA, is a corporate finance professional with extensive experience leading significant international transactions. He set up Riverhill Partners, an independent advisory practice, in 2005 and advises public, private equity and state-owned businesses.

Peter was a Managing Director at Deutsche Bank's Investment Bank, a chartered accountant practising tax with PwC and holds an MA in Engineering from Oxford University.



Mark Wheeler
Chief Executive Officer

Mark is an Engineer and Surveyor with over 25 years' engineering experience within the construction industry, including major civil engineering, building and power projects.

He specialises in providing expert services support, quantum and technical reports for support in construction dispute resolution. This is achieved by means of litigation, adjudication, arbitration or mediation. He acts as an expert witness in both technical and quantum disputes and has cross examination experience.

Mark also has experience in working with a wide range of contracts, including JCT, FIDIC and the NEC3 & NEC4 forms. He regularly advises on the practical application and use of NEC3.



Elizabeth Filkin
Non-Executive Director

Former Parliamentary Standards Commissioner Elizabeth has carried major roles in both the private and public sectors. She currently combines chairing The Employers' Initiative on Domestic Abuse,

TecSOS and The Independent Advisory Board, Marston Holdings and also serves on several Trusts.

Elizabeth has been the non-executive chair of Annington Homes, a non-executive director of Britannia Building Society, HBS, Logica, Jarvis and Hay Management Consultants and an Audit Commissioner.



John Mullen
Non-Executive Director

John Mullen is a Chartered Quantity Surveyor and Civil Engineering Surveyor with over 40 years' experience across buildings, infrastructure, civils, engineering, energy, oil and gas and process projects.

He was one of the founders of Driver Group plc, having joined its predecessor partnership in 1983. One of the World's leading quantum experts, working in many different jurisdictions, matters appointed on have ranged in value up to US\$2.75 billion in dispute. He is co-author of the books Evaluating Contract Claims and The Expert Witness in Construction. A Who's Who Legal Thought Leader 2018 and Global Thought Leader 2019 and 2020.

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