Company number: 3475146

Interim Report 2017

Driver Group plc is a specialist provider of consultancy, advisory and project management 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 2017)

- Revenue up by 18% to £32.84m (2016: £27.90m)
- Gross profit up £2.81m to £7.75m (2016: £4.94m)
- Underlying* profit before tax of £1.03m (2016: Underlying* loss before tax of £1.51m). Reported profit before tax of £0.27m (2016: loss of £3.45m)
- Successful equity raise of £8.5m to restore strength to the balance sheet reducing net borrowings** to £3.50m from £10.01m in September 2016.
- Headcount reduced by 10% to 488 (2016: 541) following actions to reduce unproductive cost base; utilisation levels increased by 5 percentage points to 74% (2016: 69%)
- Asia Pacific, Middle East & Africa "AMEA" returned to underlying* profit for the period of £0.76m (2016: Underlying* loss before tax of £0.76m) with utilisation levels increased to 74% (2016: 70%).
- Europe & Americas "EuAm" reported underlying* profit for the period of £1.31m (2016: £0.01m) with utilisation levels increased to 73% (2016: 66%).
- Sale of South Africa business to local management team agreed post period end.

* *Underlying figures are stated before the share-based payment costs, amortisation of intangible assets and exceptional items (note 6).*

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

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Chairman's Statement

INTRODUCTION

Over the reporting period, Driver's fortunes have improved significantly. Comparison with the equivalent period last year shows a dramatic turnaround. Whilst this financial improvement is indeed encouraging we are of course far from complacent. There is much more that can be achieved and we remain focused on delivering further profit growth and debt reduction over the coming months and years. The recent successful equity raise where we were fortunate enough to be able to call on both supportive long-standing shareholders and indeed to introduce new institutional holders to the register, has been central to allowing us to concentrate on the execution of our strategy to deliver significantly better returns than in recent times. With the remedial actions we have taken to restore the business to profit for the period, and the restoration of stability in the balance sheet I am confident that the Group is now as well-placed as it has ever been to deliver consistently in its core business.

Driver Group's core business is in claims and dispute management and expert witness work where we are fortunate to count many industry-leading proponents among our firm's complement covering much of the developed world. The Group's strategy, which we clarified and articulated during the recent equity raise, is to return our business to its core values and to exploit its considerable expertise, where we have a clear competitive edge and the infrastructure and client relationships to deliver a world class service to many of the world's leading construction firms. In Europe & Americas (EuAm), where we have a relatively mature and well-recognised business, the profitability achieved during the last six months, with a segmental profit margin of just under 10% on £13.65m of total revenue, has borne testament to the sense of this strategy. We believe that with further work we can deliver the same performance in Asia Pacific, Middle East and Africa (AMEA), where in this period £17.68m of total revenue produced just £0.76m of segmental profit. One such imperative, consistent with the Group simplification plan set out in February in conjunction with the equity fund raise, has been the disposal of the business in South Africa where the majority of our turnover came from project management activities and which has been loss making. I am delighted to confirm that, following the period end, we concluded an agreement to dispose of the business to local management (note 7).

FINANCIAL RESULTS

Revenue for the first half of the financial year was £32.84m, an increase of 18% on the first half of 2016 (£27.90m). The 21% growth in Europe and Americas to £13.21m and 27% growth in AMEA to £17.65m was offset by the shrinking of the Initiate business by 37% to £1.98m. Gross profit grew by £2.81m to £7.75m when compared to the first half of 2016 (£4.94m). Administrative expenses (excluding cost of share options, exceptional items (note 6) and amortisation of intangible assets) increased by £0.17m to £6.64m when compared to the first half of 2016 (£6.47m).

The Group reported an underlying* profit before tax of £1.03m (2016: loss of £1.51m). After the cost of share options, exceptional items (note 6) and amortisation of intangible assets of £0.76m (2016: £1.94m) the pre-tax profit for the period was £0.27m (2016: loss of £3.45m).

The Group's effective tax rate from continuing operations is 7% (2016: 2%) reflecting the geographic make-up of the Group, with UK profits utilising brought forward losses from prior years and with profits in the current period from overseas operations attracting lower tax rates than that prevailing in the UK. Underlying* profit per share was 3.0p (2016: loss per share of 4.7p). After share option costs, exceptional items and amortisation of intangible assets the profit per share was 0.7p (2016: loss of 10.9p). Net assets increased, after the £8.5 million equity raise and associated costs to £15.91m (2016: £8.64m).

Significantly, during the period, the Group raised £8.5m via the issue of some 21.2 million shares at 40 pence each in order to restore strength to the balance sheet and which in turn has provided the breathing space to drive through the necessary changes. By the end of March the Group's net borrowing** position had decreased by £6.51 million from September 2016, and by £3.31 million from March 2016 to £3.50 million.

Net cash outflow from operations was £1.39m (2016: £3.30m), including a net outflow from an increase in trade and other receivables of £2.11m (2016: £0.23m) and a net cash outflow from a decrease in trade and other payables of £0.17m (2016: £0.76m). The acquisition of fixed assets absorbed just £0.13m (2016: £0.50m).

DIVIDEND

The Board does not recommend the payment of an interim dividend (2016: £nil).

TRADING PERFORMANCE

By the end of March the actions taken to reduce the unproductive cost base and to focus on the core business meant that headcount was reduced by 10% from the equivalent time last year to 488 (2016: 541) while Group revenue increased by 18%. The change in headcount clearly had the intended impact on utilisation levels which rose 5 percentage points in comparison with the equivalent period last year to 74% (2016: 69%).

Across the Group, the half year saw the turnaround from an underlying* loss in the equivalent period last year of £1.51m to an underlying* profit of £1.03m. This £2.54m improvement was achieved through a combination of revenue increasing from £27.90m to £32.84m, with gross profit margins improving by 5.9% to 23.6%, with only a small increase in recurring administrative expenses from £6.47m to £6.64m.

In the Asia Pacific, Middle East and Africa region (AMEA) revenue increased by £3.79m to £17.65m (2016: £13.85m) capitalising on the earlier investment into the region, whilst containing cost increases, resulting in an increase in regional utilisation to 74% (2016: 70%). AMEA reported an underlying profit of £0.76m compared to an underlying loss of £0.76m in 2016.

In Europe and Americas (EuAm) revenue also increased by £2.33m to £13.21m (2016: £10.89m). With costs managed appropriately in the period and utilisation at 73% (2016: 66%), underlying* profit for the period increased by £1.22m to £1.31m.

**Underlying figures are stated before the share-based payment costs, amortisation of intangible assets and exceptional items (note 6).*
***Net (borrowings) / cash consists of cash and cash equivalents, bank loans and finance leases.*

The Initiate project management business acquired in December 2014 reported revenue of £1.98m compared to £3.16m for the equivalent period last year, with staff utilisation at 80% (2016: 79%). It broke even in the 2017 half year, versus a loss of £0.11m in 2016.

Importantly, in addition to growing revenue, the collection of cash from debtors has also received significant attention. We will continue to focus on this issue. As at the end of March 2017 there was £1.84m of un-provided debt over twelve months old (2016: £1.94m), much of which is sitting in the Middle East.

OUTLOOK

It is the inherent nature of our business that forecasting with any accuracy much beyond twelve weeks ahead is notoriously difficult. That said, your board remains confident of the Group's ability to deliver the market's expectations for the current year. Utilisation levels are steady overall at around 74%, costs are much better controlled and progress is being made in the collection of aged debt.

Ours is very much a people business and on behalf of our senior leadership team of Gordon Wilkinson, Mark Wheeler and Hugh Cawley, I would particularly like to thank every one of our staff, wherever they are in the world, for their hard work and support in what has been a tough but invigorating turnaround in our fortunes. I should also like to thank all our shareholders, established and new, for their continuing support throughout the period. The Group will continue to do its utmost to repay the confidence you have shown in the business.

Steven Norris
Non-Executive Chairman
22 May 2017

Consolidated Income Statement

Interim report for the six months ended 31 March 2017

	6 months ended 31 March 2017 £000 Unaudited	6 months ended 31 March 2016 £000 Unaudited	Year ended 30 September 2016 £000 Audited
REVENUE	**32,840**	27,901	58,261
Cost of sales	**(25,090)**	(22,960)	(46,579)
GROSS PROFIT	**7,750**	4,941	11,682
Administrative expenses	**(7,399)**	(8,411)	(17,010)
Other operating income	**74**	119	197
Underlying* operating profit/(loss)	**1,184**	(1,414)	(208)
Share-based payment charge and associated costs	**(117)**	(730)	(1,141)
Exceptional items (note 6)	**(544)**	(1,086)	(3,559)
Amortisation of intangible assets	**(98)**	(121)	(223)
OPERATING PROFIT/(LOSS)	**425**	(3,351)	(5,131)
Finance income	**1**	7	14
Finance costs	**(157)**	(103)	(231)
PROFIT/(LOSS) BEFORE TAXATION	**269**	(3,447)	(5,348)
Tax (expense)/credit (note 2)	**(20)**	63	115
PROFIT/(LOSS) FOR THE PERIOD	**249**	(3,384)	(5,233)
Profit/(loss) attributable to non-controlling interests	**1**	(1)	(3)
Profit/(loss) attributable to equity shareholders of the parent	**248**	(3,383)	(5,230)
	249	(3,384)	(5,233)
Basic and diluted earnings/(loss) per share attributable to equity shareholders of the parent (pence) (note 5)	**0.7p**	(10.9)p	(16.8)p

**Underlying figures are stated before the share-based payment costs, amortisation of intangible assets and exceptional items (note 6).*

Consolidated Statement of Comprehensive Income

Interim report for the six months ended 31 March 2017

	6 months ended 31 March 2017 £000 Unaudited	6 months ended 31 March 2016 £000 Unaudited	Year ended 30 September 2016 £000 Audited
PROFIT/(LOSS) FOR THE PERIOD	**249**	(3,384)	(5,233)
Other comprehensive income:			
Items that could subsequently be reclassified to the Income Statement:			
Exchange differences on translating foreign operations	**(85)**	(72)	(49)
Other comprehensive income for the year net of tax	**(85)**	(72)	(49)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**164**	(3,456)	(5,282)
Total comprehensive income attributable to:			
Owners of the parent	**163**	(3,455)	(5,279)
Non-controlling interest	**1**	(1)	(3)
	164	(3,456)	(5,282)

Consolidated Statement of Financial Position

At 31 March 2017

	31 March 2017 £000 Unaudited	*Restated 31 March 2016 £000 Unaudited	30 September 2016 £000 Audited
NON-CURRENT ASSETS			
Goodwill	**3,456**	4,856	3,456
Intangible assets	**523**	722	621
Property, plant and equipment	**2,764**	2,959	2,927
Deferred tax asset	**22**	18	21
	6,765	8,555	7,025
CURRENT ASSETS			
Trade and other receivables	**22,747**	16,760	20,346
Derivative financial asset	**165**	-	454
Cash and cash equivalents	**3,081**	1,085	555
Current tax receivable	**-**	78	-
	25,993	17,923	21,355
TOTAL ASSETS	**32,758**	26,478	28,380
CURRENT LIABILITIES			
Borrowings	**(128)**	(780)	(3,352)
Trade and other payables	**(8,685)**	(9,490)	(8,593)
Derivative financial liability	**(1,220)**	-	(1,395)
Current tax payable	**(109)**	(127)	(49)
	(10,142)	(10,397)	(13,389)
NON-CURRENT LIABILITIES			
Borrowings	**(6,454)**	(7,115)	(7,110)
Deferred tax liabilities	**(256)**	(331)	(301)
	(6,710)	(7,446)	(7,411)
TOTAL LIABILITIES	**(16,852)**	(17,843)	(20,800)
NET ASSETS	**15,906**	8,635	7,580
SHAREHOLDERS' EQUITY			
Share capital	**213**	125	127
Share premium	**11,412**	3,095	3,453
Merger reserve	**1,702**	3,102	1,702
Currency reserve	**(526)**	(464)	(441)
Capital redemption reserve	**18**	18	18
Retained earnings	**3,194**	2,865	2,829
Own shares	**(107)**	(107)	(107)
TOTAL SHAREHOLDERS' EQUITY	**15,906**	8,634	7,581
NON-CONTROLLING INTEREST	**-**	1	(1)
TOTAL EQUITY	**15,906**	8,635	7,580

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

Consolidated Cashflow Statement

Interim report for the six months ended 31 March 2017

	6 months ended 31 March 2017 £000 Unaudited	6 months ended 31 March 2016 £000 Unaudited	Year ended 30 September 2016 £000 Audited
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) after taxation	**249**	(3,384)	(5,233)
Adjustments for:			
Depreciation	**295**	230	503
Amortisation	**98**	121	223
Impairment of goodwill	**-**	-	1,400
Exchange adjustments	**(34)**	67	249
Finance income	**(1)**	(7)	(14)
Finance expense	**157**	103	231
Tax expense/(credit)	**20**	(63)	(115)
Equity settled share-based payment cost	**117**	730	1,141
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**901**	(2,203)	(1,615)
Increase in trade and other receivables	**(2,110)**	(225)	(4,184)
(Decrease)/increase in trade and other payables	**(171)**	(760)	434
CASH USED BY OPERATIONS	**(1,380)**	(3,188)	(5,365)
Tax paid	**(5)**	(109)	(98)
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	**(1,385)**	(3,297)	(5,463)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**1**	7	14
Acquisition of property, plant and equipment	**(132)**	(501)	(728)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	**(131)**	(494)	(714)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	**(157)**	(103)	(231)
Repayment of borrowings	**(7,051)**	(41)	(91)
Proceeds of borrowings	**6,400**	4,089	4,162
Repurchase of share options	**-**	(381)	(462)
Proceeds from issue of new shares	**8,495**	-	-
Costs directly attributable to the issue of new shares	**(450)**	-	-
Dividends paid to equity shareholders of the parent	**-**	-	(320)
NET CASH INFLOW FROM FINANCING ACTIVITIES	**7,237**	3,564	3,058
Net increase/(decrease) in cash and cash equivalents	**5,721**	(227)	(3,119)
Effect of foreign exchange on cash and cash equivalents	**34**	(67)	(249)
Cash and cash equivalents at start of period	**(2,674)**	694	694
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**3,081**	400	(2,674)

Consolidated Statement of Changes in Equity

Interim report for the six months ended 31 March 2017

For the six months ended 31 March 2017 (Unaudited):

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves(2) £000	Retained earnings £000	Own shares £000	Total(1) £000	Non-controlling interest £000	Total Equity £000
At 1 October 2016	127	3,453	1,702	(423)	2,829	(107)	7,581	(1)	7,580
Profit for the period	-	-	-	-	248	-	248	1	249
Other comprehensive income for the period	-	-	-	(85)	-	-	(85)	-	(85)
Total comprehensive income for the period	**-**	**-**	**-**	**(85)**	**248**	**-**	**163**	**1**	**164**
Issue of new shares	86	8,409	-	-	-	-	8,495	-	8,495
Costs directly attributable to the issue of new shares	-	(450)	-	-	-	-	(450)	-	(450)
Share-based payment	-	-	-	-	117	-	117	-	117
AT 31 MARCH 2017	**213**	**11,412**	**1,702**	**(508)**	**3,194**	**(107)**	**15,906**	**-**	**15,906**

For the six months ended 31 March 2016 (Unaudited):

*Restated

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves(2) £000	Retained earnings £000	Own shares £000	Total(1) £000	Non-controlling interest £000	Total Equity £000
At 1 October 2015	125	3,095	3,102	(374)	6,219	(107)	12,060	2	12,062
Loss for the period	-	-	-	-	(3,383)	-	(3,383)	(1)	(3,384)
Other comprehensive income for the period	-	-	-	(72)	-	-	(72)	-	(72)
Total comprehensive income for the period	**-**	**-**	**-**	**(72)**	**(3,383)**	**-**	**(3,455)**	**(1)**	**(3,456)**
Dividends	-	-	-	-	(320)	-	(320)	-	(320)
Share-based payment	-	-	-	-	730	-	730	-	730
Repurchase of share options	-	-	-	-	(381)	-	(381)	-	(381)
AT 31 MARCH 2016	**125**	**3,095**	**3,102**	**(446)**	**2,865**	**(107)**	**8,634**	**1**	**8,635**

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

Consolidated Statement of Changes in Equity (continued)

Interim report for the six months ended 31 March 2017

For the year ended 30 September 2016 (Audited):

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves[2] £000	Retained earnings £000	Own shares £000	Total[1] £000	Non-controlling interest £000	Total Equity £000
At 1 October 2015	125	3,095	3,102	(374)	6,219	(107)	12,060	2	12,062
Loss for the year	-	-	-	-	(5,230)	-	(5,230)	(3)	(5,233)
Other comprehensive income for the year	-	-	-	(49)	-	-	(49)	-	(49)
Total comprehensive income for the year	**-**	**-**	**-**	**(49)**	**(5,230)**	**-**	**(5,279)**	**(3)**	**(5,282)**
Dividends	-	-	-	-	(320)	-	(320)	-	(320)
Share-based payment	-	-	-	-	1,141	-	1,141	-	1,141
Transfer on impairment of goodwill	-	-	(1,400)	-	1,400	-	-	-	-
Issue of share capital	2	358	-	-	-	-	360	-	360
Repurchase of share options	-	-	-	-	(381)	-	(381)	-	(381)
AT 30 SEPTEMBER 2016	**127**	**3,453**	**1,702**	**(423)**	**2,829**	**(107)**	**7,581**	**(1)**	**7,580**

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

(2) 'Other reserves' combines the currency reserve and capital redemption reserve.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The 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 2017 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 2016. 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. 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 2017 and 31 March 2016 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 2016 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2016 have been filed with the Registrar of Companies. The Independent Auditor's Report on that Annual Report and Financial Statements for 2016 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 interim consolidated financial statements.

2 TAXATION

The tax charge on the profit for the half-year ended 31 March 2017 is based on the estimated tax rates in the jurisdictions in which the Group operates, for the year ending 30 September 2017.

3 DIVIDEND

In view of the current trading position, the directors do not propose an interim dividend for the half-year ended 31 March 2017 (2016: nil pence per share).

4 SUMMARY SEGMENTAL ANALYSIS

REPORTABLE SEGMENTS

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

Segment information about these reportable segments is presented below.

Six months ended 31 March 2017

	Europe & Americas £000	APAC, Middle East & Africa £000	Initiate £000	Eliminations £000	Unallocated £000	Consolidated £000
Total external revenue	13,214	17,647	1,979	-	-	32,840
Total inter-segment revenue	433	31	5	(469)	-	-
Total revenue	13,647	17,678	1,984	(469)	-	32,840
Segmental profit/(loss)	1,312	755	(6)	-	-	2,061
Unallocated corporate expenses[(1)]	-	-	-	-	(877)	(877)
Share-based payment cost	-	-	-	-	(117)	(117)
Exceptional items (note 6)	-	-	(63)	-	(481)	(544)
Amortisation of intangible assets	-	-	(98)	-	-	(98)
Operating profit/(loss)	1,312	755	(167)	-	(1,475)	425
Finance income	-	-	-	-	1	1
Finance expense	-	-	-	-	(157)	(157)
Profit/(loss) before tax	1,312	755	(167)	-	(1,631)	269
Taxation	-	-	-	-	(20)	(20)
Profit/(loss) for the period	1,312	755	(167)	-	(1,651)	249

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

4 SUMMARY SEGMENTAL ANALYSIS - continued

Six months ended 31 March 2016

	Europe & Americas £000	APAC, Middle East & Africa £000	Initiate £000	Eliminations £000	Unallocated £000	Consolidated £000
Total external revenue	10,886	13,853	3,162	-	-	27,901
Total inter-segment revenue	198	77	-	(275)	-	-
Total revenue	11,084	13,930	3,162	(275)	-	27,901
Segmental profit/(loss)	90	(755)	(110)	-	-	(775)
Unallocated corporate expenses(1)	-	-	-	-	(639)	(639)
Share-based payment cost	-	-	-	-	(730)	(730)
Exceptional items (note 6)	(70)	-	(428)	-	(588)	(1,086)
Amortisation of intangible assets	-	(23)	(98)	-	-	(121)
Operating profit/(loss)	20	(778)	(636)	-	(1,957)	(3,351)
Finance income	-	-	-	-	7	7
Finance expense	-	-	-	-	(103)	(103)
Profit/(loss) before tax	20	(778)	(636)	-	(2,053)	(3,447)
Taxation	-	-	-	-	63	63
Profit/(loss) for the period	20	(778)	(636)	-	(1,990)	(3,384)

Year ended 30 September 2016

	Europe & Americas £000	APAC, Middle East & Africa £000	Initiate £000	Eliminations £000	Unallocated £000	Consolidated £000
Total external revenue	22,945	29,440	5,876	-	-	58,261
Total inter-segment revenue	532	80	-	(612)	-	-
Total revenue	23,477	29,520	5,876	(612)	-	58,261
Segmental profit/(loss)	1,916	(1,089)	(52)	-	-	775
Unallocated corporate expenses(1)	-	-	-	-	(983)	(983)
Share-based payment cost	-	-	-	-	(1,141)	(1,141)
Exceptional items (note 6)	(535)	(504)	(1,600)	-	(920)	(3,559)
Amortisation of intangible assets	-	(27)	(196)	-	-	(223)
Operating profit/(loss)	1,381	(1,620)	(1,848)	-	(3,044)	(5,131)
Finance income	-	-	-	-	14	14
Finance expense	-	-	-	-	(231)	(231)
Profit/(loss) before tax	1,381	(1,620)	(1,848)	-	(3,261)	(5,348)
Taxation	-	-	-	-	115	115
Profit/(loss) for the period	1,381	(1,620)	(1,848)	-	(3,146)	(5,233)

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

Notes to the Interim Financial Statements (continued)

5 EARNINGS PER SHARE

	6 months ended 31 March 2017 £000	6 months ended 31 March 2016 £000	Year ended 30 September 2016 £000
Profit/(loss) for the financial period attributable to equity shareholders	**248**	(3,383)	(5,230)
Share-based payments cost and associated costs	**117**	730	1,141
Exceptional items (note 6)	**544**	1,086	3,559
Amortisation of intangible assets	**98**	121	223
Adjusted profit/(loss) for the financial period before share-based payments costs, amortisation of intangible assets and exceptional items	**1,007**	(1,446)	(307)
Weighted average number of shares:			
- Ordinary shares in issue	**33,896,845**	31,101,190	31,251,190
- Shares held by EBT	**(576,844)**	(596,677)	(596,677)
- Vested options with minimal consideration	**-**	409,602	426,017
Basic weighted average number of shares	**33,320,001**	30,914,115	31,080,530
Effect of employee share options	**2,204,656**	1,797,545	1,590,610
Diluted weighted average number of shares	**35,524,657**	32,711,660	32,671,140
Basic and diluted profit/(loss) per share	**0.7p**	(10.9)p	(16.8)p
Adjusted profit/(loss) per share before share-based payment cost, amortisation of intangible assets and exceptional items	**3.0p**	(4.7)p	(1.0)p

6 EXCEPTIONAL ITEMS

Exceptional items are operating costs that are not expected to be incurred every year and due to their nature and amount are disclosed separately.

	6 months ended 31 March 2017 £000	6 months ended 31 March 2016 £000	Year ended 30 September 2016 £000
Severance costs[1]	**-**	652	1,385
Acquisition and integration costs[2]	**63**	434	620
Restructuring costs[3]	**481**	-	154
Impairment of Goodwill	**-**	-	1,400
	544	1,086	3,559

(1) Severance costs include redundancy, payment in lieu of notice, ex-gratia, other discretionary payments and associated legal costs.
(2) Acquisition costs include legal and professional fees, office and restructuring costs and post combination employment costs relating to the Initiate acquisition in December 2014.
(3) Restructuring costs include bank charges and legal and professional fees in relation to the requirement of the revised banking facility.

7 POST BALANCE SHEET EVENT

Following the period end, the Group agreed to sell its wholly owned subsidiary in South Africa, Driver Trett South Africa Pty Ltd "DTSA" to the local management team.

In consideration for the disposal, Driver will become entitled to receive the net proceeds from the sale of 300,000 Driver ordinary shares currently owned by the "DTSA" management which must be sold by the 30 June 2017. The total consideration and loss on disposal is not yet fully known as this is dependent on the market price of the shares on the day they are sold, however, Driver has agreed to write-off an inter-company balance due from "DTSA" totalling £0.63m. Cash proceeds received from the sale will be utilised for working capital purposes. This disposal has not been reflected in these financial statements.

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 2017 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 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 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 set of financial statements in the half-yearly financial report for the six months ended 31 March 2017 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

22 May 2017

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

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