



**driver**  
**group plc**

Company number: 3475146

# Interim Report 2018

**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 2018)**

	<b>6 months ended 31 March 2018 £000</b>	<b>6 months ended 31 March 2017 £000</b>	<b>Change £000</b>
Revenue	31,694	30,861	833
Gross Profit	8,887	7,491	1,396
Gross Profit %	28%	24%	4%
Profit before tax from continuing operations	1,726	436	1,290
Add: Share-based payment costs	379	117	262
Add: Exceptional items	-	481	(481)
Underlying* profit before tax	2,105	1,034	1,071
Underlying* profit before tax %	7%	3%	4%
Underlying* earnings per share	3.4p	3.0p	0.4p
Net cash/(borrowings)**	838	(3,501)	4,339

- Revenue up by 3% to £31.7m (2017: £30.9m), rising to 5% when removing the impact of the South African business disposed of in the year ended 30 September 2017
- Gross profit up to 28% resulting in £1.4m increase to £8.9m (2017: £7.5m)
- Underlying\* PBT up 104% to £2.1m (2017: £1.03m) resulting in an underlying\* PBT margin of 7% (2017: 3%)
- Net cash at 31 March 2018 of £0.8m (2017: net borrowings\*\* £3.5m)
- Fee earner headcount increased by 23 to 387 on continuing business mainly as a result of growth in APAC region. Overall utilisation rates up 7.4% points to 81.6%
- Asia Pacific (APAC) reported underlying\* PBT for the period £0.6m compared with a loss £0.1m with utilisation rates at 91.6%
- Middle East (ME) reported underlying\* PBT for the period of £1.3m up 19% with utilisation rates at 83.5%
- Europe & Americas (EuAm) reported underlying\* PBT for the period of £1.4m up 4% with utilisation rates at 73.6%
- Head office property sale and leaseback completed on 20 April 2018

\* Underlying figures are stated before the share-based payment costs 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

Building on the turnaround of the Group's performance in the year ended 30 September 2017, the Group has continued to deliver on the strategy laid out at the time of the refinancing last year, by producing profit growth and debt reduction. Along with the remedial actions taken last year to restore the business to profit and bring stability to the balance sheet, the Group has concluded on the sale and leaseback of the head office property in April 2018 as promised at the time of the refinancing last year. Whilst the financial improvement is very pleasing we are of course far from complacent and we remain focused on delivering further profit growth and cash generation over the coming months and years. I am confident that the Group is well-placed to deliver consistently in its core business.

The Group's core business is in claims and dispute management and expert witness work. We are fortunate to count many industry-leading proponents among our firm's complement which gives us strong client relationships and a competitive edge whilst having a reputation for delivering a world class service. The Group is structured into three regions covering much of the developed world. 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 £1.4m on £14.3m of total revenue, has borne testament to the sense of this strategy. In the Middle East (ME) and Asia Pacific (APAC) regions the local management teams have delivered excellent results where ME produced revenue of £12.0m and profit of £1.3m and APAC produced revenue of £5.4m and profit of £0.6m.

## FINANCIAL RESULTS

Revenue for the first half of the financial year was £31.7m, an increase of 3% on the first half of 2017 (£30.9m). The 7.9% revenue growth in EuAm to £14.3m, and the 57.5% revenue growth in APAC to £5.4m were offset by the reduction in revenues in the ME business by 11.8% to £12.0m as a consequence of a major commission coming to an end. Gross profit grew by £1.4m to £8.9m when compared to the first half of 2017 (£7.5m). Administrative expenses increased by £0.1m to £7.1m when compared to the first half of 2017 (£7.0m).

The Group reported an underlying\* profit before tax of £2.1m (2017: £1.0m). The operating profit amounted to £1.8m (2017: £0.6m) and the pre-tax profit for the period was £1.7m (2017: £0.4m).

The Group's effective tax rate from continuing operations is 17% 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 in overseas operations at local tax rates and no brought forward tax losses. Underlying\* profit per share was 3.4p (2017: 3.0p). After share-based payment costs and exceptional items the profit per share was 2.7p (2017: 0.7p).

The Group has improved from a net borrowings\*\* position of £3.5 million at 31 March 2017 and net borrowings\*\* of £0.2m at the end of September 2017 to a net cash\*\* position of £0.8m as at 31 March 2018.

Net cash inflow from operations was £1.3m (2017: £1.4m cash outflow) during the first six months, including a net outflow from an increase in trade and other receivables of £2.1m (2017: £2.1m) and a net cash inflow from a decrease in trade and other payables of £0.9m (2017: £0.2m outflow). The acquisition of fixed assets absorbed £0.2m (2017: £0.1m).

## DIVIDEND

The Board does not recommend the payment of an interim dividend (2017: £nil). The Board continues to keep dividend policy under review and is committed to restoring dividend payments when appropriate in the future.

## TRADING PERFORMANCE

During the six-month period to 31 March 2018 the headcount rose by 6.6% to 467 after adjusting for the effect of the business disposals during 2017. This mainly reflected a 6.3% increase in fee-earners of which more than half were sub-contractors in the UK and APAC regions. Overall staff utilisation levels rose during the period to 81.6% (2017: 74.2%) thanks largely to excellent performances in the APAC and ME regions.

Across the Group, the half year saw a 104% increase in the underlying\* profit, from the equivalent period last year, to £2.1m (2017: £1.0m). This £1.1m improvement was achieved through a combination of a small revenue increase with gross profit margins improving to 28%, and staff utilisation rates increasing from 74.2% to 81.6%.

In APAC region revenues increased by £2.0m to £5.4m reflecting the benefit of restructuring and focussed business development in the region. As a result the region delivered a profit of £0.6m (2017: loss £0.1m) largely as a result of the Singapore business.

In the ME region revenue decreased by £1.6m to £12.0m as a result of a major commission reaching completion, however, profit increased by 19% to £1.3m as a result of good cost management. Within the region particularly good results were achieved by Qatar and Kuwait which delivered revenue increases of 82% and 114%.

The EuAm region delivered revenue growth of 7.9% to £14.3m and profit growth of 4.4% to £1.4m. Within this the Driver Trett UK business delivered an increase in revenue of 22.3% to £7.3m and profit of 22.5% to £1.6m whilst mainland Europe revenues fell by £0.5m to £2.9m resulting in a fall in profit to £0.1m. The UK Driver Project Services business delivered an increase in revenue of 11.5% to £3.4m which resulted in a 72.2% profit increase to £0.3m.

Additionally, it continues, as always, to be important to convert the profit growth into operational cash inflows and we continue to closely monitor our performance and gradually collect the older Middle East debt.

## OUTLOOK

It is the inherent nature of our business that forecasting with any accuracy much beyond twelve weeks ahead is notoriously difficult. That said, the

## **Chairman's Statement** continued

profit booked in the first half leaves the Group increasingly well placed to record good progress in the current financial year. Staff utilisation rates are steady overall at levels in excess of 80%, 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 David Kilgour, 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. The Group will continue to do its utmost to repay the confidence you have shown in the business.

**Steven Norris**

*Non-Executive Chairman*  
4 June 2018

## Consolidated Income Statement

Interim report for the six months ended 31 March 2018

	6 months ended 31 March 2018 £000 Unaudited	6 months ended 31 March 2017 £000 Unaudited Restated**	Year ended 30 September 2017 £000 Audited
<b>REVENUE</b>	<b>31,694</b>	30,861	60,227
Cost of sales	<b>(22,807)</b>	(23,370)	(45,391)
<b>GROSS PROFIT</b>	<b>8,887</b>	7,491	14,836
Administrative expenses	<b>(7,146)</b>	(6,973)	(13,485)
Other operating income	<b>69</b>	74	143
Underlying* operating profit	<b>2,189</b>	1,190	2,747
Share-based payment charge and associated costs	<b>(379)</b>	(117)	(170)
Exceptional items (note 6)	-	(481)	(1,083)
<b>OPERATING PROFIT</b>	<b>1,810</b>	592	1,494
Finance income	<b>2</b>	1	1
Finance costs	<b>(86)</b>	(157)	(262)
<b>PROFIT BEFORE TAXATION</b>	<b>1,726</b>	436	1,233
Tax (expense)/credit (note 2)	<b>(297)</b>	(39)	38
<b>PROFIT FROM CONTINUING OPERATIONS</b>	<b>1,429</b>	397	1,271
Loss on discontinued operation, net of tax	-	(148)	(976)
<b>PROFIT FOR THE PERIOD</b>	<b>1,429</b>	249	295
Profit attributable to non-controlling interests from continuing operations	-	1	4
Loss attributable to non-controlling interests from discontinued operations	-	-	-
Profit attributable to equity shareholders of the parent from continuing operations	<b>1,429</b>	396	1,267
Loss attributable to equity shareholders of the parent from discontinued operations	-	(148)	(976)
	<b>1,429</b>	249	295
Basic earnings per share attributable to equity shareholders of the Parent (pence)	<b>2.7p</b>	0.7p	0.7p
Diluted earnings per share attributable to equity shareholders of the Parent (pence)	<b>2.6p</b>	0.7p	0.6p
Basic earnings per share attributable to equity shareholders of the Parent (pence) from continuing operations	<b>2.7p</b>	1.2p	2.9p
Diluted earnings per share attributable to equity shareholders of the Parent (pence) from continuing operations	<b>2.6p</b>	1.1p	2.8p

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

\*\*Restated to reflect discontinued operations

## Consolidated Statement of Comprehensive Income

Interim report for the six months ended 31 March 2018

	6 months ended 31 March 2018 £000 Unaudited	6 months ended 31 March 2017 £000 Unaudited	Year ended 30 September 2017 £000 Audited
<b>PROFIT FOR THE PERIOD</b>	<b>1,429</b>	249	295
Other comprehensive income:			
<i>Items that could subsequently be reclassified to the Income Statement:</i>			
Exchange differences on translating foreign operations	<b>12</b>	(85)	(18)
Other comprehensive income for the year net of tax	<b>12</b>	(85)	(18)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,441</b>	164	277
Total comprehensive income attributable to:			
Owners of the parent	<b>1,441</b>	163	273
Non-controlling interest	-	1	4
	<b>1,441</b>	164	277

## Consolidated Statement of Financial Position

At 31 March 2018

	31 March 2018 £000 Unaudited	31 March 2017 £000 Unaudited	30 September 2017 £000 Audited
<b>NON-CURRENT ASSETS</b>			
Goodwill	2,969	3,456	2,969
Intangible assets	-	523	-
Property, plant and equipment	810	2,764	950
Deferred tax asset	64	22	58
	<b>3,843</b>	6,765	3,977
<b>CURRENT ASSETS</b>			
Trade and other receivables	20,976	22,747	18,859
Derivative financial asset	390	165	531
Cash and cash equivalents	5,814	3,081	4,932
Asset held for sale – note 7	1,614	-	1,614
	<b>28,794</b>	25,993	25,936
<b>TOTAL ASSETS</b>	<b>32,637</b>	32,758	29,913
<b>CURRENT LIABILITIES</b>			
Borrowings	(662)	(128)	(527)
Trade and other payables	(9,223)	(8,685)	(8,352)
Derivative financial liability	-	(1,220)	(12)
Current tax payable	(354)	(109)	(175)
	<b>(10,239)</b>	(10,142)	(9,066)
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	(4,314)	(6,454)	(4,583)
Deferred tax liabilities	(127)	(256)	(127)
	<b>(4,441)</b>	(6,710)	(4,710)
<b>TOTAL LIABILITIES</b>	<b>(14,680)</b>	(16,852)	(13,776)
<b>NET ASSETS</b>	<b>17,957</b>	15,906	16,137
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	215	213	215
Share premium	11,475	11,412	11,475
Merger reserve	1,055	1,702	1,055
Currency reserve	(447)	(526)	(459)
Capital redemption reserve	18	18	18
Retained earnings	5,745	3,194	3,937
Own shares	(107)	(107)	(107)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>17,954</b>	15,906	16,134
<b>NON-CONTROLLING INTEREST</b>	<b>3</b>	-	3
<b>TOTAL EQUITY</b>	<b>17,957</b>	15,906	16,137



## Consolidated Cashflow Statement

Interim report for the six months ended 31 March 2018

	6 months ended 31 March 2018 £000 Unaudited	6 months ended 31 March 2017 £000 Unaudited	Year ended 30 September 2017 £000 Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit after taxation</b>	<b>1,429</b>	249	295
<b>Adjustments for:</b>			
Depreciation	296	295	601
Amortisation	-	98	621
Exchange adjustments	33	(34)	51
Loss on disposal of subsidiary	-	-	796
Finance income	(2)	(1)	(1)
Finance expense	86	157	262
Tax expense/(credit)	297	20	(38)
Equity settled share-based payment cost	379	117	170
<b>OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS</b>			
	<b>2,518</b>	901	2,757
(Increase)/decrease in trade and other receivables	<b>(2,051)</b>	(2,110)	833
Increase/(decrease) in trade and other payables	<b>862</b>	(171)	(1,378)
<b>CASH GENERATED/(USED) BY OPERATIONS</b>			
	<b>1,329</b>	(1,380)	2,212
Tax paid	<b>(115)</b>	(5)	(29)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>			
	<b>1,214</b>	(1,385)	2,183
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	2	1	1
Acquisition of property, plant and equipment	<b>(156)</b>	(132)	(264)
Disposal of subsidiary net of cash acquired	<b>75</b>	-	12
<b>NET CASH OUTFLOW FROM INVESTING ACTIVITIES</b>			
	<b>(79)</b>	(131)	(251)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid	<b>(86)</b>	(157)	(262)
Repayment of borrowings	<b>(134)</b>	(7,051)	(7,123)
Proceeds of borrowings	-	6,400	5,000
Proceeds from issue of new shares	-	8,495	8,560
Costs directly attributable to the issue of new shares	-	(450)	(450)
<b>NET CASH (OUTFLOW)/INFLOW FROM FINANCING ACTIVITIES</b>			
	<b>(220)</b>	7,237	5,725
Net increase in cash and cash equivalents	<b>915</b>	5,721	7,657
Effect of foreign exchange on cash and cash equivalents	<b>(33)</b>	34	(51)
Cash and cash equivalents at start of period	<b>4,932</b>	(2,674)	(2,674)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>			
	<b>5,814</b>	3,081	4,932

## Consolidated Statement of Changes in Equity

Interim report for the six months ended 31 March 2018

For the six months ended 31 March 2018 (Unaudited):

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves <sup>(2)</sup> £000	Retained earnings £000	Own shares £000	Total <sup>(1)</sup> £000	Non-controlling interest £000	Total Equity £000
At 1 October 2017	215	11,475	1,055	(441)	3,937	(107)	16,134	3	16,137
Profit for the period	-	-	-	-	1,429	-	1,429	-	1,429
Other comprehensive income for the period	-	-	-	12	-	-	12	-	12
<b>Total comprehensive income for the period</b>	-	-	-	<b>12</b>	<b>1,429</b>	-	<b>1,441</b>	-	<b>1,441</b>
<b>Contributions by and distributions to owners</b>									
Share-based payment charge and associated costs	-	-	-	-	379	-	379	-	379
<b>Total contributions by and distributions to owners</b>	-	-	-	<b>12</b>	<b>1,808</b>	-	<b>1,820</b>	-	<b>1,820</b>
<b>AT 31 MARCH 2018</b>	<b>215</b>	<b>11,475</b>	<b>1,055</b>	<b>(429)</b>	<b>5,745</b>	<b>(107)</b>	<b>17,954</b>	<b>3</b>	<b>17,957</b>

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

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves <sup>(2)</sup> £000	Retained earnings £000	Own shares £000	Total <sup>(1)</sup> £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)
<b>Total comprehensive income for the period</b>	-	-	-	<b>(85)</b>	<b>248</b>	-	<b>163</b>	<b>1</b>	<b>164</b>
<b>Contributions by and distributions to owners</b>									
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 charge and associated costs	-	-	-	-	117	-	117	-	117
<b>Total contributions by and distributions to owners</b>	<b>86</b>	<b>7,959</b>	-	-	<b>117</b>	-	<b>8,162</b>	-	<b>8,162</b>
<b>AT 31 MARCH 2017</b>	<b>213</b>	<b>11,412</b>	<b>1,702</b>	<b>(508)</b>	<b>3,194</b>	<b>(107)</b>	<b>15,906</b>	-	<b>15,906</b>

## Consolidated Statement of Changes in Equity (continued)

Interim report for the six months ended 31 March 2018

For the year ended 30 September 2017 (Audited):

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves <sup>(2)</sup> £000	Retained earnings £000	Own shares £000	Total <sup>(1)</sup> £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 year	-	-	-	-	291	-	291	4	295
Other comprehensive income for the year	-	-	-	(18)	-	-	(18)	-	(18)
<b>Total comprehensive income for the year</b>	-	-	-	<b>(18)</b>	<b>291</b>	-	<b>273</b>	<b>4</b>	<b>277</b>
<b>Contributions by and distributions to owners</b>									
Share-based payment charge and associated costs	-	-	-	-	170	-	170	-	170
Transfer on disposal of Initiate	-	-	(647)	-	647	-	-	-	-
Issue of share capital	88	8,472	-	-	-	-	8,560	-	8,560
Costs directly attributable to the issue of new shares	-	(450)	-	-	-	-	(450)	-	(450)
<b>Total contributions by and distributions to owners</b>	<b>88</b>	<b>8,022</b>	<b>(647)</b>	-	<b>817</b>	-	<b>8,280</b>	-	<b>8,280</b>
<b>AT 30 SEPTEMBER 2017</b>	<b>215</b>	<b>11,475</b>	<b>1,055</b>	<b>(441)</b>	<b>3,937</b>	<b>(107)</b>	<b>16,134</b>	<b>3</b>	<b>16,137</b>

<sup>(1)</sup> Total equity attributable to the equity shareholders of the parent

<sup>(2)</sup> 'Other reserves' combines the currency reserve and capital redemption reserve.

## **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 2018 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 2017. 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 2018 and 31 March 2017 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 2017 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2017 have been filed with the Registrar of Companies. The Independent Auditor's Report on that Annual Report and Financial Statements for 2017 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 2018 is based on the estimated tax rates in the jurisdictions in which the Group operates, for the year ending 30 September 2018.

## **3 DIVIDEND**

In view of the current trading position, the directors do not propose an interim dividend for the half-year ended 31 March 2018 (2017: nil pence per share).

## Notes to the Interim Financial Statements (continued)

### 4 SUMMARY SEGMENTAL ANALYSIS

#### REPORTABLE SEGMENTS

For management purposes, the Group is now organised into three operating divisions: Europe & Americas (EuAm), Middle East (ME) and Asia Pacific (APAC). This has changed from the previous operating divisions of Europe & Americas (EuAm) and Africa, Middle East and Asia Pacific (AMEA), due to the disposal of the African subsidiary in May 2017 and the dismantling of the AMEA central management team in late 2016. These divisions are now 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.

#### Six months ended 31 March 2018 (Unaudited)

	Europe & Americas £000	Middle East £000	Asia Pacific £000	Africa £000	Eliminations £000	Unallocated <sup>(1)</sup> £000	Consolidated £000	Discontinued Initiate £000
Total external revenue	14,258	11,994	5,442	-	-	-	31,694	-
Total inter-segment revenue	53	26	2	-	(81)	-	-	-
<b>Total revenue</b>	<b>14,311</b>	<b>12,020</b>	<b>5,444</b>	<b>-</b>	<b>(81)</b>	<b>-</b>	<b>31,694</b>	<b>-</b>
Segmental profit	1,370	1,289	635	-	-	-	3,294	-
Unallocated corporate expenses <sup>(1)</sup>	-	-	-	-	-	(1,105)	(1,105)	-
Share-based payment cost	-	-	-	-	-	(379)	(379)	-
Operating profit/(loss)	1,370	1,289	635	-	-	(1,484)	1,810	-
Finance income	-	-	-	-	-	2	2	-
Finance expense	-	-	-	-	-	(86)	(86)	-
Profit/(loss) before tax	1,370	1,289	635	-	-	(1,568)	1,726	-
Taxation	-	-	-	-	-	(297)	(297)	-
<b>Profit/(loss) for the period</b>	<b>1,370</b>	<b>1,289</b>	<b>635</b>	<b>-</b>	<b>-</b>	<b>(1,865)</b>	<b>1,429</b>	<b>-</b>

#### Six months ended 31 March 2017 (Unaudited)

	Europe & Americas £000	Middle East £000	Asia Pacific £000	Africa £000	Eliminations £000	Unallocated <sup>(1)</sup> £000	Consolidated £000	Discontinued Initiate £000	Restated**
Total external revenue	13,214	13,596	3,455	596	-	-	30,861	1,979	
Total inter-segment revenue	433	-	112	194	(744)	-	(5)	5	
<b>Total revenue</b>	<b>13,647</b>	<b>13,596</b>	<b>3,567</b>	<b>790</b>	<b>(744)</b>	<b>-</b>	<b>30,856</b>	<b>1,984</b>	
Segmental profit/(loss)	1,312	1,084	(124)	(205)	-	-	2,067	(6)	
Unallocated corporate expenses <sup>(1)</sup>	-	-	-	-	-	(877)	(877)	-	
Share-based payment cost	-	-	-	-	-	(117)	(117)	-	
Exceptional items (note 6)	-	-	-	-	-	(481)	(481)	(63)	
Amortisation of intangible assets	-	-	-	-	-	-	-	(98)	
Operating profit/(loss)	1,312	1,084	(124)	(205)	-	(1,475)	592	(167)	
Finance income	-	-	-	-	-	1	1	-	
Finance expense	-	-	-	-	-	(157)	(157)	-	
Profit/(loss) before tax	1,312	1,084	(124)	(205)	-	(1,631)	436	(167)	
Taxation	-	-	-	-	-	(39)	(39)	19	
<b>Profit/(loss) for the period</b>	<b>1,312</b>	<b>1,084</b>	<b>(124)</b>	<b>(205)</b>	<b>-</b>	<b>(1,670)</b>	<b>397</b>	<b>(148)</b>	

\*\*Restated to reflect discontinued operations and a change to operating segments

## Notes to the Interim Financial Statements (continued)

### 4 SUMMARY SEGMENTAL ANALYSIS – continued

Year ended 30 September 2017 (Audited)

	Europe & Americas £000	Middle East £000	Asia Pacific £000	Africa £000	Eliminations £000	Unallocated(1) £000	Consolidated £000	Restated** Discontinued Initiate £000
Total external revenue	26,049	25,190	8,289	699	-	-	60,227	3,229
Total inter-segment revenue	601	4	125	200	(961)	-	(31)	31
<b>Total revenue</b>	<b>26,650</b>	<b>25,194</b>	<b>8,414</b>	<b>899</b>	<b>(961)</b>	<b>-</b>	<b>60,196</b>	<b>3,260</b>
Segmental profit/(loss)	2,331	1,931	529	(299)	-	-	4,492	2
Unallocated corporate expenses <sup>(1)</sup>	-	-	-	-	-	(1,745)	(1,745)	-
Share-based payment cost	-	-	-	-	-	(170)	(170)	-
Exceptional items (note 6)	-	(132)	-	(317)	-	(634)	(1,083)	(475)
Amortisation of intangible assets	-	-	-	-	-	-	-	(621)
Operating profit/(loss)	2,331	1,799	529	(616)	-	(2,549)	1,494	(1,094)
Finance income	-	-	-	-	-	1	1	-
Finance expense	-	-	-	-	-	(262)	(262)	-
Profit/(loss) before tax	2,331	1,799	529	(616)	-	(2,810)	1,233	(1,094)
Taxation	-	-	-	-	-	38	38	118
<b>Profit/(loss) for the period</b>	<b>2,331</b>	<b>1,799</b>	<b>529</b>	<b>(616)</b>	<b>-</b>	<b>(2,772)</b>	<b>1,271</b>	<b>(976)</b>

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

\*\*Restated to reflect a change in operating segments

## 5 EARNINGS PER SHARE

	Unaudited 6 months ended 31 March 2018 £000	Unaudited 6 months ended 31 March 2017 £000 Restated**	Audited Year ended 30 September 2017 £000
Profit for the financial period attributable to equity shareholders	1,429	248	291
Share-based payments cost and associated costs	379	117	170
Exceptional items (note 6)	-	481	1,083
Loss from discontinued operations	-	148	976
Adjusted profit from continuing operations for the financial period before share-based payments costs and exceptional items	1,808	994	2,520
Weighted average number of shares:			
- Ordinary shares in issue	53,862,868	33,896,845	43,775,690
- Shares held by EBT	(155,552)	(576,844)	(267,760)
Basic weighted average number of shares	53,707,316	33,320,001	43,507,930
Effect of employee share options	2,104,818	2,204,656	1,972,870
Diluted weighted average number of shares	55,812,134	35,524,657	45,480,800
Basic earnings per share attributable to equity shareholders of the Parent (pence)	2.7p	0.7p	0.7p
Diluted earnings per share attributable to equity shareholders of the Parent (pence)	2.6p	0.7p	0.6p
Basic earnings per share attributable to equity shareholders of the Parent (pence) from continuing operations	2.7p	1.2p	2.9p
Diluted earnings per share attributable to equity shareholders of the Parent (pence) from continuing operations	2.6p	1.1p	2.8p
Adjusted basic earnings per share before share-based payment cost and exceptional items from continuing operations	3.4p	3.0p	5.8p

## 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.

	Unaudited 6 months ended 31 March 2018 £000	Unaudited 6 months ended 31 March 2017 £000 Restated**	Audited Year ended 30 September 2017 £000
Restructuring costs <sup>(1)</sup>	-	481	634
Disposal of subsidiary <sup>(2)</sup>	-	-	449
	-	481	1,083

<sup>(1)</sup> Restructuring costs include bank charges and legal and professional fees in relation to the requirement of the revised banking facility.

<sup>(2)</sup> Disposal of subsidiary includes the loss on the disposal of Driver Trett South Africa (pty) Ltd and the associated legal and professional fees for the disposal.

\*\*Restated to reflect discontinued operations

## **7 POST BALANCE SHEET EVENT**

Following the period end, the Group has entered into an agreement with Jetglobal Limited for the sale of the freehold property interest in the Group's central administration offices located in Haslingden, UK and the immediate leaseback of these premises.

The cash consideration at completion on 20 April 2018 was £1.65 million. The sale will give rise to a small profit on disposal for the Group, before transaction costs. The property is classed as a held for sale asset at the period end and no gain has been recognised in these financials statements with respect to the sale.

The new lease is for an initial term up to 2 January 2026 at a fixed annual rent of £210,000 with a current annual cash cost to Driver of approximately £105,000 after adjusting for rental income receivable from a sub-tenant. The proceeds of the sale have been used to repay some of the Group's borrowings.



# 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 2018 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.

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.

## 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 2018 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

## BDO LLP

*Chartered Accountants and Registered Auditors  
Manchester, United Kingdom*

4 June 2018

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

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