driver group plc

INTERIM REPORT 2019

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.

CONTENTS

Key Points

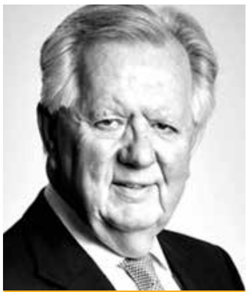
For the six months ended 31 March 2019

	6 months ended 31 March 2019 £000 Unaudited	6 months ended 31 March 2018 £000 Unaudited	Change £000
Revenue	**29,711**	31,694	**(1,983)**
Gross Profit	**6,695**	8,887	**(2,192)**
Gross Profit %	**23%**	28%	**(5%)**
Profit before tax	**1,005**	1,726	**(721)**
Add: Share-based payment (credit)/charge	**(243)**	379	**(622)**
Underlying* profit before tax	**762**	2,105	**(1,343)**
Underlying* profit before tax %	**3%**	7%	**(4%)**
Underlying* earnings per share	**1.1p**	3.4p	**(2.3p)**
Net cash**	**5,011**	838	**4,173**

- Revenue down by 6% to £29.7m (2018: £31.7m).
- Gross profit at 23% a £2.2m decrease to £6.7m (2018: £8.9m).
- Underlying* profit before tax at £0.8m (2018: £2.1m) resulting in an underlying* profit before tax margin of 3% (2018: 7%).
- Net cash increase year on year of £4.2m to £5.0m (2018: £0.8m).
- Fee earner headcount decreased by 32 to 355 because of reduced revenues in both APAC and Middle East.
- Overall utilisation rates of 76.1% (2018: 81.6%).
- Europe & Americas (EuAm) reported underlying* profit before tax for the period of £2.0m (2018: £1.4m) with utilisation rates at 70.3% (2018: 73.6%).
- Middle East (ME) reported underlying* profit before tax for the period of £0.4m (2018: £1.3m) with utilisation rates at 80.9% (2018: 83.5%).
- Asia Pacific (APAC) reported underlying* loss before tax for the period of £0.6m (2018: profit £0.6m) with utilisation rates at 76.1% (2018: 91.6%).

* Underlying figures are stated before the share-based payment costs.
** Net cash consists of cash and cash equivalents, bank loans and finance leases.

Chairman's statement



Steven Norris
Non-Executive Chairman
3 June 2019

INTRODUCTION

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. These services are offered in all three of the Group's regions being Europe & Americas (EuAm), Middle East (ME) and Asia Pacific (APAC). The Group also has a highly respected project services business in the UK.

The six months to 31 March 2019 has been a mixed period for the Group following the significant progress in the year to 30 September 2018. The EuAm region has remained strong and has performed well during the first six months of the year. I am pleased to report that revenue and profit have all increased in the period to March 2019 which is a testament to the strong management team we have in place within the region. However, for our businesses in ME and APAC it has been a time when a number of larger commissions have concluded coinciding with the delayed start of new commissions. The consequence has been that activity levels in both these regions has been lower than expected which has impacted the overall Group performance for the period. I have frequently pointed out that our visibility of new business extends to no more than six to eight weeks and we are clear that this lower than expected revenue is not a reflection of any systemic failure in our business and is more a matter of timing. That said, we have taken steps to reduce the Group's cost base in these regions to ensure that our breakeven point is lower than before and the benefit of this will be felt in the second half of the financial year.

FINANCIAL RESULTS

Group revenue for the first half of the financial year was £29.7m, a decrease of 6% on the first half of 2018 (£31.7m). Revenue in EuAm increased by 4% to £14.9m (2018: £14.3m), offsetting this was a reduction in revenue for both ME and APAC. ME reported a decrease of 14% to £10.3m (2018: £12.0m) with APAC decreasing by 17% to £4.5m (2018: £5.4m). As a result of the reduction in revenue, gross profit has reduced by £2.2m to £6.7m (2018: £8.9m). Administrative expenses decreased by £1.4m to £5.7m (2018: £7.1m). £0.6m of the reduction relates to the movement in the share-based payment charge.

The Group reported an underlying* profit before tax of £0.8m (2018: £2.1m). The operating profit amounted to £1.1m (2018: £1.8m) and the pre-tax profit for the period was £1.0m (2018: £1.7m).

The Group's effective tax rate 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 where there are no brought forward tax losses. Underlying* profit per share was 1.1p (2018: 3.4p). After share-based payment charges the profit per share was 1.5p (2018: 2.7p).

The Group was in a net cash** position of £5.0m at 31 March 2019 compared to £6.9m at 30 September 2018 and £0.8m at 31 March 2018.

Net cash outflow from operations was £0.8m (2018: £1.3m cash inflow) during the first six months, including a net inflow from a decrease in trade and other receivables of £0.5m (2018: £2.1m cash outflow) and a net cash outflow from a decrease in trade and other payables of £2.4m (2018: £0.9m inflow). Tax paid totalled £0.5m (2018: £0.1m) and the acquisition of fixed assets absorbed £0.1m (2018: £0.2m). A further cash outflow during the period was the purchase of treasury shares at £0.5m (2018: £nil).

DIVIDEND

The Board was pleased to announce the reinstatement of a dividend payment in the 30 September 2018 results of 0.5p per share which was paid to shareholders in April 2019. Reflecting our confidence in the medium term prospects for the Group and the inherently cash generative nature of our business, the Board recommends the payment of an interim dividend of 0.5p per share for 2019 (2018: £nil).

TRADING PERFORMANCE

During the six-month period to 31 March 2019 the overall headcount reduced by 5% to 435. The decrease was attributable to both a reduction in administrative staff and a reduction of underperforming fee earning staff in both the ME and APAC regions to ensure our cost base is aligned with the lower activity levels in those markets. Overall staff utilisation*** levels reduced during the period to 76.1% (2018: 81.6%).

The EuAm region delivered revenue growth of 4% to £14.9m and profit growth of 44.8% to £2.0m. Within this the Driver Trett UK business has continued its strong performance from 2018 and mainland Europe performance was excellent with revenue growth of £0.7m to £3.6m resulting in an increase in profit to £0.5m (2018: £0.1m). The UK Driver Project Services business revenue decreased by 9% to £3.0m following the conclusion of a major contract but managed to generate a profit of £0.3m.

Revenue for the ME region decreased by £1.7m to £10.3m. A significant proportion of this decrease (£1.4m)

related to Kuwait where a number of significant commissions reached completion and the general manager decided to retire during the period. ME regional profit decreased by £0.9m to £0.4m due to overall lower revenues. Underperformance in UAE and Kuwait during the first half year has been addressed by actions taken to reduce the cost base and this should improve the business contribution in the second half of the year. There has been a good performance in Oman during the first half year with revenue increasing by £0.2m and Qatar continues to perform well.

In the APAC region revenues decreased by £0.9m to £4.5m with the decrease relating to Singapore and Malaysia. Revenue in Singapore has been impacted due to the completion of a number of significant commissions and delays in new commissions. The result for the region was a disappointing loss of £0.6m (2018: profit £0.6m). Action has been taken to significantly reduce the cost base within the region, the benefit of which should be seen in the second half. This resulted in non-recurring costs of £0.2m being expensed in the period up to the half year.

OUTLOOK

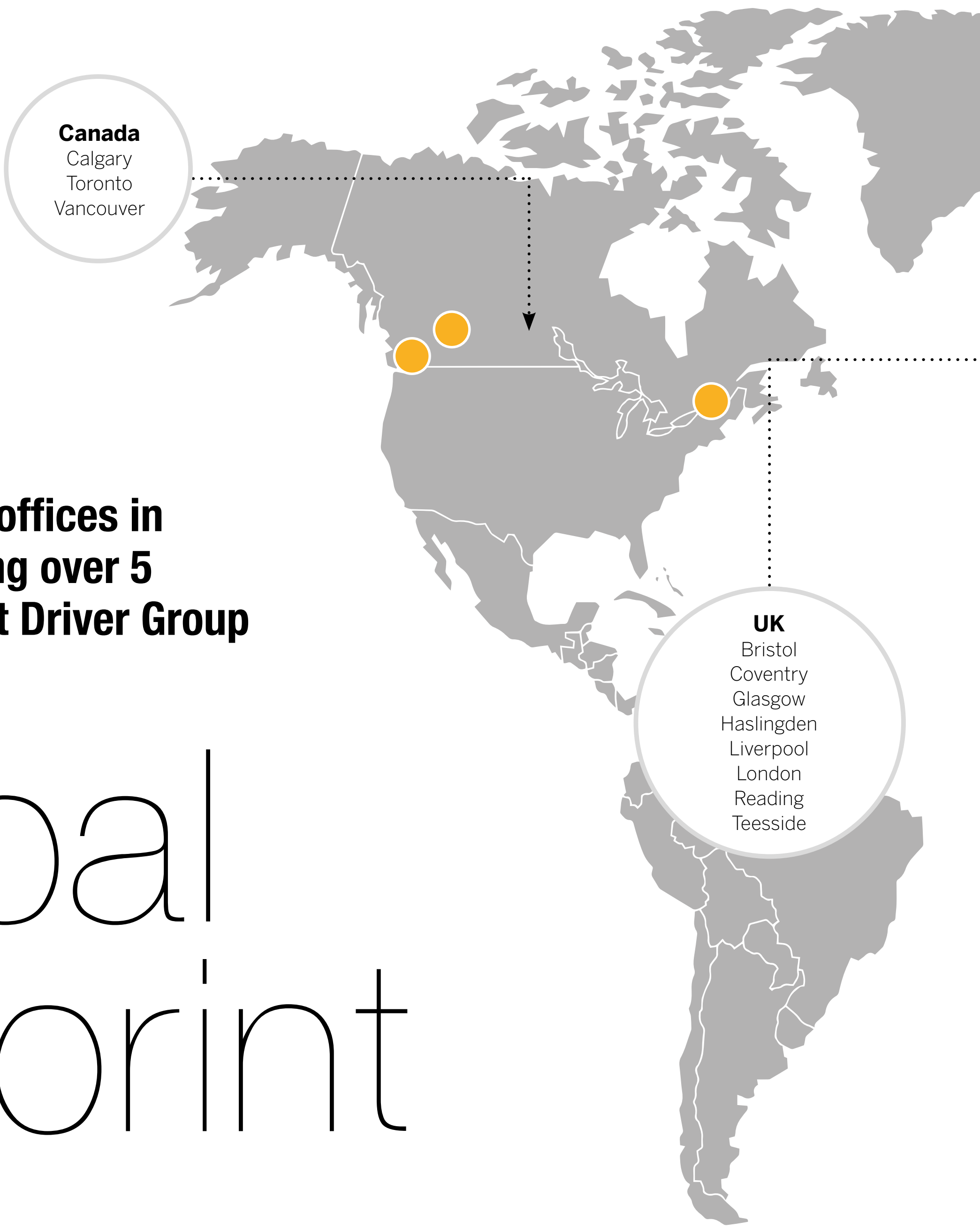
Although the first half of 2019 has seen lower activity than expected in some markets we have reacted quickly to re-align the cost base of underperforming businesses in the first half and with enquiry rates at high levels the Group is well placed to record good progress for the remainder of the current financial year. As a result, whilst activity levels during the fourth quarter will be critical to the outcome for the year as a whole, we currently expect to deliver underlying* profit before taxation for the year broadly in line with the guidance set out in our March trading update. The growth of the Diales expert witness and advisory brand continues to be a key objective for the Group across all regions.

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 continued hard work and support for the Group. 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.

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

** Net cash consists of cash and cash equivalents, bank loans and finance leases

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



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

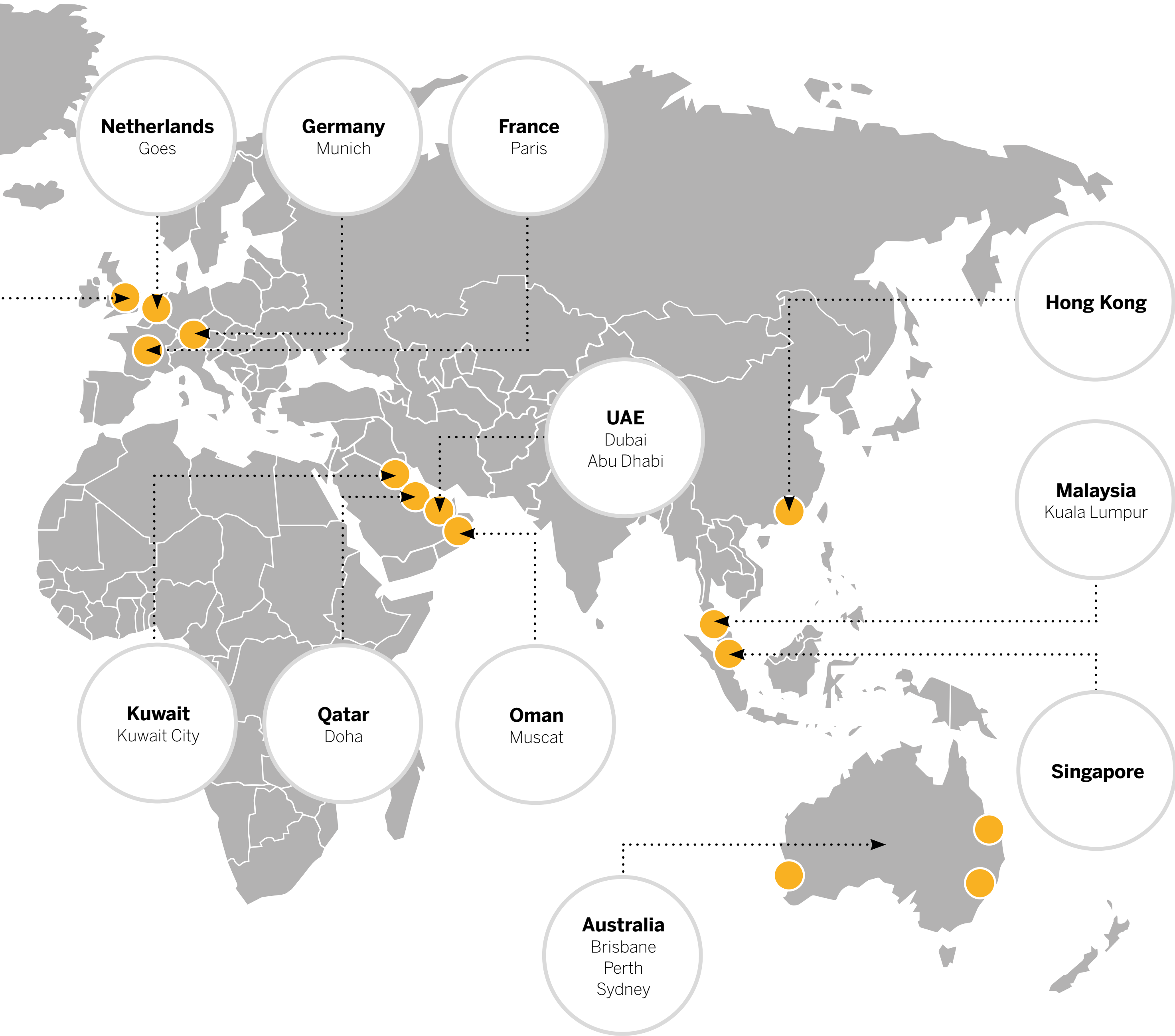
Global footprint

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 uncompromised expertise

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 2019

	6 months ended 31 March 2019 £000 Unaudited	6 months ended 31 March 2018 £000 Unaudited	Year ended 30 September 2018 £000 Audited
REVENUE	**29,711**	31,694	62,615
Cost of sales	**(23,016)**	(22,807)	(46,338)
GROSS PROFIT	**6,695**	8,887	16,277
Administrative expenses	**(5,722)**	(7,146)	(13,546)
Other operating income	**82**	69	139
Underlying* operating profit	**812**	2,189	3,970
Share-based payment credit/(charge) and associated costs	**243**	(379)	(1,100)
OPERATING PROFIT	**1,055**	1,810	2,870
Finance income	**20**	2	17
Finance costs	**(70)**	(86)	(148)
PROFIT BEFORE TAXATION	**1,005**	1,726	2,739
Tax expense (note 2)	**(170)**	(297)	(567)
PROFIT FOR THE PERIOD	**835**	1,429	2,172
Profit attributable to non-controlling interests	**3**	-	3
Profit attributable to equity shareholders of the parent	**832**	1,429	2,169
	835	1,429	2,172
Basic earnings per share attributable to equity shareholders of the parent (pence)	**1.5p**	2.7p	4.0p
Diluted earnings per share attributable to equity shareholders of the parent (pence)	**1.5p**	2.6p	3.8p

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

Consolidated Statement of Comprehensive Income

Interim report for the six months ended 31 March 2019

	6 months ended 31 March 2019 £000 Unaudited	6 months ended 31 March 2018 £000 Unaudited	Year ended 30 September 2018 £000 Audited
PROFIT FOR THE PERIOD	**835**	1,429	2,172
Other comprehensive income:			
Items that could subsequently be reclassified to the Income Statement:			
Exchange differences on translating foreign operations	**29**	12	59
Other comprehensive income for the year net of tax	29	12	59
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**864**	1,441	2,231
Total comprehensive income attributable to:			
Owners of the parent	**861**	1,441	2,228
Non-controlling interest	**3**	-	3
	864	1,441	2,231

Consolidated Statement of Financial Position

Interim report for the six months ended 31 March 2019

	6 months ended 31 March 2019 £000 Unaudited	6 months ended 31 March 2018 £000 Unaudited	Year ended 30 September 2018 £000 Audited
NON-CURRENT ASSETS			
Goodwill	**2,969**	2,969	2,969
Property, plant and equipment	**636**	810	765
Deferred tax asset	**98**	64	69
	3,703	3,843	3,803
CURRENT ASSETS			
Trade and other receivables	**18,956**	20,976	20,445
Derivative financial asset	**29**	390	42
Cash and cash equivalents	**7,394**	5,814	10,007
Asset held for sale	**-**	1,614	-
	26,379	28,794	30,494
TOTAL ASSETS	**30,082**	32,637	34,297
CURRENT LIABLITIES			
Borrowings	**(2,382)**	(662)	(646)
Trade and other payables	**(9,076)**	(9,223)	(10,623)
Derivative financial liability	**(101)**	-	(639)
Current tax payable	**(116)**	(354)	(456)
	(11,675)	(10,239)	(12,364)
NON-CURRENT LIABILITIES			
Borrowings	**-**	(4,314)	(2,460)
Deferred tax liabilities	**-**	(127)	-
	-	(4,441)	(2,460)
TOTAL LIABILITIES	**(11,675)**	(14,680)	(14,824)
NET ASSETS	**18,407**	17,957	19,473
SHAREHOLDERS' EQUITY			
Share capital	**215**	215	215
Share premium	**11,497**	11,475	11,475
Merger reserve	**1,055**	1,055	1,055
Currency reserve	**(371)**	(447)	(400)
Capital redemption reserve	**18**	18	18
Treasury shares	**(486)**	-	-
Retained earnings	**6,473**	5,745	7,107
Own shares	**(3)**	(107)	(3)
TOTAL SHAREHOLDERS' EQUITY	**18,398**	17,954	19,467
NON-CONTROLLING INTEREST	**9**	3	6
TOTAL EQUITY	**18,407**	17,957	19,473

Consolidated Cashflow Statement

Interim report for the six months ended 31 March 2019

	6 months ended 31 March 2019 £000 Unaudited	6 months ended 31 March 2018 £000 Unaudited	Year ended 30 September 2018 £000 Audited
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year	**835**	1,429	2,172
Adjustments for:			
Depreciation	**227**	296	551
Exchange adjustments	**27**	33	(46)
Profit on disposal of property, plant & equipment	**-**	-	(52)
Finance income	**(20)**	(2)	(17)
Finance expense	**70**	86	148
Tax expense	**170**	297	567
Equity settled share-based payment charge	**(243)**	379	1,100
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	**1,066**	2,518	4,423
Decrease/(increase) in trade and other receivables	**549**	(2,051)	(1,291)
(Decrease)/increase in trade and other payables	**(2,415)**	862	2,939
CASH (USED)/GENERATED IN OPERATIONS	**(800)**	1,329	6,071
Tax paid	**(450)**	(115)	(385)
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	**(1,250)**	1,214	5,686
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	**20**	2	17
Acquisition of property, plant and equipment	**(98)**	(156)	(350)
Proceeds on sale and operating leaseback of property, plant and equipment	**-**	-	1,650
Disposal of subsidiary net of cash acquired	**-**	75	195
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES	**(78)**	(79)	1,512
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid	**(70)**	(86)	(148)
Repayment of borrowings	**(724)**	(134)	(2,004)
Repurchase of share options	**-**	-	(17)
Proceeds from issue of new shares	**22**	-	-
Purchase of Treasury shares	**(486)**	-	-
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	**(1,258)**	(220)	(2,169)
Net (decrease)/increase in cash and cash equivalents	**(2,586)**	915	5,029
Effect of foreign exchange on cash and cash equivalents	**(27)**	(33)	46
Cash and cash equivalents at start of period	**10,007**	4,932	4,932
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**7,394**	5,814	10,007

Consolidated Statement of Changes of Equity

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)**	**3**	**(977)**
CLOSING BALANCE AT 31 MARCH 2019	**215**	**11,497**	**(486)**	**1,055**	**(353)**	**6,473**	**(3)**	**18,398**	**9**	**18,407**

For the six months ended 31 March 2018 (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
OPENING BALANCE 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
Total comprehensive income for the period	-	**-**	**-**	**-**	**12**	**1,429**	**-**	**1,441**	**-**	**1,441**
Contributions by and distributions to owners										
Share-based payment charge and associated costs	-	-	-	-	-	379	-	379	-	379
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**379**	**-**	**379**	**-**	**379**
CLOSING BALANCE AT 31 MARCH 2018	**215**	**11,475**	**-**	**1,055**	**(429)**	**5,745**	**(107)**	**17,954**	**3**	**17,957**

Consolidated Statement of Changes of Equity

For the year ended 30 September 2018 (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 2017	**215**	**11,475**	**-**	**1,055**	**(441)**	**3,937**	**(107)**	**16,134**	**3**	**16,137**
Profit for the year	-	-	-	-	-	2,169	-	2,169	3	2,172
Other comprehensive income for the year	-	-	-	-	59	-	-	59	-	59
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**59**	**2,169**	**-**	**2,228**	**3**	**2,231**
Contributions by and distributions to owners										
Share-based payment charge and associated costs	-	-	-	-	-	1,100	-	1,100	-	1,100
Transfer of reserves[3]	-	-	-	-	-	(82)	82	-	-	-
Proceeds from sale of own shares	-	-	-	-	-	-	22	22	-	22
Repurchase of share options	-	-	-	-	-	(17)	-	(17)	-	(17)
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**-**	**1,001**	**104**	**1,105**	**-**	**1,105**
CLOSING BALANCE AT 30 SEPTEMBER 2018	**215**	**11,475**	**-**	**1,055**	**(382)**	**7,107**	**(3)**	**19,467**	**6**	**19,473**

(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.

(3) The shortfall in the market value of the shares held by the EBT and the outstanding loan is transferred from own shares to retained earnings.

Notes to the Interim Financial Statements

For the six months ended 31 March 2019

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 2019. The Group has adopted the new IFRS 9 and IFRS 15 accounting standards from the 1 October 2018.

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 2019 and 31 March 2018 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 2018 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2018 have been filed with the Registrar of Companies. The Independent Auditor's Report on that Annual Report and Financial Statements for 2018 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.

NEW STANDARDS ADOPTED

IFRS 15 Revenue from Contracts with Customers: replaces IAS 18 Revenue and IAS 11 Construction contracts. The standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a service and thus, has the ability, to direct the use and obtain the benefits from the goods or service. While this represents significant new guidance, the implementation of this new guidance has not impacted the timing or amount of revenue recognised by the Group. Much of the Group's revenue is based upon defined hourly or daily charge out rates and the work carried out is specific to the customer and project in question. There is a continual flow of benefits to the customer from the services performed and the Group does not operate on a stage payment or key milestone basis. For fixed fee projects, the fee is determined by an estimated amount of hours x the standard rate for the required level of staff for the project. Any expected under recovery from a project's original costing are recognised over the life of the project. The principle of the continual transfer of benefit to the customer remains whether a project is a fixed or variable fee. Revenue recognition is based on a contract by contract basis and the new standard has not significantly affected business practice and management judgements in respect of revenue recognition.

IFRS 9 Financial Instruments: replaces IAS 39 Financial Instruments and covers 3 different areas of potential impact. Part 1 contains new requirements for the classification and measurement of financial assets and liabilities. Part 2 relates to the impairment of financial assets and requires the calculation of impairment on an expected loss basis rather than the current incurred loss basis. Part 3 relates to less stringent requirements for general hedge accounting. Management have conducted a review of the new standard and part 1 and 3 have not impacted the Group on Transition. In part 2, under the "expected credit loss", the Group has adopted a simplified model of recognising lifetime expected credit losses to trade receivables. Due to the forward-looking nature of this new standard, which contrasts with that of IAS 39 where provisions are based on an incurred loss basis, there has been an increase in the provision for trade receivables of £0.95m. This new provision matrix has been calculated based on geographical location of the Group's entities using historical default rates and projecting this forward considering any specific forecasts relating to local economies. When adopting IFRS 9, the Group has applied transitional relief and opted not to restate prior periods with the difference on transition being recognised in retained earnings.

	£000
IAS 39: Incurred loss provision at 30 September 2018	2,046
Lifetime expected credit loss adjustment	953
IFRS 9: Expected credit loss provision at 1 October 2018	2,999

2 TAXATION

The tax charge on the profit for the half-year ended 31 March 2019 is based on the estimated tax rates in the jurisdictions in which the Group operates, for the year ending 30 September 2019.

3 DIVIDEND

In view of the current trading position, the Board recommends the payment of an interim dividend of 0.5p per share for 2019 (2018: £nil).

Notes to the Interim Financial Statements (continued)

4 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.

SIX MONTHS ENDED 31 MARCH 2019 (UNAUDITED)	Europe & Americas £000	Middle East £000	Asia Pacific £000	Eliminations £000	Unallocated £000	Consolidated £000
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

SIX MONTHS ENDED 31 MARCH 2018 (UNAUDITED)	Europe & Americas £000	Middle East £000	Asia Pacific £000	Eliminations £000	Unallocated £000	Consolidated £000
Total external revenue	14,258	11,994	5,442	-	-	31,694
Total inter-segment revenue	53	26	2	(81)	-	-
Total revenue	14,311	12,020	5,444	(81)	-	31,694
Segmental profit	1,370	1,289	635	-	-	3,294
Unallocated corporate expenses(1)	-	-	-	-	(1,105)	(1,105)
Share-based payment charge	-	-	-	-	(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 taxation	1,370	1,289	635	-	(1,568)	1,726
Taxation	-	-	-	-	(297)	(297)
Profit/(loss) for the period	1,370	1,289	635	-	(1,865)	1,429

YEAR ENDED 30 SEPTEMBER 2018 (AUDITED)	Europe & Americas £000	Middle East £000	Asia Pacific £000	Eliminations £000	Unallocated £000	Consolidated £000
Total external revenue	28,749	22,910	10,956	-	-	62,615
Total inter-segment revenue	55	26	2	(83)	-	-
Total revenue	28,804	22,936	10,958	(83)	-	62,615
Segmental profit	2,968	2,139	952	-	-	6,059
Unallocated corporate expenses(1)	-	-	-	-	(2,089)	(2,089)
Share-based payment charge	13	-	-	-	(1,113)	(1,100)
Operating profit/(loss)	2,981	2,139	952	-	(3,202)	2,870
Finance income	-	-	-	-	17	17
Finance expense	-	-	-	-	(148)	(148)
Profit/(loss) before taxation	2,981	2,139	952	-	(3,333)	2,739
Taxation	-	-	-	-	(567)	(567)
Profit/(loss) for the period	2,981	2,139	952	-	(3,900)	2,172

(1) Unallocated costs represent Directors' remuneration, administration 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 2019 £000 Unaudited	6 months ended 31 March 2018 £000 Unaudited	Year ended 30 September 2018 £000 Audited
Profit for the financial period attributable to equity shareholders	**832**	1,429	2,169
Share-based payments cost and associated costs	**(243)**	379	1,100
Adjusted profit from continuing operations for the financial period before share-based payments costs	**589**	1,808	3,269
Weighted average number of shares:			
- Ordinary shares in issue	**53,921,201**	53,862,868	53,862,868
- Shares held by EBT	**(3,677)**	(155,552)	(108,052)
Basic weighted average number of shares	**53,917,524**	53,707,316	53,754,816
Effect of employee share options	**3,297,421**	2,104,818	2,762,696
Diluted weighted average number of shares	**57,214,945**	55,812,134	56,517,512
Basic earnings per share attributable to equity shareholders of the Parent (pence)	**1.5p**	2.7p	4.0p
Diluted earnings per share attributable to equity shareholders of the Parent (pence)	**1.5p**	2.6p	3.8p
Adjusted basic earnings per share before share-based payment cost	**1.1p**	3.4p	6.1p

6 POST BALANCE SHEET EVENT

There has been no significant event requiring disclosure since 31 March 2019.

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 2019 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 2019 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

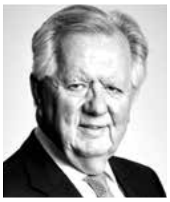
Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is 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

3 June 2019

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

Directors and Advisors



Steven Norris
Non-Executive Chairman

Steven 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 Senior Advisor to BNP Paribas Real Estate/Strutt & Parker. 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, a 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.

Gordon Wilkinson
Chief Executive Officer

Gordon's initial consultancy experience was gained with KPMG from 1989 to 2000 where he progressed to become a full equity partner, responsible for a number of business units in the Consulting Division. More recently he was a Director at AECOM where he was Head of the Global Consulting and Cost Management Businesses. Prior to AECOM he was a Director at Arup and a member of Arup's UKMEA Board with responsibility for the UKMEA Consulting division.

Mark Wheeler
Chief Operating 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.

COMPANY SECRETARY
Thomas Ferns

REGISTERED OFFICE
Driver House,
4 St Crispin Way,
Haslingden,
Lancashire, BB4 4PW

Tel: +44 (0)1706 223 999
Fax: +44 (0)1706 219 917
Email: InvestorRelations@driver-group.com
Tel: +44 (0)20 7377 0005
www.driver-group.com
Fax: +44 (0)20 7377 0705
Email: info@driver-group.com

REGISTERED NUMBER
3475146

AUDITORS
BDO LLP,
3 Hardman Street,
Spinningfields,
Manchester, M3 3AT

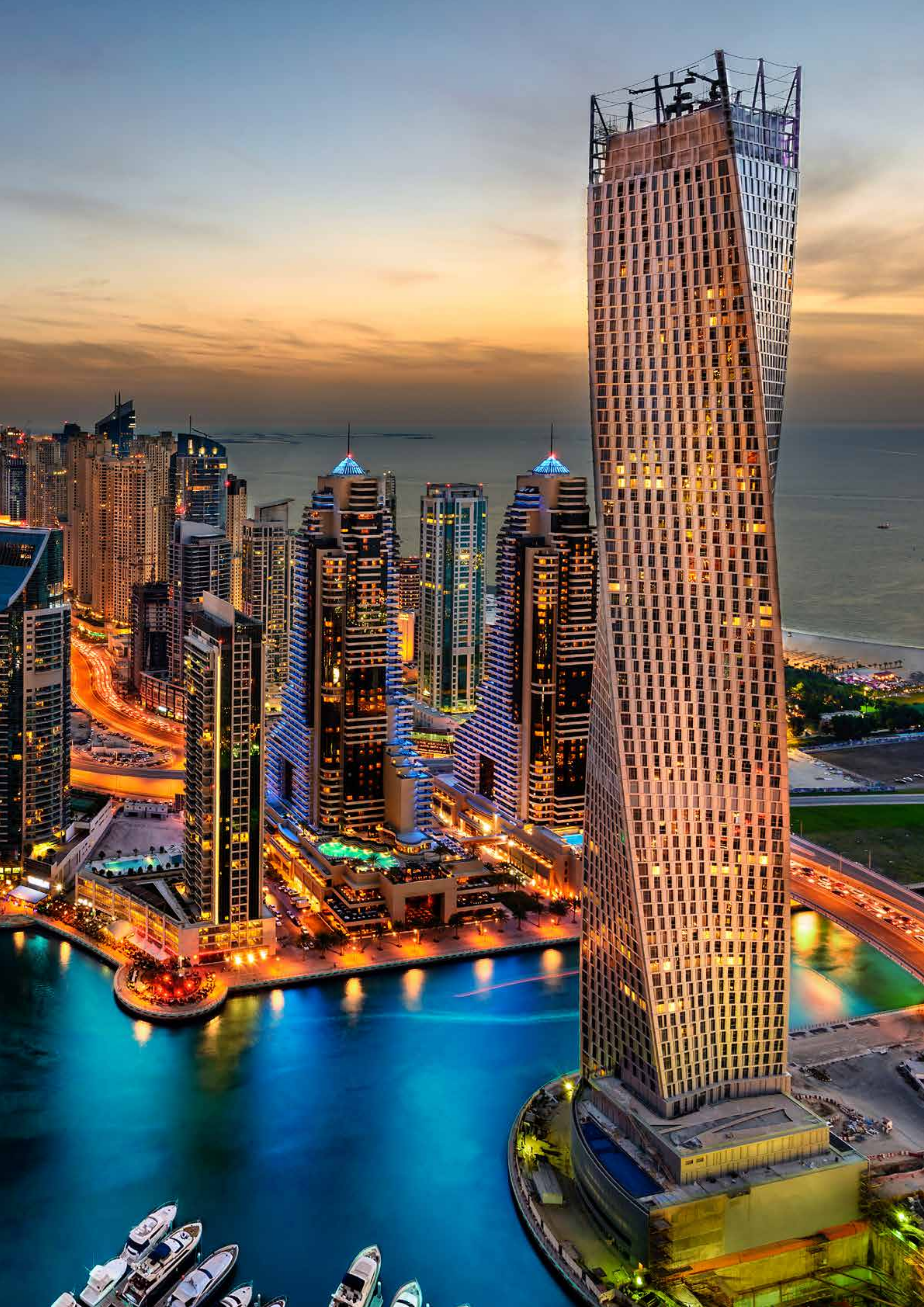
BANKERS
HSBC Bank plc,
1 Forest Green,
Caxton Road,
Fulwood,
Preston PR2 9LJ

SOLICITORS
Haynes and Boon LLP,
9-13 St Andrew Street,
London, EC4M 7JR

NOMINATED ADVISORS
Nplus 1 Singer
Advisory LLP,
One Bartholomew Lane,
London, EC2N 2AX

BROKERS
Nplus 1 Singer
Advisory LLP,
One Bartholomew Lane,
London, EC2N 2AX

REGISTRARS
Neville Registrars Limited,
Neville House,
Steelpark Road,
Halesowen, B62 8HD



Registered Office:
Driver House
4 St Crispin Way
Haslingden
Lancashire
BB4 4PW

Tel: +44 (0) 1706 223 999
Fax: +44 (0) 1706 219 917
Email: info@driver-group.com

www.driver-group.com