Registered number: 3475146

driver group plc

Annual Report & Accounts **2007**

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driver group plc

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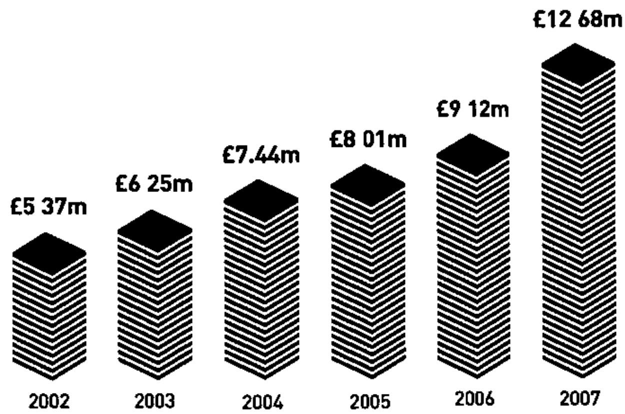
- **Year of significant progress** - major recruitment drive to scale business for growth - fee earners increased by 35% to 96 (2006 71)
- **Turnover increased by 39% to £12.68m** (2006 £9 12m)
- **Operating profit rose by 14% to £1.68m** (2006· £1 47m) before exceptional costs and share based payments
- **Full and final settlement of pension scheme liability** for £485,000
- **Basic earnings per share of 4.9p** (2006 4 6p), before exceptional costs and share based payments
- **Proposed final dividend of 1.9p per share** (2006 1 9p), making total for the year of 2 85p (2006 2 85p)
- **All UK offices performed well**, with London office outperforming at year end
- **Strong growth in Middle East**, with revenues almost doubling
- **Prospects remain very encouraging**

Turnover from continuing operations



driver group plc

Market leader in provision of dispute avoidance / resolution, quantity surveying, commercial, contractual and programming services to the construction and engineering industries

Driver Group plc comprises the following principal businesses.

Driver Consult

Driver Consult is a market leader in the provision of dispute avoidance / resolution, quantity surveying, commercial, contractual and programming services to the construction and engineering industries

Services are provided through a network of seven offices in the UK, and internationally from Abu Dhabi and Dubai In addition other overseas work including work in Europe and the Far East is serviced from the UK offices

The business has 7 of the top 10 contractors as its clients together with numerous others from the top 100 Driver's intellectual expertise is achieved through highly respected, dual qualified legal and technical consultants

Driver Project Services

The Project Services division specialises in the provision of commercial, programming and contract administration services to developer, government, contractor and consultancy clients predominantly in the Middle East From our offices in the UAE and the UK we are involved in hotel, infrastructure, schools, hospitals and residential projects ranging from millions to billions of US dollars

Chairman's Statement

INTRODUCTION

This is our second year as an AIM quoted company and I am delighted to announce that the business continues to make very good progress Results for the year to 30 September 2007 show record levels of turnover and profits

Key to the ongoing development of the business is the necessity to ensure that we attract and retain high calibre staff at all levels, and a major focus over the year has been to increase the number of our fee-earning consultants The recruitment programme has gone well and at the financial year end, the number of fee earners within the Company had risen by 35% to 96 from 71 at the same time last year

As the substantial growth in Driver s turnover shows, we are now seeing the benefits of this increase in resource coming through, in the performance of both our UK and international businesses I am pleased to report too that our newer areas of operations in London, Bristol and Edinburgh all showed good growth, and revenues from the United Arab Emirates almost doubled over the year to £1 45m

Our relationships within the industry, both with existing and potential clients, are vital for future growth and I am pleased to report that we have successfully negotiated four new framework agreements with clients These further strengthen our relationship with these customers and reflect Driver's increasing reputation and profile in the market

Over the last fifteen months or so, the business has undergone a significant transformation We have opened and integrated new offices in the UK, which have expanded our presence regionally and established Driver in the Middle East where the construction sector is expanding rapidly Following our recruitment initiative, the business is now substantially stronger and our increased consulting resource puts the Group in a better position to capitalise on the good growth opportunities in the UK and internationally We therefore view prospects for the business positively

"The business is now substantially stronger and in a better position to capitalise on the good growth opportunities in the UK and internationally. We therefore view prospects for the business positively."

Michael Davis *Chairman*

FINANCIAL RESULTS

Turnover rose by 39% to £12 68m from £9 12m last year and underlying operating profits rose by 14% to £1 68m from £1 47m last year This is before the charge of £485,000 for settling the pension liability, which is treated as exceptional and the FRS20 charge for share options, which totalled £73,000 (2006 £11,000) After deducting the exceptional charge and FRS20 charge for share options, reported profit before tax was £1 11m (2006 £1 49m)

Earnings per share before exceptional items and share option charges was 4 9p (2006 4 6p) After deducting the share option charge and exceptional item, earnings per share was 3 2p (2006 4 6p)

At the year end, the Group's net cash stood at £0 23m (30 September 2006 £0 69m) and net assets, after deducting the employee benefit trust shares in the Group (which had a book value of £1 24m at 30 September 2007) from shareholders' equity stood at £5 42m (30 September 2006 £4 64m)

DIVIDEND

The Board is pleased to recommend the payment of a final dividend for the year ended 30 September 2007 of 1 90 pence per share (2006 1 90 pence) This makes a total dividend for the year of 2 85 pence (2006 2 85 pence) per share The final dividend will be paid on 19 March 2008 to shareholders on the register at the close of business on 22 February 2008

TRADING OVERVIEW

Market conditions in both the UK and internationally remained very healthy over the year and looking forward, we continue to see excellent growth opportunities A major objective during the period was to scale the business for growth by attracting new fee earners and consultants and we invested heavily in this Total staff numbers (including sub-contract staff) increased by 30% to 120 at 30 September 2007 compared to 92 staff at 30 September 2006

In my interim statement, I noted the growth in business at our new Bristol and Edinburgh locations as well as at our more established UK offices but also reported that the profitability at the London office has been disappointing Some six months on, I am pleased to report that we are continuing to make very good progress in developing our presence in Bristol and Edinburgh and that we have recorded a significant improvement in the performance of our London office Over the second half, our London team secured several new clients, improved charge-out rates and enhanced staff utilisation rates, as well as adding new fee-earning consultants As a result, in the last month of the financial year, the London office became our most profitable centre in the UK

Internationally, we continue to make significant progress In particular, our business in the United Arab Emirates (UAE") has seen extremely strong growth, with sales increasing by 91% to £1 45m from £0 76m last year We are continuing to secure new appointments in this region, where the construction sector continues to expand strongly We are building on this success by setting up new operating entities for both our dispute resolution and project services businesses in this region

BOARD CHANGES

On 1 October 2007, we were pleased to welcome Colin White to the Board as Group Finance Director He took over the position from Peter Cove, who stepped down from the Board on 30 September Colin is a chartered accountant with over 20 years experience in financial roles He was previously Group Finance Director of Scapa Group plc, the AIM quoted global supplier of technical tapes and cable compounds, where he jointly developed and implemented a new strategy and business model which underpinned the turnaround of the business

I would like to thank Peter for his significant contribution to the business, particularly during the time of the flotation, and I am pleased that he remains with the Group as Finance Director of the Group's principal trading subsidiary, Driver Consult Ltd

On 1 October 2006, Keith Kirkwood joined the Board as a Non-Executive Director Keith is a chartered quantity surveyor with over 30 years' experience in both the general construction industry and in the specialist area of dispute resolution Until recently he was Group Chief Executive of Schofield Lothian Group, the construction, engineering and infrastructure management consultancy which he founded in 1986 Under his leadership, the business was successfully developed into an international operation

STAFF

On behalf of the Board, I would like to thank all of our staff for their commitment and hard work over the last twelve months This year's results reflect their skill and efforts

OUTLOOK

It has been a year of investment for the Group as we focused on scaling the business for growth We are now seeing the benefits of our recruitment drive to increase our fee-earning capability coming through in our top-line growth and saw record sales in the final quarter of 2006/07

We have clear growth objectives for the current financial year and as well as developing the Group organically, we are actively considering acquisitions which complement our existing business

With construction activity in our key domestic and overseas markets remaining very strong, we continue to regard prospects for the Group very positively

"Your thorough preparation was a major factor in effecting an outstanding settlement"

Customer quote

Chief Executive's Report

"We have strengthened the management team, opened new offices and aggressively increased the number of fee earners within the Group."

Stephen Driver *Chief Executive Officer*

Once again, I am delighted to deliver my report on a successful financial year

During the year, the Group has continued to invest heavily in the recruitment of fee-earning personnel This took our staff count (including sub-contract staff) to 120 at 30 September 2007 from 92 at the end of the last financial year By the end of the financial year, all staff were fully integrated and delivering high levels of utilisation

The Group s principal trading company, Driver Consult Ltd, comprises three business streams and my review of the Group's performance has therefore been set out on that basis

UK CONSULTANCY SERVICES

Our UK Consultancy Services, based predominantly around the provision of dispute avoidance and resolution services, are provided through our network of seven regional offices located in Northern and Southern England and in Scotland

Relationships with key clients have strengthened during the year, reflected in the negotiation of four framework agreements and I am pleased to report that others are under negotiation

All seven offices operated profitably in the year with significant improvements in turnover and profit over the final quarter Over the year as a whole, turnover increased to £9 33m from £7 15m, an increase of 30%

The measures taken at the end of the first half to improve the productivity of our London office have been very successful and resulted in a significant rise in the office s contribution to the business in the final quarter During the year, we also relocated our London office to larger premises which provide us with ample scope for future expansion We expect the major construction projects planned in the South of England for the next five years to offer us excellent growth opportunities

INTERNATIONAL CONSULTANCY SERVICES
International Consultancy Services provides services to construction clients throughout Europe, Eastern Europe, the Americas and the Middle East The services provided are substantially the same as those we provide in the UK with concentration on high profile expert witness and arbitrator appointments

Turnover in the year increased to £1 60m from £1 21m, an increase of more than 32% The division has operated very profitably in the year concentrating on quantum and planning expert assignments

We are currently in the process of opening an office in Oman which is intended to capitalise on our existing relationships in the region and opportunities arising from the country's extensive construction programme

INTERNATIONAL PROJECT SERVICES
Our International Project Services business is based in the UAE and there are potential opportunities to develop elsewhere in the world The services provided by our International Project Services unit complement our other business areas in that it provides commercial, planning and project controls services to property development companies involved in the construction of multi-million dollar and sometimes multi-billion dollar, mixed-use developments incorporating houses, apartments, offices, schools, hospitals and roads Our role often begins with the inception of a property development and lasts until its completion as we monitor budget, cost and timetables in all phases of development

Our operations in the UAE have continued to expand during the financial year with an increase in turnover to £1 45m in 2007 from £0 76m in 2006 Staff numbers in the region increased from 10 to 18

Most pleasing of all, we start the new financial year with eleven projects compared with three projects in the previous year and we are also pursuing several additional opportunities

OUTLOOK
The Group has been considerably enlarged since we joined AIM We have strengthened the management team, opened new offices and aggressively increased the number of fee earners within the Group

Looking forward, Driver is now well positioned to capitalise on growth opportunities both in the UK and in the Middle East and we intend to continue to invest in developing the business, particularly in the Middle East, where the construction market is extremely strong We are also actively engaged in seeking acquisitions, which fit our criteria

With all our markets remaining buoyant, we expect to deliver a stronger performance in the coming year and remain confident about future prospects

"I am sure that the professional way in which the claim was presented and forcefully and logically argued enabled us to fully maximize the claim"

Customer quote

Finance Director's Review

"Net cash inflow from operating activities (before the exceptional item) was £1.52m (2006: £0.76m) and benefited from improved management of debtors."

Colin White *Finance Director*

RESULTS

Operating profit for the year ending 30 September 2007, before the FRS20 charge for share options and before the exceptional item, was £1 68m (2006 £1 47m), an increase of 14% This improvement in profit was a result of the higher sales offset in part by the costs associated with establishing and integrating the recent new offices together with the costs associated with growing the fee earning staff After deducting these items operating profit was £1 12m (2006 £1 46m)

The Group aims to incentivise key management through the use of share options FRS20 (Share-based payment) was implemented for the first time in the current year and the charge for share options was £73,000 (2006 £11,000)

The Group agreed a full and final settlement with the Trustees of the Baker Wilkins and Smith Retirement Benefits Scheme for Driver Group's share of the final salary scheme deficit This totalled £485,000 including the associated legal costs incurred by the Company After tax this represents a net post-tax cost to the Group of £339,000 This charge has been treated as exceptional in the P&L account

TAXATION

The Group's taxation charge of £369,000 includes the benefit of a £145,000 tax credit from the pensions settlement The effective tax rate on profit before exceptional items and before the charge for share-based payments is 32% (30%)

EARNINGS PER SHARE

Basic earnings per share (EPS) was 4 9 pence (2006 4 6 pence), before the charge for share options and exceptional items and 3 2 pence (2006 4 6 pence) after deducting the charge for share options and exceptional items On a fully diluted basis, EPS based on reported profit for the financial year using the same bases as above was 3 1 pence and 4 5 pence respectively for the two years

CASH FLOW
The net cash inflow from operating activities (before the exceptional item) was £1 52m (2006 £0 76m) and benefited from improved management of debtors Trading working capital (trade debtors less trade creditors) as a percentage of sales reduced by 4% and debtor days improved by 6 days The exceptional payment in respect of the Baker Wilkins and Smith Retirement Benefits Scheme for its share of the final salary scheme deficit totalled £0 49m including the associated legal costs Spend on capital items reverted to a more normal level of £0 24m (2006 £0 98m) Dividends paid to ordinary shareholders totalled £0 66m (2006 £0 22m) Net cash outflow before financing was £0 47m (2006 £1 60m outflow)

BALANCE SHEET
The Group ended the year with cash, net of debt, of £0 23m (30 September 2006 £0 69m) Net assets of the Group totalled £5 42m (30 September 2006 £4 64m) an increase of £0 78m during the year This included the benefit of a £0 62m revaluation of the Group s long leasehold property in Haslingden

In prior years the shares held by the Driver Group Employee Benefit Trust in Driver Group plc were recognised on the balance sheet as a fixed asset investment in line with UITF32 International Financial Reporting Standards require a company's holding in its own shares to be accounted for as a deduction from equity rather than recognised as an asset This accounting treatment also now applies to the UK, for instance under FRS25, in relation to the acquisition of own shares, referred to as treasury shares The Company has therefore reviewed its accounting policy and deducted the cost of the Trust's investment in its own shares of £1,242,206 from equity The effect of this change in accounting disclosure does not however impact the calculation of distributable reserves for the purposes of paying dividends

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)
The Group will be required to report for the first time under IFRS for the year ending 30 September 2008, with the interim statement at 31 March 2008 reporting results under IFRS for the first time There is a project underway to implement IFRS for the Group Based on the work done to date management do not expect there to be a material change to operating profit arising from these accounting changes The Group will be reporting the impact of restating prior year figures to IFRS, together with the interim results

TREASURY POLICIES AND FOREIGN EXCHANGE MANAGEMENT
Treasury operations are managed centrally and operate so as to reduce financial risk, ensure sufficient liquidity is available to the Group operations and invest surplus cash Corporate Treasury does not operate as a profit centre and does not take speculative positions Foreign currency balances in excess of forecast amounts required to fund projected outgoings are converted at spot rate

BORROWING FACILITIES
At 30 September the Group had £0 40m of bank debt secured by means of debentures over the Group's assets and a legal charge over the land and buildings at Haslingden This is fully repayable by 2009 In addition the Group has a £0 95m overdraft facility (net of any cash balances) which is renewed annually on 31 July

CONTINGENCIES AND LEGAL PROCEEDINGS RISK MANAGEMENT
The Group monitors all material contingent liabilities, through a process of consultation and evaluation which includes senior management and internal and external advisors This process results in an evaluation of potential exposure and provisions are made or adjusted accordingly by reference to accounting principles By this method the Group has provided for contingencies which are anticipated to be more likely than not to become payable in the future

BUSINESS RISKS
There are a variety of business risks that can affect international consultancy businesses like Driver The principal key risk for the Group relates to the recruitment and retention of high quality fee earners and directors Driver's strong reputation in the market has helped it to source and recruit staff and senior managers with the appropriate skills and background The Group aims to retain its key staff through a competitive reward system which includes share options for senior managers as well as through identified career path management

Market forecasts support the view that construction spend and therefore demand for Driver s services, will continue to grow over the next few years, with the London Olympics providing additional impetus for growth

HEALTH AND SAFETY
Driver Group is committed to reinforcing and improving health and safety activities across the Group to ensure the constant well-being of our employees Driver Group continues to invest in human resource training and development of safe working practices The Group's principal measures are lost time accidents, lost time days and reportable accidents For each measure there were no reported incidents or lost time The Group s goal is to maintain this zero objective

Directors

Michael Davis (aged 61)
Non-Executive Chairman

Michael is a chartered accountant and spent 32 years in the profession principally with Arthur Young/Ernst &Young During his 15 years as a partner he specialised in corporate finance, including PFI, and was managing partner of the firm's Liverpool office On leaving the firm he has spent the last 10 years as a non-executive chairman/director of companies in sectors including financial/professional services, media and manufacturing He is also deputy chairman of the North West's film and TV agency and was a regular judge on Granada s long running televised business competition "Flying Start" He is one of the team that successfully lead the Company to Admission on AIM in October 2005 and its continued success

Stephen Driver (aged 43)
Chief Executive Officer

Stephen has over 25 years' experience in the construction industry working both for contractors and in private practice

After training as a quantity surveyor, initially with a national civil engineering contractor, Stephen subsequently worked for a number of national building contractors He subsequently moved into private practice at BWS International and became Managing Director of BWS International in 1998 and of the Group in 2001 Since becoming Managing Director, Stephen has overseen a number of major developments including the incorporation of the partnership through to the formation of Driver Group, the demerger of BWS International, the reorganisation of the business to focus on regional and local office performance, the opening of offices in the UAE, Scotland and Bristol Most recently he lead the successful Admission of the Driver Group shares on AIM in October 2005 at which time he was appointed CEO Since then he has been pivotal to the ongoing success of the Group

Stephen has broad experience in the construction and engineering industries His specialist fields include claims support services, adjudication, mediation and expert witness services

Stephen has a Masters degree in construction law and arbitration from Kings College, London He is a Fellow of the Royal Institution of Chartered Surveyors, the Chartered Institute of Arbitrators and the Institution of Civil Engineering Surveyors and a Member of the Cost Engineers and Academy of Experts

David Webster (aged 40)
Executive Director

David has over 24 years experience in the construction industry, initially training as a quantity surveyor with a pipeline, tunnelling and civil engineering contractor He worked with various contractors before moving into private practice with BWS International in 2000 David was appointed to the board of Driver Consult in 2002 with initial responsibility for the Rossendale office before being appointed to the northern region in 2003 Subsequently, in 2004 he was appointed to the Board and in 2006 was appointed as Director in charge of all United Kingdom operations He has been actively involved in reorganising the business to focus on regional and local office performance

As well as the broader responsibilities that come with his position, David provides a hands-on service either leading teams of consultants or working on single specialist appointments

David specialises in dispute resolution, contractual and commercial advice on all aspects of civil engineering projects, highways, water and sewage treatment plants, tunnel and pipeline projects, industrial process plants, building and development He is one of the team that successfully lead the Company to Admission on AIM in October 2005 Since then he has been heavily involved in the ongoing success of the Group

David has a Masters degree in construction law and arbitration He is a Fellow of the Royal Institution of Chartered Surveyors and the Institution of Civil Engineering Surveyors and a member of the Academy of Experts and Expert Witness Institute

Colin White (aged 45)
Finance Director

A Chartered Accountant with over 20 years experience Joined Driver Group in 2007 as Group Finance Director, having previously been Group Finance Director for Scapa Group plc the AIM quoted global supplier of technical tapes and cable compounds, which he joined in 2001 Between 1991 and 2001, Colin held a number of senior financial and management roles at subsidiaries of TI Group plc, the specialised engineering group which was acquired by Smiths Industries plc in 2000 Latterly at TI Group, he was Finance Director of Dowty Aerospace Division

Keith Kirkwood (aged 52)
Non-Executive Director

Keith joined the Board of the Company on 1 October 2006 He is a chartered quantity surveyor with over 30 years' experience in both the general construction industry and in the specialist area of dispute resolution

Until recently Keith was Group Chief Executive of Schofield Lothian Group, the construction, engineering and infrastructure management consultancy which he founded in 1986 Under his leadership, the business was successfully developed into an international operation and sold to Accord plc in 2002

Keith is a qualified mediator, arbitrator and negotiator and a Fellow of the Royal Institution of Chartered Surveyors, the Chartered Institute of Arbitrators and the Institute of Civil Engineering Surveyors, as well as a Member of the Institute of Highways and Transportation, the Society of Construction Law and the Institute of Directors

Company Secretary and Advisers

Company Secretary
Thomas Ferns

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

Tel	+44 (0)870 873 7878
Fax	+44 (0)1706 219 917
Email	info@drivergroupplc com
Website	www drivergroupplc com

Registered Number
3475146

Auditors
Harold Sharp
Holland House
1-5 Oakfield
Sale
Cheshire
M33 6TT

Bankers
The Royal Bank of Scotland plc
Fifth Floor
1 Spinningfields Square
Manchester
M3 3AP

Solicitors
Rosenblatt Solicitors
9-13 St Andrew Street
London
EC4A 3AF

Nominated Advisers
Zeus Capital Limited
3 Ralli Courts
New Bailey Street
Salford
M3 5FT

Brokers
Panmure Gordon (Broking) Limited
Moorgate Hall
155 Moorgate
London
EC2M 6XB

Registrars
Neville Registrars Limited
Neville House
18 Laurel Lane
Halesowen
B63 3DA

PR Advisers
Biddicks
Mercury House
Triton Court
14-18 Finsbury Square
London
EC2A 1BR

Report of the Directors

For the year ended 30 September 2007

The directors present their report and the financial statements of Driver Group plc and its subsidiary companies for the year ended 30 September 2007

PRINCIPAL ACTIVITY

The principal activity of the Group in the year under review was the provision of specialist commercial and dispute resolution services to the construction industry

REVIEW OF BUSINESS

The results for the year and financial position of the Company and the Group are as shown in the annexed financial statements A review of the Group's business is contained in the Chairman's Statement, Chief Executive's Report and Finance Director's Review

DIVIDENDS

The directors have proposed a final dividend in respect of the current financial year of 1 90p per share (2006 - 1 90p per share) payable to all shareholders other than the Driver Group Employee Benefit Trust This has not been included within creditors as it was not approved before the year end The total cost of this proposed dividend will be £437,612

Dividends paid during the year comprise a final dividend of 1 90p per share (total cost of £437,612) in respect of the previous year ended 30 September 2006, together with an interim dividend in respect of the year ended 30 September 2007 of 0 95p per share (total cost of £218,806)

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason they have adopted the going concern basis in preparing the financial statements

PRINCIPAL RISKS AND UNCERTAINTIES

There are a variety of business risks that can affect international consultancy businesses like Driver The principal key risk for the Group relates to the recruitment and retention of high quality fee earners and directors Driver s strong reputation in the market has helped it to source and recruit staff and senior managers with the appropriate skills and background The Group aims to retain its key staff through a competitive reward system which includes share options for senior managers as well as through identified career path management Market forecasts support the view that construction spend and therefore demand for Driver's services, will continue to grow over the next few years, with the London Olympics providing additional impetus for growth

DIRECTORS

The directors during the year under review were

S Driver
P J F Cove
D J Webster
M I Davis
K Kirkwood

On 30 September 2007, Mr P J F Cove resigned as a director and on 1 October 2007, Mr C M White was appointed in his place

The beneficial interests of the directors holding office at the end of the financial year in the issued share capital of the Company were as follows

	30 September 2007 Ordinary 0 4p shares	1 October 2006 Ordinary 0 4p shares
S Driver	3,755,220	4,537,671
D J Webster	1,502,088	1,815,068
M I Davis	7,000	7,000

Throughout the year Mr Webster held share options to purchase 275,000 ordinary shares exercisable at 73 5p per share by 27 June 2016

The Company has established an employee benefit trust in which all the employees of the Group, including executive directors, are potential beneficiaries At 30 September 2007, the trust owned, 1,700,645 shares which it acquired at an average of 73p per share

CHARITABLE AND POLITICAL DONATIONS

During the period under review, the Group made charitable donations amounting to £2,921 (2006 - £1,033) comprising donations of £2,000 to the construction and property industry charity for the homeless, CRASH, and sundry small donations of £250 and less primarily for medical research purposes It is the Group's policy not to make political donations

CREDITOR PAYMENT POLICY

The Group agrees terms and conditions with suppliers before business takes place The Group s policy and practice is to pay agreed invoices in accordance with the terms of payment At the year end the amounts owed to trade creditors were equivalent to 39 days (2006 - 33 days) of purchases from suppliers

DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this report of the directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

AUDITORS

Harold Sharp are willing to continue in office and a resolution proposing their re-appointment as auditors of the Company and authorising the directors to fix their remuneration will be put to the shareholders at the Annual General Meeting

On behalf of the Board

Colin White
Finance Director
10 December 2007

Corporate Governance

Although, as an AIM listed company, the Company is not required to comply with the provisions of the Combined Code (the "**Code**") and this is not a statement of compliance as required by the Code, the Board of Directors recognises the importance of, and is committed to, ensuring that effective corporate governance procedures relevant to smaller listed companies are in place

THE BOARD AND COMMITTEES

During the financial year to 30 September 2007, the Board comprised three Executive Directors, Stephen Driver, Peter Cove and David Webster and two Non-Executive Directors, Keith Kirkwood and Michael Davis (Chairman) On 1 October 2007, Colin White was appointed to the Board as Executive Director following Peter Cove s decision to step down from the main Board Peter Cove has continued with his role as Financial Director of the Group's principal subsidiary Driver Consult Limited

The Board, which meets at least ten times a year, is responsible for the overall strategy and financial performance of the Group Each Board meeting is preceded by a clear agenda and any relevant information is provided to the Directors in advance of the meeting

The Remuneration Committee consisted of Stephen Driver, Michael Davis and Keith Kirkwood The report on Directors' remuneration on page 16 contains a detailed description of remuneration and applicable policies

Given the size of the Board, and as permitted by the Code, the Board has not appointed a Nominations Committee The Board as a whole considers the appointment of all Directors and senior managers

During the financial year to 30 September 2007, the Audit Committee consisted of Michael Davis (Chairman) and Keith Kirkwood The Audit Committee are considered by the Board to have relevant financial experience The Committee operates under written terms of reference and is scheduled to meet at least twice a year with the Company's auditors, and the Executive Directors present by invitation only The Committee is responsible for the independent monitoring of the effectiveness of the system of internal control, compliance, accounting policies and published financial statements on behalf of the Board This is achieved primarily through a review of the annual financial statements and a review of the nature and scope of the external audit Any significant findings or identified risks are examined so that appropriate action may be taken The Committee is also responsible for keeping under review the independence and objectivity of the external auditors, including a review of non-audit services provided to the Group, consideration of any relationships with the Company that could affect independence, and seeking written confirmation from the auditors that, in their professional judgment, they are independent

RELATIONS WITH SHAREHOLDERS

The Company encourages the participation of both institutional and private investors Communication with private individuals is maintained through the Annual General Meeting (AGM), and annual and interim reports In addition, further details on the strategy and performance of the Company can be found at its website (www drivergroupplc com) which includes copies of the Company's press releases

INTERNAL CONTROL

The Board has overall responsibility for the Group's systems of internal control and for monitoring their effectiveness Although no system of internal control can provide absolute assurance against material misstatements or loss, the Group's systems are designed to provide the Directors with reasonable assurance that issues are identified on a timely basis and dealt with appropriately

The Group has an established organisational structure with clearly defined lines of authority, responsibility and accountability, which is reviewed regularly Group management are responsible for the identification and evaluation of key risks applicable to their areas of business

The Board has considered the need for an internal audit function, but has resolved that due to the size of the Group, this cannot be justified on the grounds of cost effectiveness

Directors' Remuneration Report

For the year ended 30 September 2007

The members of the Remuneration Committee are Michael Davis and Keith Kirkwood who are both independent Non-Executive Directors and Stephen Driver

REMUNERATION POLICY

The Company's remuneration policy is to provide a remuneration package to attract, motivate and retain high calibre individuals, who will deliver significant value to the Group

DIRECTORS' EMOLUMENTS

Audited information

Directors remuneration

	Salary and fees £	Car allowance £	Benefits £	Total 2007 £	Pension 2007 £	Total 2006 £	Pension 2006 £
Stephen Driver	176,750	12,000	3,005	**191,755**	17,075	205,945	17,800
David Webster	174,500	12,000	5,017	**191,517**	17,450	162,235	13,100
Peter Cove	85,750	12,000	2,697	**100,447**	8,575	102,817	7,300
Michael Davis	25,000	-	-	**25,000**	-	25,000	-
Keith Kirkwood	50,000	-	-	**50,000**	-	-	-
David Clements	-	-	-	-	-	25,000	-
Total	512,000	36,000	10,719	**558,719**	43,100	520,997	38,200

For the year to 30 September 2007, the remuneration of Non-Executive Directors was set by the Board and consisted of an annual fee paid in equal monthly instalments

On 1 October 2006 Keith Kirkwood was appointed as Non-Executive Director of Driver Group plc replacing David Clements who resigned from the Board on 30 September 2006 He was subsequently invited to join as a member of the Remuneration Committee, which he accepted

Colin White was appointed to the Board as Group Finance Director with effect from 1 October 2007 He takes over the position from Peter Cove, who resigned from the Board on 30 September 2007 but remains with the Group as Finance Director of the Group s principal trading subsidiary, Driver Consult Limited

All Directors are paid for their services under the Group's PAYE scheme apart from Michael Davis and Keith Kirkwood who are paid as follows

Hurlstone Management Limited entered into an engagement letter with the Company dated 6 October 2005 under which it agreed to supply the services of Michael Davis as Non-Executive Chairman of the Company The agreement can be terminated upon three months' notice by either party

Alchemy BS entered into an engagement letter with the Company dated 1 October 2006 under which it agreed to supply the services of Keith Kirkwood as Non-Executive Director of the Company The agreement can be terminated upon three months' notice by either party

DIRECTORS' REMUNERATION REVIEW

Remuneration is reviewed in December each year with any revisions taking place from the beginning of January

Bonuses may be awarded to the Executive Directors based on their performance and the performance of the Company

On behalf of the Board

Michael Davis

Chairman of the Remuneration Committee

10 December 2007

Statement of Directors' Responsibilities

The Directors are responsible for preparing the report of the Directors and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The Group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the Group and the parent company and of the profit for that period

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company s website Legislation in the UK governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions

Report of the Independent Auditors

To the members of Driver Group plc

We have audited the Group and parent company financial statements (the 'financial statements) of Driver Group plc for the financial year ended 30 September 2007 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and notes 1 to 28 These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 17

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Statements on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements

In addition, we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Chairman's Statement, Chief Executive's Report, Finance Director s Review, Report of the Directors, the statement of Corporate Governance and the unaudited part of the Directors' Remuneration Report We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

OPINION

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 30 September 2007 and of the Group s profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements

Harold Sharp

Harold Sharp
Chartered Accountants
Registered Auditors
Sale

10 December 2007

Consolidated Profit and Loss Account

For the year ended 30 September 2007

	Notes	2007 Pre-exceptional/ share-based payment £000	2007 Exceptional/ share-based payment (notes 3&7) £000	2007 Total £000	2006 Restated - note 7 £000
TURNOVER	2	**12,684**	-	**12,684**	9,124
Cost of sales		**(8,218)**	-	**(8,218)**	(5,394)
GROSS PROFIT		**4,466**	-	**4,466**	3,730
Administrative expenses					
- other		**(2,896)**	**(73)**	**(2,969)**	(2,345)
- exceptional	3	-	**(485)**	**(485)**	-
Other operating income		**109**	-	**109**	79
OPERATING PROFIT	5	**1,679**	**(558)**	**1,121**	1,464
Interest receivable and similar income		**32**	-	**32**	70
Interest payable and similar charges	6	**(39)**	-	**(39)**	(44)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**1,672**	**(558)**	**1,114**	1,490
Tax on profit on ordinary activities	8	**(536)**	**167**	**(369)**	(451)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		**1,136**	**(391)**	**745**	1,039
Minority interests – equity		**(16)**	-	**(16)**	7
PROFIT FOR THE FINANCIAL YEAR	9	**1,120**	**(391)**	**729**	1,046
Basic earnings per share (pence)	11			**3 2**	4 6
Diluted earnings per share (pence)	11			**3 1**	4 5

The operating profit for the year arises from the Group s continuing operations

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 30 September 2007

	2007 £000	2006 Restated - note 7 £000
Profit for the financial year	**729**	1,046
Fixed asset revaluation (note 12)	**615**	-
Total recognised gains and losses relating to the year	**1,344**	1,046
Prior year adjustment (net of tax) (note 7)	**(8)**	-
Total recognised gains and losses since last annual report	**1,336**	1,046

Consolidated Balance Sheet

For the year ended 30 September 2007

	Notes	2007 £000	2007 £000	2006 Restated - note 7 £000	2006 Restated - note 7 £000
FIXED ASSETS					
Tangible assets	12		**3,421**		2 620
CURRENT ASSETS					
Debtors	14	**3,227**		2,750	
Cash at bank and in hand		**855**		1,317	
		4,082		4,067	
CREDITORS					
Amounts falling due within one year	15	**1,884**		1,669	
NET CURRENT ASSETS			**2,198**		2 398
TOTAL ASSETS LESS CURRENT LIABILITIES			**5,619**		5,018
CREDITORS					
Amounts falling due after more than one year	16		**(179)**		(371)
PROVISIONS FOR LIABILITIES	18		**(19)**		(3)
NET ASSETS			**5,421**		4,644
CAPITAL AND RESERVES					
Called up share capital	19		**99**		99
Share premium	20		**2,649**		2,649
Revaluation reserve	20		**1,338**		723
Capital redemption reserve	20		**18**		18
Other reserve	20		**84**		11
Profit and loss account	20		**2,476**		2,403
Own shares	24		**(1,242)**		(1,242)
EQUITY SHAREHOLDERS' FUNDS	25		**5,422**		4,661
MINORITY INTERESTS			**(1)**		(17)
			5,421		4,644

The financial statements were approved by the Board of Directors on 10 December 2007 and signed on their behalf by

Colin White
Finance Director

Company Balance Sheet

For the year ended 30 September 2007

		2007		2006 Restated – note 7	
	Notes	£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	12		**3,411**		2,618
Investments	13		**128**		55
			3,539		2,673
CURRENT ASSETS					
Debtors	14	**934**		589	
Cash at bank and in hand		**7**		1,210	
		941		1,799	
CREDITORS					
Amounts falling due within one year	15	**837**		756	
NET CURRENT ASSETS			**104**		1,043
TOTAL ASSETS LESS CURRENT LIABILITIES			**3,643**		3,716
CREDITORS					
Amounts falling due after more than one year	16		**(179)**		(371)
PROVISIONS FOR LIABILITIES	18		**(43)**		(6)
NET ASSETS			**3,421**		3,339
CAPITAL AND RESERVES					
Called up share capital	19		**99**		99
Share premium	20		**2,649**		2,649
Revaluation reserve	20		**1,338**		723
Capital redemption reserve	20		**18**		18
Other reserve	20		**84**		11
Profit and loss account	20		**475**		1,081
Own shares	24		**(1,242)**		(1,242)
EQUITY SHAREHOLDERS FUNDS	25		**3,421**		3,339

The financial statements were approved by the Board of Directors on 10 December 2007 and signed on their behalf by

Colin White
Finance Director

Consolidated Cash Flow Statement

For the year ended 30 September 2007

	Notes	2007 £000	2007 £000	2006 Restated - note 7 £000	2006 Restated - note 7 £000
Net cash inflow from operating activities before exceptional item	21		**1,520**		761
Cash outflow relating to exceptional item	21		**(485)**		-
Net cash inflow from operating activities after exceptional item	21		1,035		761
Returns on investments and servicing of finance	22		(7)		26
Taxation			(593)		53
Capital expenditure and financial investment	22		(245)		(2,221)
Equity dividends paid			(656)		(219)
Net cash outflow before financing			(466)		(1,600)
Financing	22		(179)		2,475
(Decrease)/increase in cash in the year			(645)		875
Reconciliation of net cash flow to movement in net funds	23				
(Decrease)/increase in cash in the year		(645)		875	
Cash outflow from decrease in debt		179		191	
Change in net debt resulting from cash flows			(466)		1,066
Movement in net funds in the year			(466)		1,066
Net funds/(debt) at 1 October			692		(374)
Net funds at 30 September			226		692

Notes to the Financial Statements

For the year ended 30 September 2007

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements, except as noted below

In these financial statements the following new standard has been adopted for the first time

- FRS20 'Share-based payment' (see note 7)

BASIS OF PREPARATION
The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with applicable accounting standards

BASIS OF CONSOLIDATION
The consolidated financial statements incorporate the financial statements of Driver Group plc and its subsidiary undertakings for the year ended 30 September 2007 The results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

TURNOVER
Turnover represents net invoiced sales of goods and services provided, excluding value added tax

TANGIBLE FIXED ASSETS
Land and buildings are included at valuation The directors intend to perform periodic valuations and annual impairment reviews in accordance with FRS15 and FRS11 No depreciation is charged, as in their opinion, it would not be material

Depreciation is provided on other assets at the following annual rates in order to write off each asset over its estimated useful life

- Fixtures and fittings - 10% on cost
- Technical library - 10% on cost
- Computer equipment - 25% on cost

INVESTMENTS
Investments are included at cost, less amounts written off

DEFERRED TAX
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

FOREIGN CURRENCIES
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction Exchange differences are taken into account in arriving at the operating result

LEASES
Rentals paid under operating leases are charged to the profit and loss account as incurred

PENSIONS
The Group operates a defined contribution pension scheme Contributions payable for the year are charged in the profit and loss account as incurred

EMPLOYEE BENEFIT TRUST
In accordance with UITF abstract 32, any payments made to the Trust established for the benefit of the Group's employees are treated as the exchange of one asset for another Accordingly, the assets of the Trust, and any liabilities it has, are recognised on the Company's balance sheet As explained in note 7, the Company has revised its accounting policy to show the cost of shares in the Company held by the Trust as a deduction from equity Previously, own shares were shown as fixed asset investments Assets which vest unconditionally in beneficiaries of the trust cease to be recognised as assets of the Company Any income or expenditure incurred by the trust is recognised in the Company's accounts

SHARE-BASED PAYMENTS
The cost of share options awarded to employees measured by reference to their fair value at the date of grant is recognised over the vesting period of the options based on the number of options which in the opinion of the Directors will ultimately vest The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted The cost of the share options is charged to the profit and loss account and transferred to other reserves

DIVIDENDS ON SHARES PRESENTED WITHIN SHAREHOLDERS' FUNDS
Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

2 SEGMENTAL ANALYSIS

The table below sets out turnover, operating profit and net assets for each geographic area of operation by origin

	2007 Turnover £000	2007 Operating Profit £000	2007 Net Assets £000	2006 Restated - note 7 Turnover £000	2006 Restated - note 7 Operating Profit £000	2006 Restated - note 7 Net Assets £000
United Kingdom	**11,079**	**1,057**	**5,302**	7,977	1,421	4,559
Overseas	**1,605**	**64**	**119**	1,147	43	85
	12,684	**1,121**	**5,421**	9,124	1,464	4,644

Turnover by geographical destination is significantly different from turnover by origin and is as follows

	2007 £000	2006 Restated - note 7 £000
United Kingdom	**9,714**	6,322
Overseas	**2,970**	2,802
	12,684	9,124

A split of overseas segmental information is not considered to be meaningful by the directors

3 EXCEPTIONAL ITEM

As referred to in the Group's Admission Document and the Annual Report and Accounts for the year ended 30 September 2006, Driver Group plc and Driver Consult Limited participated in the Baker Wilkins & Smith Retirement Benefits Scheme ("the Scheme"), a final salary pension scheme which is in the process of being wound up

As a member of the Scheme, the Group was required to pay a debt to the Scheme under pension legislation which provides that if the Scheme s assets are exceeded by its liabilities, the shortfall should be treated as a debt due from the participating employers

On 19 July 2007, the Group entered into an agreement with the Trustees of the Scheme under which they agreed to pay £450,230 in full and final settlement This amount and related legal costs of £34,321 have been disclosed as an exceptional item The amounts charged reduce tax payable by £145,365

In order to assist in understanding the Group s results for the year in comparison to the prior year, and in view of the unusual materiality of the exceptional item, the directors believe that it is appropriate to show separately the operating profit of the Group before exceptional items on the face of the profit and loss account as additional information

4 EMPLOYEES

	2007 £000	2006 Restated - note 7 £000
Staff costs including directors' remuneration		
Wages and salaries	**6,190**	3,860
Social security costs	**634**	377
Other pension costs	**826**	216
Share-based payments	**73**	11
	7,723	4,464

4 EMPLOYEES – continued

The average number of persons employed by the Group, including directors, during the year was as follows

	2007	2006
Directors	**5**	5
Fee earners	**72**	40
Administration	**18**	17
	95	62

5 OPERATING PROFIT

The operating profit is stated after charging

	2007 £000	2006 £000
Depreciation – owned assets	**36**	93
Loss on disposal of tangible fixed assets – adjustment to depreciation	**23**	-
Auditors remuneration for the audit of the Company s accounts	**13**	13
Auditors remuneration for other services		
– audit of the Company s subsidiaries	**6**	5
– tax services	**5**	5
– all other services	**39**	32
Operating lease rentals – land and buildings	**248**	146
Operating lease rentals – plant & machinery	**1**	1
Directors remuneration		
– emoluments	**559**	521
– pension contributions to money purchase schemes	**43**	38
	602	559

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	**3**	3

The directors remuneration is detailed within the Directors Remuneration Report on page 16

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £000	2006 £000
Bank interest	39	44

7 PRIOR YEAR ADJUSTMENT

SHARE-BASED PAYMENTS

The Group adopted Financial Reporting Standard 20 (FRS20 - Share-based Payment) for the first time in the interim report for the half year ended 31 March 2007 In accordance with the standard, the cost of share options awarded to employees measured by reference to their fair value at the date of grant is recognised over the vesting period of the options based on the number of options which in the opinion of the Directors will ultimately vest The cost of the share options is charged to the Group profit and loss account and transferred to other reserves As the share options are granted by the parent company to subsidiary employees the cost is included in the cost of its investment in shares in Group undertakings

Comparative figures for the year ended 30 September 2006 have been restated to apply the provisions of FRS20, increasing staff costs and consequently reducing profit for that year by £10,943 before tax and £7,660 net of tax The current year charge amounts to £73,082 before tax and £51,157 net of tax

INVESTMENT IN OWN SHARES

In prior years, assets and liabilities of the Driver Group Employee Benefit Trust were recognised on the Company's balance sheet in accordance with UITF abstract 32 Any shares in the Company purchased by the Trust were included in fixed asset investments International Financial Reporting Standards require a company's holding in its own shares to be accounted for as a deduction from equity rather than recognised as an asset This accounting treatment also now applies in the UK, for instance under FRS25, in relation to the acquisition of own shares, referred to as treasury shares The Company has therefore revised its accounting policy and deducted the cost of the Trust's investment in its own shares of £1,242,206 from equity

RECLASSIFICATION OF COMPARATIVE INCOME AND COSTS

Comparative figures have also been adjusted to reflect a reclassification from administrative expenses to cost of sales of £465,548 to include in the calculation of gross profit the total cost of direct staff including non-chargeable time Rent receivable of £79,550 has also been reclassified from turnover to other operating income

8 TAXATION

ANALYSIS OF THE TAX CHARGE

The tax charge on the profit on ordinary activities for the year was as follows

	2007 £000	2006 Restated - note 7 £000
Current tax		
UK corporation tax	**353**	453
Deferred tax	**16**	(2)
Tax on profit on ordinary activities	**369**	451

FACTORS AFFECTING THE TAX CHARGE

The tax assessed for the year is higher than the standard rate of corporation tax in the UK

The difference is explained below

Profit on ordinary activities before tax	**1,114**	1,490
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	**334**	447
Effects of		
Capital allowances in excess of depreciation	**(23)**	(2)
Other timing differences	**22**	3
Expenditure not deductible for tax purposes	**26**	11
Marginal relief	**(7)**	(7)
Utilisation of tax losses brought forward	**-**	(1)
Unrelieved tax losses	**1**	2
Current tax charge	**353**	453

It has been announced that the corporation tax rate applicable to the Company is expected to change from 30% to 28% from 1 April 2008 The deferred tax liability has been calculated at 30% in accordance with FRS19 Any timing differences which reverse before 1 April 2008 will be relieved at 30%, any timing differences which exist at 1 April 2008 will reverse at 28% and because of the uncertainty of when the deferred tax will reverse, it is not possible to calculate the full financial impact on this change

9 PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements The parent company's profit for the financial period was £50,565 (2006 restated – £63,657)

10 DIVIDENDS

	2007 £000	2006 £000
The aggregate amount of equity dividends comprises		
Final dividend paid in respect of prior year but not recognised as a liability in that year	**437**	-
Interim dividend paid in respect of the current year	**219**	219
Aggregate amount of dividends paid in the financial year	**656**	219
Equity dividends proposed for approval at Annual General Meeting (Not recognised at year end)		
Final dividend for 2007 1 90p (2006 – 1 90p)	**437**	437

Equity dividends are payable to all the registered shareholders other than the Driver Group Employee Benefit Trust

The £437,612 dividend proposed for the year ended 30 September 2006 has been accounted for as a distribution in 2007 in accordance with FRS21 post balance sheet events

11 EARNINGS PER SHARE

	2007 £000	2006 Restated - note 7 £000
Profit for the financial year	**729**	1,046
Exceptional items after tax	**339**	-
Share based payments after tax	**52**	8
Profit for the financial year before exceptional items & share based payments	**1,120**	1,054
Weighted average number of shares		
Ordinary shares in issue	**24,732,874**	23,709,624
Shares held by EBT	**(1,700,645)**	(777,126)
Basic weighted average number of shares	**23,032,229**	22,932,498
Issuable on conversion of options	**332,746**	106,345
Issuable on conversion of warrants	**261,656**	52,057
Diluted weighted average number of shares	**23,626,631**	23,090,900
Basic earnings per share before exceptional items & share based payments	**4 9p**	4 6p
Basic earnings per share	**3 2p**	4 6p
Diluted earnings per share	**3 1p**	4 5p

Notes to the Financial Statements

For the year ended 30 September 2007

12 TANGIBLE FIXED ASSETS

Group

	Land and buildings Freehold £000	Land and buildings Long Leasehold £000	Fixtures and fittings £000	Technical library £000	Computer equipment £000	Total £000
COST OR VALUATION						
At 1 October 2006	766	1,655	173	4	391	2,989
Additions	-	22	96	6	121	245
Surplus on revaluation	-	615	-	-	-	615
Disposals	(6)	(10)	(7)	-	(5)	(28)
Transfers	-	(32)	7	-	25	-
At 30 September 2007	760	2,250	269	10	532	3,821
DEPRECIATION						
At 1 October 2006	-	-	53	-	316	369
Charge for year	-	-	27	1	8	36
Eliminated on disposal	-	-	(3)	-	(2)	(5)
At 30 September 2007	-	-	77	1	322	400
NET BOOK VALUE						
At 30 September 2007	760	2,250	192	9	210	3,421
At 30 September 2006	766	1,655	120	4	75	2,620
Cost or valuation at 30 September 2007 is represented by						
Valuation in 2007	760	2,250	-	-	-	3,010
Cost	-	-	269	10	532	811
	760	2,250	269	10	532	3,821

The long leasehold land and buildings were revalued as at 30 September 2007 by Trevor Dawson, an independent firm of chartered surveyors, on an open market existing use basis The freehold land and buildings which were acquired on 31 May 2006 have been valued by the directors as at 30 September 2007 at their cost

If land and buildings had not been revalued they would have been included at the following historical cost

	2007 £000	2006 £000
Cost	**1,672**	1,698

12 TANGIBLE FIXED ASSETS – continued

Company

	Land and buildings Freehold £000	Land and buildings Long Leasehold £000	Fixtures and fittings £000	Technical library £000	Computer equipment £000	Total £000
COST OR VALUATION						
At 1 October 2006	766	1,655	173	4	389	2,987
Additions	-	22	89	6	118	235
Surplus on revaluation	-	615	-	-	-	615
Disposals	(6)	(10)	(7)	-	(5)	(28)
Transfers	-	(32)	7	-	25	-
At 30 September 2007	760	2,250	262	10	527	3,809
DEPRECIATION						
At 1 October 2006	-	-	53	-	316	369
Charge for year	-	-	26	1	7	34
Eliminated on disposal	-	-	(3)	-	(2)	(5)
At 30 September 2007	-	-	76	1	321	398
NET BOOK VALUE						
At 30 September 2007	760	2,250	186	9	206	3,411
At 30 September 2006	766	1,655	120	4	73	2,618
Cost or valuation at 30 September 2007 is represented by						
Valuation in 2007	760	2,250	-	-	-	3,010
Cost	-	-	262	10	527	799
	760	2,250	262	10	527	3,809

The long leasehold land and buildings were revalued as at 30 September 2007 by Trevor Dawson, an independent firm of chartered surveyors, on an open market existing use basis The freehold land and buildings which were acquired on 31 May 2006 have been valued by the directors as at 30 September 2007 at their cost

If land and buildings had not been revalued they would have been included at the following historical cost

	2007 £000	2006 £000
Cost	**1,672**	1,698

Notes to the Financial Statements

For the year ended 30 September 2007

13 FIXED ASSET INVESTMENTS

Company

	Shares in Group undertakings £000	Own shares £000	Total £000
COST			
At 1 October 2006	44	1,242	1,286
Prior year adjustment (note 7)	11	(1,242)	(1,231)
At 1 October 2006 as restated	55	-	55
Additions	73	-	73
At 30 September 2007	128	-	128
NET BOOK VALUE			
At 30 September 2007	128	-	128
At 30 September 2006	55	-	55

The Company and the Group have interests in the following subsidiaries which are included in the consolidated financial statements

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held
Driver Consult Limited	England and Wales	Construction consultancy services	100%
Driver Consult NV	Belgium	Construction consultancy services	100%*
North Gate Executive Search Limited	England and Wales	Recruitment consultancy services	75%
Adjudication Toolkit Limited	England and Wales	Construction adjudication software	51%
St Crispin Properties Limited	England and Wales	Dormant	100%
BWS Consulting Limited	England and Wales	Dormant	100%

*The interest in Driver Consult NV comprises 100 bearer shares, 99 of which are held by Driver Group plc and 1 by Driver Consult Limited

In addition to the above investments, the Company has loaned funds of £1,143,275 and made contributions to the Driver Group Employee Benefit Trust, which in turn has purchased shares in the Company At 30 September 2007 the assets of the Trust comprised 1,700,645 of the Company's own shares with a nominal value of £6,803 (2006 - £6,803) and a market value of £1,717,651 (2006 - £1,964,245) which were acquired at a cost of £1,242,206, and a bank balance of £1,751 The cost of shares has been deducted from equity and the bank balance included as an asset of the Company which is available for the benefit of its employees Neither the loan from the Company nor the equivalent liability of the Trust is included in debtors or creditors

14 DEBTORS:

Amounts falling due within one year

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Trade debtors	**2,923**	2,459	**17**	8
Amounts owed by Group undertakings	-	-	**771**	348
Other debtors	**41**	65	**33**	57
Tax	-	41	-	41
Prepayments and accrued income	**263**	185	**113**	135
	3,227	2,750	**934**	589

15 CREDITORS:

Amounts falling due within one year

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Bank loan and overdrafts (see note 17)	**450**	254	**450**	254
Trade creditors	**409**	282	**87**	124
Amounts owed to Group undertakings	-	-	**18**	18
Tax	**172**	453	**51**	30
Social security and other taxes	**478**	343	**23**	27
Other creditors	**10**	3	-	-
Accrued expenses	**365**	334	**208**	303
	1,884	1,669	**837**	756

16 CREDITORS:

Amounts falling due within one year

	Group		Company	
	2007 £000	2006 £000	2007 £000	2006 £000
Bank loan (see note 17)	**179**	371	**179**	371

Notes to the Financial Statements

For the year ended 30 September 2007

17 BANK LOAN AND OVERDRAFTS

An analysis of the maturity of loans is given below

	Group		Company	
	2007 £000	**2006 £000**	**2007 £000**	**2006 £000**
Amounts falling due within one year or on demand				
Bank overdrafts	**232**	49	**232**	49
Bank loan	**218**	205	**218**	205
	450	254	**450**	254
Amounts falling due between one and two years				
Bank loan	**179**	218	**179**	218
Amounts falling due between two and five years				
Bank loan	**-**	153	**-**	153

The bank facility consists of a loan and an overdraft facility Interest is charged on the overdraft at 1 75% per annum above the base rate of The Royal Bank of Scotland plc Interest is charged on the bank loan at 1 625% per annum above the base rate of The Royal Bank of Scotland plc

At 30 September 2007 the Group had access to a £950,000 overdraft facility (net of any cash balances) and had net cash balances of £623,304 The Group's borrowing is secured by debentures over the Group s assets and a legal charge over the long leasehold land and buildings

18 PROVISION FOR LIABILITIES

	Group		Company	
	2007 £000	**2006 As restated £000**	**2007 £000**	**2006 £000**
Deferred taxation comprises				
Capital allowances in excess of depreciation	**44**	6	**43**	6
Other timing differences	**(25)**	(3)	**-**	-
	19	3	**43**	6

18 PROVISION FOR LIABILITIES – continued

	£000
Group	
At 1 October 2006	6
Prior year adjustment (note 7)	(3)
At 1 October 2006 as restated	3
Increase in provision	16
At 30 September 2007	**19**

	£000
Company	
At 1 October 2006	6
Increase in provision	37
At 30 September 2007	**43**

If the Company's land and buildings were sold at their revalued amount an estimated tax liability of approximately £400,000 (2006 – £217,000) would arise

19 CALLED UP SHARE CAPITAL

Authorised

Number	Class	Nominal value	2007 £000	2006 £000
50,000,000	Ordinary	0 4p	**200**	200

Allotted, issued and fully paid:

Number	Class	Nominal value	2007 £000	2006 £000
24,732,874	Ordinary	0 4p	**99**	99

No share options were granted or exercised in the year Options in respect of 355,000 shares granted to five employees lapsed in the year

At 30 September 2007 the following unexercised share options to acquire ordinary shares granted under The Driver Group plc Enterprise Management Incentive Scheme were outstanding in respect of 13 employees

Year of grant	Exercise period	Exercise price per 0 4p share (pence)	2007 number	2006 number
2006	28-6-2009 to 27-6-2016	73 5	**835,000**	915,000
	13-9-2009 to 12-9-2016	118 5	**325,000**	600,000

Throughout the year there were in issue 696,164 warrants to subscribe for ordinary shares at a price of 73p per share The warrants have an expiry date of 12 October 2008

Notes to the Financial Statements

For the year ended 30 September 2007

20 RESERVES

	Share Premium £000	Revaluation Reserve £000	Capital redemption reserve £000	Other reserve £000	Profit and loss account £000
Group					
At 1 October 2006 as previously reported	2 649	723	18	-	2,411
Prior year adjustment (note 7)	-	-	-	11	(8)
At 1 October 2006 as restated	2,649	723	18	11	2,403
Profit for the year	-	-	-	-	729
Dividends	-	-	-	-	(656)
Share-based payments	-	-	-	73	-
Revaluation in year	-	615	-	-	-
At 30 September 2007	**2,649**	**1,338**	**18**	**84**	**2,476**

	Share Premium £000	Revaluation Reserve £000	Capital redemption reserve £000	Other reserve £000	Profit and loss account £000
Company					
At 1 October 2006 as previously reported	2,649	723	18	-	1,081
Prior year adjustment (note 7)	-	-	-	11	-
At 1 October 2006 as restated	2,649	723	18	11	1,081
Profit for the year	-	-	-	-	50
Dividends	-	-	-	-	(656)
Share-based payments	-	-	-	73	-
Revaluation in year	-	615	-	-	-
At 30 September 2007	**2,649**	**1,338**	**18**	**84**	**475**

21 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2007 Pre-exceptional £000	2007 Exceptional £000	2007 Total £000	2006 Restated - note 7 £000
Operating profit	**1,606**	**(485)**	**1,121**	1,464
Share-based payments	**73**	-	**73**	11
Depreciation charges	**36**	-	**36**	93
Loss on sale of tangible fixed assets	**23**	-	**23**	-
Increase in debtors	**(518)**	-	**(518)**	(806)
Increase/(decrease) in creditors	**300**	-	**300**	(1)
Net cash inflow from operating activities	**1,520**	**(485)**	**1,035**	761

22 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2007 £000	2006 £000
Returns on investments and servicing of finance		
Interest received	**32**	70
Interest paid	**(39)**	(44)
Net cash outflow/(inflow) for returns on investments and servicing of finance	**(7)**	26
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(245)**	(981)
Purchase of fixed asset investments	-	(1,242)
Sale of tangible fixed assets	-	2
Net cash outflow for capital expenditure and financial investment	**(245)**	(2,221)
Financing		
Loan repayments in year	**(179)**	(191)
Issue of ordinary share capital	-	3,115
Issue costs	-	(449)
Net cash (outflow)/inflow from financing	**(179)**	2,475

23 ANALYSIS OF CHANGES IN NET FUNDS

	At 1/10/06 £000	Cash flow £000	At 30/9/07 £000
Net cash			
Cash at bank and in hand	1,317	(462)	**855**
Bank overdraft	(49)	(183)	**(232)**
	1,268	(645)	**623**
Debt			
Debts falling due within one year	(205)	(13)	**(218)**
Debts falling due after one year	(371)	192	**(179)**
	(576)	179	**(397)**
Total	692	(466)	**226**

24 OWN SHARES

	Group £000	Company £000
At 1 October 2006 as previously reported	-	-
Prior year adjustment (note 7)	1 242	1,242
At 1 October 2006 as restated		
And 30 September 2007	1,242	1,242

In prior years, assets and liabilities of the Driver Group Employee Benefit Trust were recognised on the Company s balance sheet in accordance with UITF abstract 32 Any shares in the Company purchased by the Trust were included in fixed asset investments As explained in note 7 the Company has revised its accounting policy and deducted the cost of the Trust s investment in its own shares from equity

25 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £000	2006 Restated £000
Group		
Profit for the financial year	**729**	1,046
Dividends	**(656)**	(219)
Proceeds from issue of shares	**-**	2,666
Share-based payments	**73**	11
Investment in own shares	**-**	(1,242)
Revaluation in year	**615**	-
Net addition to shareholders' funds	**761**	2,262
Opening shareholders' funds – equity	**4,661**	2,399
Closing shareholders' funds – equity	**5,422**	4,661

	2007 £000	2006 Restated £000
Company		
Profit for the financial year	**50**	64
Dividends	**(656)**	(219)
Proceeds from issue of shares	**-**	2,666
Share-based payments	**73**	11
Investment in own shares	**-**	(1,242)
Revaluation in year	**615**	-
Net addition to shareholders' funds	**82**	1,280
Opening shareholders' funds - equity	**3,339**	2,059
Closing shareholders' funds - equity	**3,421**	3,339

26 COMMITMENTS

The Group had no capital commitments at the end of the financial year

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings		Other operating leases	
	2007 £000	2006 £000	2007 £000	2006 £000
Group				
Expiring				
Within one year	**15**	81	**-**	-
Between one and five years	**93**	9	**1**	1
	108	90	**1**	1

	Land and buildings		Other operating leases	
	2007 £000	2006 £000	2007 £000	2006 £000
Company				
Expiring				
Within one year	**15**	76	**-**	-
Between one and five years	**93**	9	**1**	1
	108	85	**1**	1

27 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group finances its operations through a mixture of equity finance, retained profits, bank borrowings and various items such as trade debtors and trade creditors that arise directly from its operations The Group s borrowings relate mainly to the cost of acquisition of its head office premises and to its working capital requirements These borrowings take the form of a five year bank loan and bank overdraft facilities The Group's short-term working capital requirements fluctuate significantly throughout the year because of seasonal factors, tax, bonus and dividend payments In these circumstances the directors do not feel that it is appropriate to borrow at a fixed rate of interest At the year-end, all of the Group's borrowings were at floating rates

It is, and has been throughout the period under review, the Group s policy that no trading in financial instruments shall be undertaken

As permitted by FRS13, Derivatives and other financial instruments disclosures, short-term debtors and creditors have been excluded from this note

The Group's financial liabilities comprise sterling bank overdraft and bank loan facilities that bear interest at rates based on clearing bank base rates

LIQUIDITY RISK
As regards liquidity, the Group s working capital borrowing facilities are reviewed by its lenders on an annual basis

The Group has no financial assets other than short-term debtors and cash at bank which earns interest at rates based on clearing bank base rates

FOREIGN CURRENCY RISK
The Group s UK subsidiaries price their export sales in sterling and hence there is no foreign currency risk on these transactions

The Group has an overseas subsidiary and branches in Belgium, Germany and the UAE The revenues and expenses are mainly denominated in local currencies The Group's sterling balance sheet is exposed to potential foreign currency losses on translation of the net assets of the overseas subsidiary However, the Group's policy is to maximise cash repatriation from the subsidiary and the branches to the holding company The directors did not consider it would be appropriate to borrow in matching foreign currencies to hedge against these translation risks as, in many cases, the net assets of these overseas operations are small and, in addition, taking on additional borrowings would create an unnecessary interest rate risk

FAIR VALUES
The carrying value of financial assets and liabilities approximate to their fair value

28 RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption set out in FRS8, Related Party Transactions, not to disclose transactions with other Group companies There are no other related party transactions during the current or preceding year

The Annual General Meeting will be held at IoD Hub, 1st Floor, Peter House, Oxford Street, Manchester, M1 5AN, on Thursday 7th February 2008 commencing at 3 00pm

There are a number of items of ordinary and special business that will be dealt with at the Annual General Meeting These are set out in the resolutions 1 to 8 in the Notice of the Annual General Meeting at the end of the document

A brief explanation of the resolutions that will be proposed is set out below

ORDINARY BUSINESS

Resolution 1, which will be proposed as an ordinary resolution, will receive and adopt the accounts for the year ended 30 September 2007 together with the reports of the directors and auditors thereon

Resolution 2, which will be proposed as an ordinary resolution, will declare a final dividend of 1 9p per share, making a total dividend of 2 85p per share for the year ended 30 September 2007

Resolution 3, which will be proposed as an ordinary resolution, will re-elect David Webster , who retires by rotation, as director of the Company He is eligible to stand for re-election and it is recommended that he is re-elected

Resolution 4, which will be proposed as an ordinary resolution, will elect Colin White as director of the Company Colin White was appointed by the board before the Annual General Meeting and must retire from the office in accordance with the Company s articles of association at this Annual General Meeting He is eligible to stand for election and it is recommended that he is elected

Resolution 5, which will be proposed as an ordinary resolution, will re-appoint Harold Sharp as auditors of the Company and authorise the directors to determine their remuneration In accordance with Company law, the Company is required to appoint auditors at each general meeting at which accounts are laid before the shareholders

Resolution 6, which will be proposed as an ordinary resolution, will grant to the directors authority to allot relevant securities up to an aggregate nominal amount of £32,977 16 being equivalent to one-third of the current issued share capital of the Company This authority will expire on the date of the next Annual General Meeting of the Company or on 7 May 2009, whichever is earlier

SPECIAL BUSINESS

Resolution 7, which will be proposed as a special resolution, will disapply statutory pre-emption rights It will disapply, until the next Annual General Meeting of the Company or on 7 May 2009, whichever is earlier, the statutory pre-emption rights for any allotment of shares in connection with pro-rata issues of new shares to existing shareholders, grants of employee options and otherwise in respect of allotments of shares for cash up to an aggregate nominal amount of £9,893, which is equivalent to 10% of existing share capital of the Company

Resolution 8, which will be proposed as a special resolution, will grant to the Company authority to make market purchases of up to 2,473,287 ordinary shares (representing 10% of its present issued share capital) at a minimum price of 0 4p per share and a maximum price of not more than 5% above the average of the market values of those shares as derived from the London Stock Exchange Daily Official List for the 5 business days before the purchase is made, such authority to expire on the earlier of 7 May 2009 or the date of the next Annual General Meeting of the Company This proposal should not be taken as an indication that the Company would purchase shares at any particular price or indeed at all, and the directors will only consider making purchases if they believe that to do so would result in the best interest of the shareholders generally

Copies of the register of directors' interests (and their families) in shares of the Company and their service contracts (other than contracts expiring or determinable by the Company in less than one year) will be available for inspection at the place of the Annual General Meeting for 15 minutes prior to and during the meeting

Notice of Annual General Meeting

Driver Group plc (the "Company")

Notice is given that the Annual General Meeting of the Company will be held at IoD Hub, 1st Floor, Peter House, Oxford Street, Manchester, M1 5AN on Thursday 7 February 2008 at 3 00 p m , for the purposes of considering and, if thought fit, passing the following resolutions which in the case of resolution numbers 1 to 6 will be proposed as ordinary resolutions and, in the case of resolutions 7 and 8 will be proposed as special resolutions

ORDINARY BUSINESS

1 To receive and adopt the accounts of the Company for the year ended 30 September 2007 together with the reports of the Directors and the auditors thereon

2 To declare a final dividend of 1 9p per share, making a total dividend of 2 85p per share for the year ended 30 September 2007

3 To re-elect David Webster, who retires by rotation, as a director of the Company

4 To elect Colin White, who retires in accordance with article 19 2 of the Company's articles of association, as a director of the Company

5 To re-appoint Harold Sharp, Holland House, 1-5 Oakfield, Sale, Cheshire M33 6TT as auditors of the Company and to authorise the directors to agree their remuneration

6 THAT in substitution for any existing authorities

(a) in accordance with Section 80 of the Companies Act 1985 (the "Act") the directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities within the terms of the following restrictions and provisions, namely

(i) this authority shall (unless previously revoked, varied or renewed by the Company in general meeting) expire 15 months after the date of passing of this resolution or at the conclusion of the next annual general meeting of the Company whichever first occurs, and

(ii) this authority shall be limited to the allotment of relevant securities up to an aggregate nominal amount of £32,977 16, and

(b) for the purpose of sub-paragraph (a) above

(i) the said power shall allow and enable the directors to make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired, and

(ii) words and expressions defined in or for the purpose of Part IV of the Act shall bear the same meaning herein

SPECIAL BUSINESS

7 THAT in substitution of any existing authorities

(a) conditionally upon the passing of Resolution 6 above and in accordance with Section 95 of the Act, the directors be and are hereby given power to allot equity securities pursuant to the authority conferred by Resolution 6 above as if sub-section (1) of Section 89 of the Act did not apply to any such allotment provided that

(i) the power hereby granted shall be limited

(aa) to the allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of shares in the Company and other persons entitled to participate therein, in the proportion (as nearly as may be) to such holders' holdings of such shares (or, as appropriate, to the number of shares which such other persons are for these purposes deemed to hold) subject only to such exclusions or other arrangements as the directors may feel necessary or expedient to deal with fractional entitlements or the regulations or requirements of any recognised regulatory body in any territory,

(bb) to the grant of options to subscribe for shares in the Company, and the allotment of such shares pursuant to the exercise of options granted, under the terms of any share option scheme adopted or granted by the Company, and

(cc) to the allotment of equity securities, otherwise than pursuant to sub-paragraphs (aa) and (bb) above, up to an aggregate nominal value of £9,893 representing 10 per cent of the Company s issued share capital at 21 December 2007,

(ii) the power hereby granted shall expire (unless previously revoked, varied or renewed in general meeting) 15 months after the date of passing of this resolution or at the conclusion of the next annual general meeting of the Company whichever first occurs,

(b) (i) the said power shall allow and enable the directors to make an offer or agreement before the expiry of the said power which would or might require equity securities to be allotted pursuant to such offer or agreement as if the power conferred herein had not expired, and

(ii) words and expressions defined in or for the purpose of Part IV of the Act shall bear the same meaning herein

8 That the Company be and is hereby generally and unconditionally authorised for the purposes of section 166(1) of the Act to make market purchases (within the meaning of section 163(3) of the Act) of ordinary shares of 0 4 pence each in the capital of the Company ("Ordinary Shares"), and Ordinary Shares so purchased shall be treated as provided in either section 160(4) or section 162A(1) of the Act (as appropriate) provided that

(a) the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 2,473,287,

(b) the minimum price which may be paid for each Ordinary Share is 0 4p,

(c) the maximum price which may be paid for each Ordinary Share is not more than 5 per cent above the average of the middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the Ordinary Share is purchased, and

(d) the authority hereby conferred shall expire 15 months after the date of the passing of this resolution or at the conclusion of the next annual general meeting of the Company whichever first occurs (except in relation to the purchase of Ordinary Shares the contract for which was concluded before such date and which would or might be executed wholly or partly after such date unless such authority is renewed prior to such time)

By order of the Board

Thomas Hugh Ferns
Secretary

21 December 2007

Registered Office

Driver House
4 St Crispin Way
Haslingden
Rossendale
Lancashire
BB4 4PW

NOTES

1 The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders registered in the register of members of the Company as at 6 p m on 5 February 2008 or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend or vote at the aforesaid general meeting in respect of the number of shares registered in their name at the relevant time Changes to entries in the register of members after 6 p m on 5 February 2008 or, in the event that the meeting is adjourned, in the register of members less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting

2 If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the meeting and you should have received a proxy form with this notice of meeting You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form

3 A proxy does not need to be a member of the Company but must attend the meeting to represent you Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them

4 The notes to the proxy form explain how to direct your proxy and how to vote on each resolution or withhold their vote

To appoint a proxy using the proxy form, the form must be

- completed and signed,
- sent or delivered to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA, and
- received by Neville Registrars Limited no later than 3 p m on 5 February 2008

5 In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form

6 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior)

7 Copies of the Articles of Association of the Company, a statement of the Directors' interests and their service contracts will be available for inspection at the place of the annual general meeting for at least 15 minutes prior to and during the meeting

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Driver Group plc

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

Tel: +44 (0)870 873 7878
Fax: +44 (0)1706 219 917
E-mail: info@drivergroupplc.com

www.drivergroupplc.com