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Annual Report & Accounts **2008**

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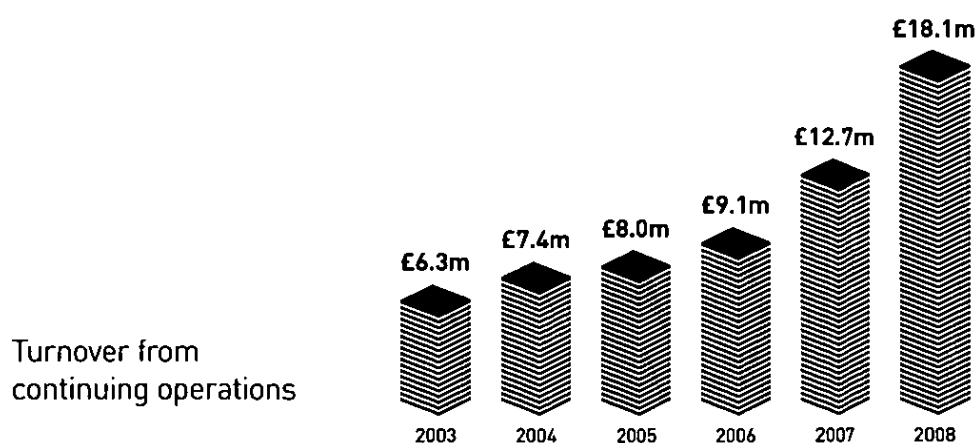
COMPANIES HOUSE

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Highlights

- Revenues increased by 43% to **£18.15m** (2007: £12.68m)
- Underlying* pre-tax profit increased by 31% to **£2.08m** (2007: £1.59m)
Statutory pre-tax profit increased by 90% to **£1.98m** (2007: £1.04m)
- Final dividend of 2.00p per share proposed (2007: 1.90p), taking total to 2.95p (2007: 2.85p)
- Strong operating cash flow performance
- Acquisition of Commercial Management Consultants Limited completed in February 2008
- Continuing strong demand in both UK (especially London and the South) and Middle East
- Recruitment of additional fee-earners takes total to 163 at year end (30 Sept 2007: 96 fee-earners)

* underlying figures are stated before the share-based payment charge and, for 2007, before the pension settlement charge.



**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 consultancy services to the construction and engineering industries and those that provide their own services in these markets. The intellectual expertise is achieved through highly respected construction contract consultants, quantity surveyors and planners, many of whom are dual qualified legally and technically. Driver Consult operate through the complete life cycle of construction and engineering projects, from feasibility stage, tendering, contract formation, administration of the projects and settlement of final accounts and disputes. Key service provisions are quantity surveying, planning / programming, quantum and planning experts, dispute avoidance / resolution, litigation support, contract administration and commercial advice / management.

Services in the UK are provided through a network of eight offices. The Middle East is serviced from offices in Abu Dhabi, Dubai and Oman. In addition, other overseas work including work in Europe, the Americas and the Far East is serviced from the UK offices.

The business counts leading construction firms and blue chip employers as its main clientele with further instructions coming from renowned solicitors and barristers.

COMMERCIAL MANAGEMENT CONSULTANTS ('CMC')

CMC, which was acquired during 2008, is complementary to Driver Consult. It provides site-based project consultancy services, primarily quantity surveying and planning consultants, to construction and engineering projects throughout the UK. CMC's services are provided through its four regional offices. CMC's client base comprises both large UK contractors and other blue chip organisations.

Chairman's Statement

"Driver's specialist service offering and its reach across the many different sub-sectors of the UK and Middle East, means that it is robustly placed to continue to grow revenue and profitability"

Michael Davis *Chairman*

INTRODUCTION

I am delighted to report that the business continues to make very good progress and that results for the year to 30 September 2008 stand at record levels. Revenue has grown by 43% to £18.1m and underlying* pre-tax profit grew by 31% to £2.08m. Reported pre-tax profit grew by 90% to £1.98m (2007: £1.04m).

These excellent results reflect the benefit of the major recruitment programme we undertook in 2007 to increase our fee-earning capability, as well as continuing strong demand for our specialist services, particularly in the southern offices of the UK, especially London, and in the Middle East, where we have now opened our third office.

A key highlight during the year was the acquisition, on 29 February 2008, of Commercial Management Consultants Limited ("CMC"), which has expanded the range of the services we offer. The acquisition was Driver's first and the benefits we anticipated at the time of CMC's acquisition are materialising.

FINANCIAL RESULTS

The financial accounts for the year have been prepared under International Financial Reporting Standards ("IFRS") for the first time and therefore the Group's results for the prior year have been restated.

Revenue over the twelve months to 30 September 2008 rose by 43% to £18.1m (2007: £12.7m), with CMC making a seven month contribution of £2.4m. Underlying* profit before taxation rose by 31% to £2.08m from £1.59m last year, with CMC contributing £354,000 to this increase. After deducting the IFRS 2 charge for share-based payments which totalled £97,000 (2007: £73,000), reported profit before tax almost doubled year on year to £1.98m (2007: £1.04m after deducting the pension settlement charge of £0.5m).

Underlying* earnings per share increased by 40% to 6.3p (2007: 4.5p). After deducting the share-based payments charge (and prior year

pension settlement charge), reported earnings per share increased by 107% to 5.8p (2007: 2.8p).

The Group remains strongly cash generative and the balance sheet at the year end was very healthy, with net debt of £0.2m (30 September 2007: cash of £0.2m). This is after having paid the £1.475m cash element of the total consideration for CMC. Net assets increased by 50% to £7.1m (30 September 2007: £4.7m).

DIVIDEND

The Board is pleased to recommend the payment of a final dividend of 2.0 pence per share (2007: 1.90 pence), an increase of 5%. This makes a total dividend for the year of 2.95 pence (2007: 2.85 pence) per share. The final dividend will be paid on 19 March 2009 to shareholders on the register at the close of business on 20 February 2009.

TRADING OVERVIEW

During the previous financial year, we undertook a major recruitment programme to increase the number of our fee-earning consultants. As a result, we commenced the financial year under review with some 96 fee-earners (including sub-consultants), adding further fee-earners during the year. Having scaled the business significantly, I am pleased to report that we achieved our growth targets for both our core UK business and our overseas operations.

The broad range of sectors we operate in within the construction industry continued to provide us with growth opportunities and, while the residential and commercial property sectors of the UK construction industry experienced a severe downturn over the year, we saw continuing good demand for our services in the public, civil engineering, energy and transport sectors, underpinned by large scale infrastructure projects across these sectors. Our growth in the UK has been particularly strong across our offices in the south and revenues here grew by 93% over the year, led by the London office, where sales rose by 75%.

**Underlying figures are stated before the IFRS 2 share-based payment charge and, for 2007, before the pension settlement charge.*

The acquisition of CMC in February 2008, which has four UK offices, has proved to be as successful as we initially hoped. CMC's addition has broadened the scope of our services, enabling us to become involved with construction projects much earlier in the life cycle. The combination of CMC with Driver Consult is working very successfully. We have been able to sell Driver's existing services to CMC's customer base and have introduced CMC to Driver Consult's clients. CMC's integration is now substantially complete and I am pleased to report that the average charge-out rate of CMC's 50 fee-earners is now higher than before its combination with Driver.

Overall revenues from our UK offices, including CMC's seven month contribution of £2.4m, totalled £15.4m, up from £11.3m last year, an increase of 36%.

Our growth internationally remains strong. The main area of our international business is in the Middle East, where we have two offices in the United Arab Emirates and where we have been involved with some of the most high profile projects in the region. In the second half of the year, we opened our third office in the region, in Oman. This office is already trading profitably having successfully secured work on Omani government projects as well as in the private sector. Revenues over the year from the Middle East grew by 107% to £3.1m from £1.5m last year, and we continue to see very strong demand for our commercial services. While construction activity in Dubai has slowed, we are seeing an increase in demand for our dispute/litigation services. Demand overall for our Commercial Services within the region is still strong, and with our three offices in Abu Dhabi, Dubai and Oman, we can service all key areas of the Middle East and anticipate continued strong growth in this region.

Looking forward, market conditions in both the UK and Middle East remain healthy for our dispute work and we continue to see good growth opportunities. Our close relationships with the UK's largest contractors stand us in good stead and we anticipate that, as certain sectors of the construction market experience worsening economic pressures, this will lead to a rise in litigation and therefore increased demand for our litigation support services. These services are generally at higher rates and the appointments also tend to run for longer periods than our general dispute related business.

Key to our ability to take advantage of the opportunities we see ahead of us is our high calibre staff. We have made a significant

investment over the last two years in new fee-earning consultants as well as in support staff in both the UK and the Middle East. At 30 September 2008, the total number of Driver's fee-earners (including sub-contract consultants) stood at 163, compared with 96 fee-earners at the same point last year. This 70% rise includes the additional 50 fee-earners who came with CMC. Of our 163 fee-earners, 33 are based in the Middle East, up from 18 at the end of September last year, with the balance of 130 based in the UK.

BOARD CHANGES

Following the acquisition of CMC, on 29 February 2008, we were pleased to welcome CMC's Managing Director, Bob Parfitt, to the Board as an Executive Director. Bob is a Quantity Surveyor with over 30 years experience in the construction and engineering industry, in both the UK and the Middle East. His skills and market knowledge strengthen the team.

After the year end, reflecting the ongoing expansion of the business, we were delighted to promote Executive Director, Dave Webster, to the newly created role of Chief Operating Officer.

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

Driver is well positioned for ongoing growth, with increased fee-earning capacity, a broader service offering and a third office in the Middle East.

Our plans for the year remain focused on those areas offering greatest growth potential. We expect to remain very active in London and in the south of the UK, where there is large committed public sector spend and major infrastructure projects are underway, and we also expect to see further significant growth potential in the Middle East. In addition, we anticipate considerable growth in our work for financial institutions involved with distressed or insolvent businesses.

While the external environment has become more challenging the new financial year has started well. In the light of the current global financial and economic environment, we remain confident that Driver's specialist service offering and its reach across the many different sub-sectors of the UK and Middle Eastern construction and engineering industries means that it is robustly placed to continue to grow revenue and profitability.

Chief Executive's Report

"We view the current financial year with confidence and believe we are well positioned to continue to deliver a strong performance over the coming year"

Stephen Driver *Chief Executive Officer*

INTRODUCTION

I am delighted to deliver my report on another successful financial year.

The twelve months have been very productive. Following our recruitment drive last year to increase the number of our fee-earning consultants, we were able to take on more consultancy work than ever before. The Group made its first acquisition in February 2008, of Commercial Management Consultants Limited ("CMC"), opened its third office in the Middle East, in Oman, and continued to invest heavily in the recruitment of fee-earning personnel. Our excellent results show the benefits of our activity but the full benefits, including the substantial increase in fee-earners to 163 fee earning staff at 30 September 2008 from 96 at the same point last year, should come through in the current financial year and beyond.

DRIVER CONSULT LTD

Driver Consult is the principal trading subsidiary of the Group and provides the construction and engineering industries with both dispute resolution services and commercial services.

The construction industry is one of the largest in the UK economy, representing about 6 per cent of gross domestic product. With an industry of this size, there are often disputes where the outcome is material to the parties concerned. Driver Consult is able to deliver its services at any stage of a dispute and its services include: advising on whether there is a claim (for both claimants and respondents); preparing and defending claims; providing expert witnesses and sitting as adjudicators, mediators and arbitrators.

Driver Consult's commercial services include: the commercial management, planning and programming of construction and engineering projects; the provision of pre-contract services designed to highlight risks and reduce disputes and cost management and risk analysis.

UK OPERATIONS

Driver Consult in the UK predominantly provides dispute avoidance and resolution services and operates through a network of seven regional offices across England and Scotland. These offices are grouped into four regional areas, North, Midlands & South West, London & South East and International (excluding Middle East).

All four regions operated profitably in the year. Revenue increased by 14% to £12.9m from £11.3m last year and operating profit increased by 17% to £2.98m from £2.54m. Staff utilisation levels increased by around 7%. As anticipated, while we experienced a downturn in work from the residential and commercial property sectors, we were more than able to offset the impact of this by increasing our work in the civil engineering, energy, transport and public sectors, which remain very strong as a result of the government's commitment to proceed with large scale infrastructure projects.

As stated in last year's report, we anticipated significant growth opportunities in London and positioned ourselves for this by moving into larger premises. I am pleased to report that revenue from our London office increased by 75% on last year, with profit margins some 18 percentage points higher. Given the increased demand for expert dispute services and the government's committed spend on large scale infrastructure projects in London and the South East, we continue to anticipate growth in this region.

During the year, we also established a Corporate Services team to provide services to financial institutions. The team provides specialist construction-related advice on fund monitoring, due diligence, companies in administration, and liquidations and is now successfully working on appointments for a number of major banks and accountancy firms. We anticipate that this service will inevitably grow in the current economic climate.

MIDDLE EAST OPERATIONS

During the year, we opened a new office in Oman to support the ongoing demand we see in the region and I am pleased to report that the office is already trading profitably. As a result, our coverage of the Middle East region is now provided through three offices, in Abu Dhabi, Dubai and Oman. The services we provide in the Middle East are wider than those provided in the UK. In addition to our contentious/dispute consultancy services, we provide commercial, planning, project controls and employers' representative services.

Revenue in the region rose to £3.1m from £1.5m last year, an increase of 107%, with operating profit margins for the region rising by 15 percentage points over the prior year. While our commercial services work in Dubai has been affected by the current economic climate, this has been offset by an increase in demand for contentious/dispute work as cash flow and funding come under pressure there.

We expect to grow our business strongly and have invested in staff, increasing our personnel in the region by 83% from 18 at 30 September 2007 to 33 at 30 September 2008.

COMMERCIAL MANAGEMENT CONSULTANTS

On 29 February 2008, we acquired CMC which provides site-based quantity surveying and planning services. Established in 1979 and with four offices in the UK, it has a well-established presence in the rail, utilities, highways, building, water, airports and marine sectors and its client base comprises a number of major UK contractors as well as other blue chip organisations, including Public Private Partnership contractors. This, our first acquisition was strategically important to the Group since it meant that we could offer in the UK the full extent of the services we already offer in the Middle East.

CMC's integration within our wider business has gone very well and both companies are able to offer a broader range of services as a result. The cross-selling we envisaged between CMC's client base and Driver Consult's has been successful and we have already been able to increase the charge-out rate of CMC's consultants. As we integrated CMC, we have also been able to achieve cost savings, merging CMC's Manchester and Glasgow offices into the Group's existing offices. Over the coming year, we anticipate that we will merge CMC's Dartford office with the Group's London office.

In the seven months to 30 September 2008, CMC generated revenue of £2.4m and operating profits of £0.35m, which with a profit margin of 14%, already exceeds the level of margin achieved before its acquisition and demonstrates the benefits of being part of the wider Driver Group.

OUTLOOK

The business continues to grow and develop, with new offices, a strengthened management structure and enhanced resources. We began the current financial year with 163 fee-earners and this should enable us to exploit the good growth opportunities we see, particularly in London and the Middle East. We therefore view the current financial year with confidence and believe we are well positioned to continue to deliver a strong performance over the coming year.

Finance Director's Review

"The Group enters the current financial year with a strong balance sheet having reduced its net debt by £0.9m since the 31 March 2008"

Colin White *Finance Director*

RESULTS

Revenue increased by 43% to £18.1m (2007: £12.7m). This included the benefit of £2.4m of external sales from Commercial Management Consultants Ltd ("CMC") which was acquired on 29 February 2008. The Chief Executive's report describes the business segmental revenue and profit performance in more detail.

Underlying* operating profit for the year ended 30 September 2008, increased by 33% to £2.13m (2007: £1.60m). Reported operating profit increased by 95% to £2.03m (2007: £1.04m).

The acquisition of CMC part way through the year contributed £354,000 to the increase in operating profit and represented a seven month contribution. The rapid growth in the Middle East businesses generated £537,000 of operating profit for the Group. Operating profit from the Group's businesses in the UK, particularly businesses based in London and in the South also grew significantly. This represented a 19% increase over last year and was driven both by a strong sales performance and improved staff utilisation. Central and unallocated costs increased in line with our requirement to strengthen senior management and put in place a broader support structure to meet the Group's requirements as it continues to grow. The net interest charge increased by £41,000, being the interest cost of the loan taken out to fund the cash element of the purchase of CMC. The Group aims to incentivise key management through the use of share options. The IFRS 2 (share-based payment) charge for these totalled £97,000 (2007: £73,000).

Underlying* profit before tax increased by 31% to £2.08m (2007: £1.59m). Reported profit before tax was £1.98m (2007: £1.04m), an increase of 90%.

**Underlying figures are stated before the IFRS 2 share-based payment charge and, for 2007, before the pension settlement charge.*

TAXATION

The taxation charge was £571,000 (2007: £365,000). The effective tax rate was 29% (2007: 35%). The current year tax charge includes the benefit arising from favourable adjustments to prior year tax estimates which total £41,000, as well as the benefit of a lower tax rate on overseas profits, offset in part by a deferred tax charge of £25,000 arising on share-based payments.

EARNINGS PER SHARE

Underlying* basic earnings per share ("EPS"), was 6.3 pence (2007: 4.5 pence before pension settlement charge), an increase of 40%. Basic EPS more than doubled to 5.8 pence (2007: 2.8 pence).

CASH FLOW

Cash generation remained strong with net cash inflow from operating activities £0.95m higher than in the prior year, at £1.39m (2007: £0.44m). Operating cash flow continued to benefit in particular from the progressive improvement in debtor management, as reflected in the improvement in overdue debtors in excess of 30 days overdue, which fell from 14% of net trade debtors, as at 30 September 2007, to 6% as at 30 September 2008. As a consequence of the increase in sales volumes over the year and in particular the growth in sales in the Middle East, absolute levels of debtors have increased over the year by £0.88m (excluding the £0.72m of debtors acquired with CMC) but were largely offset by a £0.60m increase in creditors.

Other major cash movements in the year included the following:

The net cash cost of the CMC acquisition (after deducting CMC's cash balances) was £1.0m. Spend on capital items was £0.11m (2007: £0.24m). Total dividends paid (including dividends to minority interests) amounted to £0.69m (2007: £0.66m).

The Group's net borrowings at the end of the year of £0.17m (2007: net cash £0.22m) were just £0.39m lower than at 30 September 2007 despite the £1.0m cash outflow associated with the CMC acquisition.

The Group enters the current financial year with a strong balance sheet having reduced its net debt by £0.9m since 31 March 2008.

CMC ACQUISITION

The CMC acquisition was funded with £1.5m of new shares in Driver Group plc issued to the CMC shareholders, together with a cash payment which totalled £1.475m. Costs of the acquisition totalled £120,000. The cash element of the acquisition was funded by way of a new four year bank facility, which totalled £1.83m. At the year end, £1.0m of the facility had been drawn down.

Goodwill acquired with the business totalled £2.36m. This represents the intangible benefits arising from the expert fee-earners acquired with the business and their collective relationships with their customer base.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a variety of business risks which can affect international consultancy businesses like Driver's. The principal 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, including 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.

The impact of the downturn in the UK and global economy on the business is considered in the Chairman's and Chief Executive's reports.

The Group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual agreements.

The Group monitors cash flow as part of its day to day control procedures. The Board reviews cash flow projections and ensures that appropriate facilities are available to be drawn upon as necessary. At the year end, the Group's borrowing facilities were: an overdraft facility renewable annually of £0.95m, and a committed four year term loan of £1.83m, repayable by 27 February 2012. The unutilised portion of the Group's borrowing facilities as at 30 September 2008 totalled £1.78m.

The Group's borrowings with the bank are secured by means of debentures over the Group's assets and a legal charge over the land and buildings at Haslingden and Edinburgh.

The financial and foreign exchange risks are analysed in greater detail in note 21 to the financial statements.

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's operations and invest surplus cash. Corporate Treasury does not operate as a profit centre and does not take speculative positions.

The Group regularly invoices in Euros for work performed in Europe as well as receiving foreign currency income in UAE Dirhams ("AED") and Omani Riyals ("OMR") from its Middle East businesses. The Group is therefore exposed to movements in these currencies relative to Sterling. AED and OMR are currently linked to the US Dollar. Foreign currency income has been converted during the year at spot rate. The Board has undertaken a review of the Group's policy for managing foreign exchange risk in the light of the recent changes in the strength of Sterling relative to other key currencies and has approved the introduction of appropriate mechanisms for managing foreign currency risk. Euro exposure is managed through the use of hedge contracts up to 75% of the value of the Euro debtor balance. AED exposure is managed by borrowing AED currency in the UK up to 50% of the value of the net AED monetary assets (capped at £250,000). Omani Riyal income is converted at spot rate. This policy is regularly reviewed by the Board.

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.

HEALTH AND SAFETY

Driver is committed to ensuring the health and safety of its employees in the work place. Driver continues to invest in the training and development of safe working practices. The Group measures its health and safety policies through three metrics: lost time due to accidents, lost time days, and reportable accidents. No time was lost as a result of a reported incident.

Directors

Michael Davis CA (aged 63)
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 latterly was managing partner of the firm's Liverpool office. On leaving the firm he has spent the last 11 years as a non-executive Chairman/Director of companies in sectors including financial/professional services and media.

He is also deputy Chairman of the North West's film and TV agency. He is one of the team that successfully led the Company to Admission on AIM in October 2005 and its continued success.

Stephen Driver (aged 45)
Chief Executive Officer

Stephen has over 26 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 led the successful Admission of the Driver Group shares on AIM in October 2005 at which time he was appointed CEO.

In 2008 Stephen concluded the acquisition of CMC and integrated them successfully into the Group.

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 41)
Chief Operating Officer

David has over 25 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 in 2000. David was appointed to the board of Driver Consult in 2002 and Driver Group in 2004 and was made Managing Director of Driver Consult in 2006. David was appointed Chief Operating Officer on 1 October 2008. He is one of the team that successfully led the Company to Admission on AIM in October 2005. Since then he has been heavily involved in the ongoing success of the Group.

David is responsible for the operations of all Group companies. David is responsible for delivering the Board's strategy and establishes and delivers the Business Plans for each business through the management and co-ordination of their boards and Directors.

David continues to undertake technical work for key clients where he 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. 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.

Bob Parfitt (aged 53)
Executive Director

Bob trained as a quantity surveyor within the Civil Engineering division of John Laing Construction. He remained with them for over 13 years including a secondment to Saudi Arabia. After spending a further 8 years working for a major Civil Engineering contractor he moved out of contracting by joining Commercial Management Consultants Ltd, (CMC) a chartered QS practice specialising in commercial support to contractors.

He initiated CMC's expansion into the overseas market by securing and managing overseas assignments in America, the Caribbean, Hong Kong, Kuala Lumpur, Dubai, Egypt, India, Turkey and France in addition to managing a region in the UK.

Bob was appointed Managing Director of CMC during 2003 and has since then presided over a significant growth in turnover, profitability and the development of new areas of work. In conjunction with his role as MD, Bob undertakes high profile assignments for long standing clients of CMC.

As a result of the integration of CMC into Driver Group on 1 March 2008, Bob joined the Group Board as an Executive Director maintaining responsibility for CMC.

Colin White (aged 46)
Finance Director

A Chartered Accountant with over 21 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 53)
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 2006 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, the Institute of Civil Engineering Surveyors and the Institute of Directors as well as a Member of Council for the Society of Construction Law.

Company Secretary and Advisers

COMPANY SECRETARY	Thomas Ferns
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Report of the Directors

For the year ended 30 September 2008

The Directors present their report and the financial statements of Driver Group plc and its subsidiary companies for the year ended 30 September 2008.

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. The information that fulfils the requirements of the Enhanced Business Review can be found in the summary of the business, Chairman's Statement, Chief Executive's Report and Finance Director's Review and includes reference to key performance indicators.

DIVIDENDS

The Directors have proposed a final dividend in respect of the current financial year of 2.00p per share (2007: 1.90p per share) payable to all shareholders other than the Driver Group Employee Benefit Trust. This has not been accounted for as it was not approved before the year end. The total cost of this proposed dividend will be £494,000 (2007: £438,000).

Dividends paid during the year comprise a final dividend of 1.90p per share (total cost of £438,000) in respect of the previous year ended 30 September 2007, together with an interim dividend in respect of the year ended 30 September 2008 of 0.95p per share (total cost of £234,000).

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

The principal risks and uncertainties affecting the business are outlined in the Finance Director's Review.

FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies of the Company including the policy for hedging foreign currency risk, is outlined in the Finance Director's Review.

DIRECTORS

The Directors during the year under review were:

S Driver
C M White
D J Webster
M I Davis
K Kirkwood
R J Parfitt

On 3 March 2008, Mr R J Parfitt was appointed to the Board following the completion of the acquisition of Commercial Management Consultants Limited.

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 2008 Ordinary 0.4p shares	1 October 2007 Ordinary 0.4p shares
S Driver	3,771,720	3,755,220
C M White	10,000	-
D J Webster	1,502,088	1,502,088
M I Davis	7,000	7,000
R J Parfitt	231,429	-

Throughout the year Mr Webster held share options to purchase 275,000 ordinary shares exercisable at 73.5p per share by 27 June 2016 on 3 March 2008. Mr White was awarded share options to purchase 100,000 ordinary shares exercisable at 81.9p per share by 3 March 2018.

Report of the Directors continued

For the year ended 30 September 2008

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 2008, 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 £773 (2007: £2,921) comprising sundry small donations of £250 and less. 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 40 days (2007: 39 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.

DIRECTORS' INDEMNITY COVER

All Directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

AUDITORS

BDO Stoy Hayward LLP were appointed during the year.

BDO Stoy Hayward LLP 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



19 January 2009

Corporate Governance

For the year ended 30 September 2008

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 2008 the Board comprised four Executive Directors, Stephen Driver, Dave Webster, Colin White and Bob Parfitt and two non-executive Directors, Keith Kirkwood and Michael Davis (Chairman). Bob Parfitt was appointed to the Board as Executive Director on 3 March 2008 following the acquisition of Commercial Management Consultants Limited.

The Board, which meets at least six 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 17 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 2008, the Audit Committee consisted of Michael Davis (Chairman) and Keith Kirkwood. The Audit Committee is 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 are 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 is 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 2008

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

	Salary and fees £	Bonus £	Car Allowance £	Benefits £	Total 2008 £	Pension 2008 £	Total 2007 £	Pension 2007 £
Stephen Driver	240,288	12,000	12,000	3,554	267,842	24,194	191,755	17,075
David Webster	193,253	12,000	12,000	6,236	223,489	19,325	191,517	17,450
Colin White ⁽²⁾	100,551	12,000	12,000	2,683	127,234	10,000	-	-
Bob Parfitt ⁽³⁾ (part year)	58,333	-	4,083	403	62,819	-	-	-
Peter Cove ⁽¹⁾	-	-	-	-	-	-	100,447	8,575
Michael Davis	25,000	-	-	-	25,000	-	25,000	-
Keith Kirkwood	50,000	-	-	-	50,000	-	50,000	-
Total	667,425	36,000	40,083	12,876	756,384	53,519	558,719	43,100

(1) Peter Cove resigned from the Board as Group Finance Director on 30 September 2007.

(2) Colin White was appointed to the Board as Group Finance Director with effect from 1 October 2007.

(3) On 3 March 2008 Bob Parfitt was appointed as an Executive Director of Driver Group plc following the acquisition of Commercial Management Consultants Limited.

For the year to 30 September 2008, the remuneration of non-executive Directors was set by the Board and consisted of an annual fee paid in equal monthly instalments.

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

19 January 2009

Statement of Directors' Responsibilities

In respect of the Report of the Directors and the Financial Statements for the year ended 30 September 2008

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

Company law requires the Directors to prepare consolidated and company financial statements for each financial year. Under that law the Directors are required to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and have elected to prepare the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the Group; the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

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;
- for the Group financial statements, state whether they have been prepared in accordance with IFRS's adopted by the EU; and for the Company financial statements state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Company financial statements; and
- 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 Company and to enable them to ensure that its financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of 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

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS 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 2008 which comprise the consolidated income statement, the consolidated and Company balance sheets, the consolidated cash flow statement, the consolidated statement of changes in equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors' responsibilities for preparing the annual report and Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and for preparing the parent Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with those financial statements. We also 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 other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report, the Chairman's Statement, the Chief Executive's Report and the Finance Director's Review. We consider the implications for our report if we become aware of any apparent misstatements or material inaccuracies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior

written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's and 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 Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 30 September 2008 and of its profit for the year then ended;
- the parent Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent Company's affairs as at 30 September 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

BDO Stoy Hayward LLP
Chartered Accountants and Registered Auditors

11-15 Cross Street, Manchester M2 1WE

19 January 2009

Consolidated Income Statement

For The Year Ended 30 September 2008

	Notes	2008 £000	2007 £000
REVENUE	2	18,149	12,684
Cost of sales		(11,660)	(8,218)
GROSS PROFIT		6,489	4,466
Administrative expenses		(4,581)	(3,533)
Other operating income		120	109
OPERATING PROFIT			
- before pension settlement and share-based payment		2,125	1,600
- pension settlement cost	3	-	(485)
- share-based payment	19	(97)	(73)
	2,5	2,028	1,042
Finance income		14	32
Finance costs	6	(62)	(39)
PROFIT BEFORE TAXATION	2	1,980	1,035
Taxation	7	(571)	(365)
PROFIT FOR THE YEAR		1,409	670
Profit attributable to minority interests		11	16
Profit attributable to equity shareholders		1,398	654
		1,409	670
Basic earnings per share (pence)	10	5.8p	2.8p
Diluted earnings per share (pence)	10	5.8p	2.8p

The profit for the year arises from the Group's continuing operations.

Notes on pages 25 to 58 form an integral part of these financial statements.

Consolidated Balance Sheet

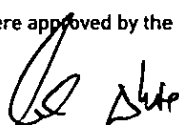
30 September 2008

	Notes	£000	2008 £000	£000	2007 £000	£000
NON-CURRENT ASSETS						
Goodwill	12	2,356			-	
Property, plant and equipment	11	3,059			3,104	
Deferred tax asset	18	37			29	
			5,452			3,133
CURRENT ASSETS						
Trade and other receivables	14	4,823			3,227	
Cash and cash equivalents	17	1,054			855	
			5,877			4,082
TOTAL ASSETS			11,329			7,215
CURRENT LIABILITIES						
Borrowings	16	(219)			(450)	
Trade and other payables	15	(2,380)			(1,353)	
Current tax payable		(361)			(172)	
			(2,960)			(1,975)
NON-CURRENT LIABILITIES						
Borrowings	16	(1,000)			(179)	
Deferred tax liabilities	18	(309)			(341)	
			(1,309)			(520)
TOTAL LIABILITIES			(4,269)			(2,495)
NET ASSETS			7,060			4,720
SHAREHOLDERS' EQUITY						
Share capital	19		106			99
Share premium			2,649			2,649
Merger reserve			1,493			-
Translation reserve			-			1
Capital redemption reserve			18			18
Other reserves			187			93
Retained earnings			3,838			3,086
Own shares			(1,242)			(1,242)
TOTAL SHAREHOLDERS' EQUITY			7,049			4,704
MINORITY INTEREST IN EQUITY			11			16
TOTAL EQUITY			7,060			4,720

Notes on pages 25 to 58 form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on and signed on their behalf by:

Colin White
Finance Director
19 January 2009



Consolidated Cash Flow Statement

For The Year Ended 30 September 2008

	Year ended 30 September 2008 £000	Year ended 30 September 2007 £000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- Before pension settlement and share-based payment	2,077	1,593
- Pension settlement cost	-	(485)
- Share-based payment	(97)	(73)
	1,980	1,035
Adjustments for:		
Depreciation	170	83
Loss on sale of property, plant and equipment	-	24
Exchange adjustments	(65)	-
Finance income	(14)	(32)
Finance costs	62	39
Equity settled share-based payment expenses	97	73
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS	2,230	1,222
Increase in trade and other receivables	(875)	(518)
Increase in trade and other payables	602	332
CASH GENERATED FROM OPERATIONS	1,957	1,036
Tax paid	(563)	(594)
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,394	442
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	14	32
Acquisition of subsidiary net of cash acquired (note 13)	(1,003)	-
Acquisition of property, plant and equipment	(111)	(245)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(1,100)	(213)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(62)	(39)
Borrowings	590	4
Payment of equity dividends	(688)	(656)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	(160)	(691)
Net increase / (decrease) in cash and cash equivalents	134	(462)
Effect of foreign exchange on cash and cash equivalents	65	-
Cash and cash equivalents at start of period	855	1,317
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,054	855

Notes on pages 25 to 58 form an integral part of these financial statements.

Consolidated Statement of Changes in Shareholders' Equity

For The Year Ended 30 September 2008

	Share capital £000	Share premium £000	Merger reserve £000	Other ⁽¹⁾ reserves £000	Retained earnings £000	Own shares £000	Total £000	Minority interest £000	Total Equity £000
OPENING BALANCE AT 1 OCTOBER 2006	99	2,649	-	29	3,088	(1,242)	4,623	-	4,623
Exchange adjustments	-	-	-	1	-	-	1	-	1
NET INCOME RECOGNISED DIRECTLY IN EQUITY	-	-	-	1	-	-	1	-	1
Profit for the period	-	-	-	-	654	-	654	16	670
TOTAL RECOGNISED INCOME AND EXPENSE	-	-	-	1	654	-	655	16	671
Dividends	-	-	-	-	(656)	-	(656)	-	(656)
Share-based payment	-	-	-	82	-	-	82	-	82
CLOSING BALANCE AT 30 SEPTEMBER 2007	99	2,649	-	112	3,086	(1,242)	4,704	16	4,720
Deferred tax credit on property revaluation	-	-	-	-	26	-	26	-	26
NET INCOME RECOGNISED DIRECTLY IN EQUITY	-	-	-	-	26	-	26	-	26
Profit for the period	-	-	-	-	1,398	-	1,398	11	1,409
TOTAL RECOGNISED INCOME AND EXPENSE	-	-	-	-	1,424	-	1,424	11	1,435
Issue of new shares	7	-	1,493	-	-	-	1,500	-	1,500
Dividends	-	-	-	-	(672)	-	(672)	(16)	(688)
Share-based payment	-	-	-	93	-	-	93	-	93
BALANCE AT 30 SEPTEMBER 2008	106	2,649	1,493	205	3,838	(1,242)	7,049	11	7,060

(1) 'Other reserves' combines the translation reserve, capital redemption reserve and other reserves. Explanatory details for these reserves are disclosed in note 22.

Summary of Significant Accounting Policies

For the year ended 30 September 2008

1 ACCOUNTING POLICIES

Driver Group plc (the "Company") is a company incorporated and domiciled in the UK.

The Group financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the EU ("IFRS") for the first time.

From 1 October 2007 Driver Group plc ("the Group") is required to prepare its consolidated accounts under International Accounting Standards and International Financial Reporting Standards (collectively referred to as "adopted IFRS" throughout this document) as adopted by the European Union ("EU"), having previously prepared its accounts under UK Generally Accepted Accounting Principles ("UK GAAP"). The transition date for the Group is 1 October 2006 and set out in note 25 is the UK GAAP to adopted IFRS reconciliation for profit for the year ended 30 September 2007 and a reconciliation of total equity as at 1 October 2006 and 30 September 2007.

TRANSITIONAL ARRANGEMENTS – APPLICATION OF IFRS 1

The Group's financial statements for the year ending 30 September 2008 will be the Group's first annual financial statements in compliance with adopted IFRS.

On transition to adopted IFRS an entity is generally required to apply adopted IFRS retrospectively, except where an exemption is available under IFRS 1 'First-time Adoption of International Financial Reporting Standards'.

The following are the key elections from IFRS 1 that were made by the Group:

- The Group has elected to adopt the IFRS 1 exemption in relation to the valuation of long leasehold property by taking the fair value as at the transition date as deemed cost.
- The Group has elected to adopt the IFRS 1 option to reset foreign currency cumulative translation reserves to zero on transition to adopted IFRS.

The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in note 25.

Parent Company accounts are prepared under UK GAAP and are provided separately on pages 51 to 58.

BASIS OF CONSOLIDATION

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The Group balance sheet incorporates the shares held by the Driver Group Employee Benefit Trust which have not vested by the balance sheet date. These are shown as a deduction from shareholders' equity until such a time as they vest unconditionally with the employee.

Accounting policies are consistently applied throughout the Group. Intercompany balances and transactions have been eliminated. Material profits from intercompany sales, to the extent that they are not yet realised outside the Group, have also been eliminated.

BUSINESS COMBINATIONS

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

Determining the fair value of intangibles acquired in business combinations requires estimation of the value of the cash flows related to the identified intangibles and a suitable discount rate in order to calculate the present value.

In arriving at the cost of acquisition, the fair value of the shares issued by the Company is taken to be the mid-market price of those shares at the date of issue. Where this figure exceeds the nominal value of the shares, the excess amount is treated as an addition to reserves.

GOODWILL

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the consolidated income statement. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the consolidated income statement on the acquisition date.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

FOREIGN CURRENCY TRANSLATION

In preparing the financial statements of the individual entities, transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the

Summary of Significant Accounting Policies continued

For the year ended 30 September 2008

rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange difference arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in sterling using exchange rates prevailing on the balance sheet date. Income and expense items (including comparatives) are translated at the actual exchange rates. Exchange differences arising, if any, are recognised in equity in the Group's translation reserve. Cumulative translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

REVENUE

Revenue represents the amount earned from the provision of services provided to customers outside of the Group, and is recognised based on time incurred, when the services are delivered in line with the contractual arrangements.

SEGMENT REPORTING

In November 2006, the International Accounting Standards Board issued IFRS 8 "Operating Segments". IFRS 8 replaces IAS 14 "Segment Reporting" and must be applied to reporting periods beginning on or after 1 January, 2009. The Driver Group has opted for early adoption of IFRS 8, beginning with the financial year ending on 30 September 2008. According to IFRS 8, operating segments are identified based on the "management approach". This approach stipulates external segment reporting based on the Group's internal organizational and management structure and on internal financial reporting to the Chief Executive Officer.

Details of the segments are provided in note 2.

EXPENSES

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Income Statement as an integral part of the total lease expense over the term of the lease.

Financing costs

Interest income and interest payable is recognised in the Income Statement as it accrues, using the effective interest method.

DIVIDENDS

Interim dividends are recognised when they are paid. Final dividends are recorded in the financial statements in the period in which they are approved by the Group's shareholders.

EMPLOYEE BENEFITS

Defined contribution plan

The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable are charged to the Income Statement.

Share-based payment transactions

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 valuation model, taking into account the terms and conditions upon which the options were granted. The cost of the share options is recognised as an employee expense with a corresponding increase in equity.

TAXATION

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying value amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Summary of Significant Accounting Policies continued

For the year ended 30 September 2008

IMPAIRMENT OF ASSETS

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (ie. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit (ie. the lowest group of assets in which the asset belongs for which there are separately identifiable cash flows). Goodwill is allocated on initial recognition to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination giving rise to the goodwill.

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Any change in estimates could result in an adjustment to recorded amounts.

Impairment charges are included in the administrative expenses line item in the Consolidated Income Statement, except to the extent they reverse gains previously recognised in the Consolidated Statement of Recognised Income and Expense. An impairment loss recognised for goodwill is not reversed.

The recoverable amount of the Group's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generation unit to which the asset belongs.

LOANS AND RECEIVABLES

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary assets. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms of the receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Income Statement. On the confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate.

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts and other short term banking facilities. Bank overdrafts are shown within loans and borrowings in current liabilities on the balance sheet.

FINANCIAL LIABILITIES

Financial liabilities include the following:

- Bank borrowings are initially recognised at fair value. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.
- Trade payables and other short-term monetary liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Summary of Significant Accounting Policies continued

For the year ended 30 September 2008

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Land is not depreciated. Depreciation is charged to the Income Statement to write off the cost less the estimated residual value of each part of an item of property, plant and equipment on a straight-line basis over the estimated useful lives at the following annual rates:

Buildings	-	2%
Fixtures and fittings	-	10%
Technical library	-	10%
Computer equipment	-	25%

STANDARDS ADOPTED EARLY BY THE GROUP

The Group has adopted IFRS8 - 'Operating Segments' for the first time in the year ended 30 September 2008.

IFRS NOT YET APPLIED

The following IFRS have been issued but have not been adopted by the Group in the financial statements as they are not yet effective:

- IFRIC 12 'Service concession arrangements', IFRIC 13 'Customer loyalty programmes', IFRIC 14 'IAS 19 - the limit on a defined benefit asset, minimum funding requirements and their interaction', IFRIC 15 'Agreements for the construction of real estate' and IFRIC 16 'Hedges of a net investment in a foreign operation' are predicted to have no impact on the financial statements.
- IAS 1 'Presentation of financial statements' - Revision. This revision aims to assist users in their ability to analyse and compare the information given in the financial statements. Changes include changes to titles of some of the financial statements and changes to the components of financial statements. The revision is effective for periods commencing on or after 1 January 2009.
- IAS 23 'Borrowing costs' - Revision. This revision eliminates the option to expense borrowing costs to the Income Statement as incurred and is effective for periods commencing on or after 1 January 2009. Management do not believe this revision will have a significant impact on the financial statements.
- IAS 27 'Consolidated and separate financial statements' - Revision. The revision is part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The main amendments relate to the accounting for minority interests and the loss of control of a subsidiary. The revision is effective for periods commencing on or after 1 July 2009. The Directors do not believe the adoption of this revision will have a significant impact on the financial statements.
- IAS 32 'Financial Instruments: Presentation' - Revision. This revision requires certain puttable financial instruments and certain financial instruments that impose an obligation on the entity to deliver a pro rata share of the net assets of the entity on liquidation, to be classified as equity. The revision is effective for periods commencing on or after 1 January 2009. The Directors do not believe the adoption of this revision will have an impact on the financial statements.
- IAS 39 'Eligible Hedged Items' - Revision. The revision changes application guidance that supports the principles as set out in IAS 39 with the aim of clarifying the principles that determine whether a hedged risk or portion of cash flows is eligible for designation and should be applied in particular circumstances. The Directors do not believe the adoption of this revision will have an impact on the financial statements.
- IFRS 2 'Share-based payment' - Revision. This revision relates to vesting conditions and cancellations including amendments to the guidance and definitions of vesting conditions and cancellations and clarification of the accounting treatment of non-vesting conditions. The revision is effective for periods commencing on or after 1 January 2009. The Directors do not believe the adoption of this revision will have an impact on the financial statements.
- IFRS 3 'Business combinations' - Revision. The revision is part of the second phase of the business combinations project between the International Accounting Standards Board and the US Financial Accounting Standards Board. The main changes include the scope, accounting for acquisition costs and post acquisition changes to contingent consideration, accounting for goodwill and accounting for business combinations achieved in stages. There is additional guidance on recognition and measurement of fair values and on determining what constitutes part of the business combination transaction. There are also a number of changes to disclosure requirements. The revision is effective for periods commencing on or after 1 July 2009. The Directors will consider the requirements of the revision on any future business acquisitions.

Notes to the Financial Statements

For the year ended 30 September 2008

2 SEGMENTAL ANALYSIS

REPORTABLE SEGMENTS

For management purposes, the Group is organised into three operating divisions: Driver Consult UK, Driver Consult Middle East and Commercial Management Consultants (CMC). These divisions are the basis on which the Group is structured and managed, based on its geographic structure and principal services provided. These are summarised as follows:

- Driver Consult is a market leader in the provision of consultancy services to the construction and engineering industries. Key service provisions are: quantity surveying, planning / programming, quantum and planning experts, dispute avoidance / resolution, litigation support, contract administration and commercial advice / management. The UK and non-Middle East customers are serviced from the UK offices. The Middle East market is serviced from the Group's Middle East offices.
- CMC, which was acquired during 2008, provides site based project consultancy services, primarily quantity surveying and planning consultants, to construction and engineering projects throughout the UK. CMC's services are provided through its four regional offices. CMC's client base comprises both large UK contractors and other blue chip organisations.

Segment information about these reportable segments is presented below.

Year ended 30 September 2008

	Continuing operations					Consolidated £000
	Driver Consult UK £000	Driver Consult Middle East £000	CMC £000	Eliminations £000	Unallocated £000	
Total external revenue	12,628	3,096	2,425	-	-	18,149
Total inter-segment revenue	305	12	99	[416]	-	-
Total revenue	12,933	3,108	2,524	[416]	-	18,149
Segmental profit	2,984	537	354	-	-	3,875
Unallocated corporate expenses	-	-	-	-	[1,750]	[1,750]
Share option charge	-	-	-	-	[97]	[97]
Operating profit	2,984	537	354	-	[1,847]	2,028
Investment income	-	-	-	-	14	14
Finance costs	-	-	-	-	[62]	[62]
Profit before tax	2,984	537	354	-	[1,895]	1,980
OTHER INFORMATION						
Reportable segment assets	2,836	1,455	3,277	-	3,761	11,329
Capital additions ⁽¹⁾	-	23	25	-	78	126
Depreciation and amortisation	-	3	5	-	162	170

Inter-segment sales are charged at prevailing market rates.

(1) Capital additions comprise additions to property, plant and equipment and intangible assets including additions resulting from acquisitions through business combinations.

Revenue from one of the customers of the Driver Consult UK Segment exceeds 10% of the Group's total revenue. Total revenue generated from this customer for the year ended 30 September 2008 was £2.1m (2007: £2.1m).

Notes to the Financial Statements continued

For the year ended 30 September 2008

2 SEGMENTAL ANALYSIS – continued

Year ended 30 September 2007

	Driver Consult UK £000	Driver Consult Middle East £000	Continuing operations			Consolidated £000
			CMC £000	Eliminations £000	Unallocated £000	
Total external revenue	11,231	1,453	-	-	-	12,684
Total inter-segment revenue	88	-	-	(88)	-	-
Total revenue	11,319	1,453	-	(88)	-	12,684
Segmental profit	2,542	36	-	-	-	2,578
Unallocated corporate expenses	-	-	-	-	(978)	(978)
Share option charge	-	-	-	-	(73)	(73)
Pension settlement	-	-	-	-	(485)	(485)
Operating profit	2,542	36	-	-	(1,536)	1,042
Investment income	-	-	-	-	32	32
Finance costs	-	-	-	-	(39)	(39)
Profit before tax	2,542	36	-	-	(1,543)	1,035
OTHER INFORMATION						
Reportable segment assets	2,976	858	-	-	3,381	7,215
Capital additions ⁽¹⁾		6	-	-	239	245
Depreciation and amortisation		-	-	-	83	83

Inter-segment sales are charged at prevailing market rates.

(1) Capital additions comprise additions to property, plant and equipment and intangible assets including additions resulting from acquisitions through business combinations.

GEOGRAPHICAL INFORMATION

The Group's operations are located in the UK and the Middle East.

The following table provides an analysis of the Group's revenue by geography based upon location of the Group's operations:

	Year ended 30 September 2008 £000	Year ended 30 September 2007 £000
UK	15,053	11,231
Middle East	3,096	1,453
	18,149	12,684

Notes to the Financial Statements continued

For the year ended 30 September 2008

2 SEGMENTAL ANALYSIS – continued

The following is an analysis of the carrying amount of non-current assets, and additions to property, plant and equipment and intangible assets analysed by the geographical area in which the assets are located:

	Carrying amount of segment non-current assets		Additions to property, plant and equipment and intangible assets ⁽¹⁾	
	As at 30 September 2008 £000	As at 30 September 2007 £000	Year ended 30 September 2008 £000	Year ended 30 September 2007 £000
UK	3,032	3,097	103	239
Middle East	27	7	23	6
	3,059	3,104	126	245

(1) Additions to property, plant and equipment and intangible assets include additions resulting from acquisitions through business combinations.

3 PENSION SETTLEMENT IN 2007

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.

During 2007, the Group entered into an agreement with the Trustees of the Baker Wilkins & Smith Retirement Benefits 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 separately disclosed in the 2007 Income Statement. The amounts charged reduce tax payable by £145,365.

4 EMPLOYEES

Staff costs including Directors' remuneration:

	2008 £000	2007 £000
Wages and salaries	8,977	6,190
Social security costs	931	634
Other pension costs	455	826
Share-based payments	97	73
	10,460	7,723

Notes to the Financial Statements continued

For the year ended 30 September 2008

4 EMPLOYEES – continued

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

	2008	2007
<i>By role:</i>		
Directors	6	5
Fee-earners	107	72
Administration	27	18
	140	95

KEY MANAGEMENT AND DIRECTORS' REMUNERATION

The aggregate compensation of key management (including Executive Directors) is shown below:

	30 September 2008 £000	30 September 2007 £000
Emoluments	681	484
Money purchase pension contributions	54	43
	735	527
Share-based compensation	18	13
Total key management compensation	753	540

Key management consists exclusively of the statutory executive Directors of the Company.

Directors' remuneration disclosed above include the following payments:

	Highest paid Director 30 September 2008 £000	30 September 2007 £000
Emoluments	268	192
Money purchase pension contributions	24	17
Total remuneration	292	209

The number of Directors to whom retirement benefits are accruing:

	30 September 2008	30 September 2007
Money purchase pension schemes	3	3

Notes to the Financial Statements continued

For the year ended 30 September 2008

5 PROFIT FROM OPERATIONS

Profit from operations includes the following significant expenses:

	2008 £000	2007 £000
Depreciation and amounts written off property, plant and equipment - owned assets	170	83
Loss on sale of property, plant and equipment	-	24
Audit services:		
- statutory audit	31	13
- audit regulatory reporting	9	6
- tax services	4	5
- compliance	6	-
- advisory	-	39
Operating lease rentals – land and buildings	325	248
Operating lease rentals – property, plant and equipment	-	1

6 FINANCE EXPENSE

	2008 £000	2007 £000
Bank interest	62	39

7 TAXATION

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2008 £000	2007 £000
Current tax:		
UK corporation tax on profits for the year	580	353
Non-UK corporation tax	13	-
	593	353
Deferred tax	(22)	12
Tax on profit	571	365

Notes to the Financial Statements continued

For the year ended 30 September 2008

7 TAXATION – continued

Factors affecting the tax charge

The tax assessed for the year varies from the standard rate of corporation tax in the UK. The difference is explained below:

	2008 £000	2007 £000
Profit before taxation	1,980	1,035
Profit on ordinary activities multiplied by the standard average rate of corporation tax in the UK of 29% (2007: 30%)	574	311
Effects of:		
Expenses not deductible	35	50
Depreciation not deductible	14	14
Marginal relief	[8]	[7]
Unrelieved tax losses	-	1
Deferred tax on share-based payment	25	[4]
Effect of tax rate change	2	-
Foreign tax rate difference	[30]	-
Adjustment to prior period estimates	[41]	-
Tax expense for the year	571	365

In addition to the amount charged to the Income Statement, a deferred tax credit relating to the revaluation of the Group's properties amounting to £26,000 (2007: £17,000) has been credited directly to equity.

8 PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the Income Statement of the parent Company is not presented as part of these financial statements. The parent Company's profit for the financial period was £1,570,000 (2007: £50,000). The Company has elected to prepare the parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

9 DIVIDENDS

	2008 £000	2007 £000
The aggregate amount of equity dividends comprises:		
Final dividend paid	438	438
Interim dividend paid in respect of the current year	234	218
Aggregate amount of dividends paid in the financial year	672	656
Equity dividends proposed for approval at Annual General Meeting (Not recognised at year end)		
Final dividend for 2008: 2.0p (2007: 1.90p)	494	438

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

Notes to the Financial Statements continued

For the year ended 30 September 2008

10 EARNINGS PER SHARE

	2008 £000	2007 £000
Profit for the financial year	1,398	654
Pension settlement cost after tax	-	339
Share-based payments after tax	122	52
Profit for the financial year before pension settlement and share-based payments	1,520	1,045
Weighted average number of shares:		
Ordinary shares in issue	25,693,357	24,732,874
Shares held by EBT	(1,700,645)	(1,700,645)
Basic weighted average number of shares	23,992,712	23,032,229
Issuable on conversion of options	-	332,746
Issuable on conversion of warrants	3,276	261,656
Diluted weighted average number of shares	23,995,988	23,626,631
Basic earnings per share before pension settlement and share-based payments	6.3p	4.5p
Basic earnings per share	5.8p	2.8p
Diluted earnings per share	5.8p	2.8p

11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Fixtures and fittings £000	Technical library £000	Computer equipment £000	Total £000
	Freehold £000	Long Leasehold £000				
COST						
At 1 October 2006	766	2,000	173	4	391	3,334
Additions	-	22	96	6	121	245
Disposals	(6)	(10)	(7)	-	(5)	(28)
Transfers	-	(32)	7	-	25	-
At 30 September 2007	760	1,980	269	10	532	3,551
DEPRECIATION						
At 1 October 2006	-	-	53	-	316	369
Charge for year	13	34	27	1	8	83
Eliminated on disposal	-	-	(3)	-	(2)	(5)
At 30 September 2007	13	34	77	1	322	447
NET BOOK VALUE						
At 30 September 2007	747	1,946	192	9	210	3,104
At 30 September 2006	766	2,000	120	4	75	2,965

Notes to the Financial Statements continued

For the year ended 30 September 2008

11 PROPERTY, PLANT AND EQUIPMENT – continued

	Land and buildings		Fixtures and fittings €000	Technical library €000	Computer equipment €000	Total €000
	Freehold €000	Long Leasehold €000				
COST						
At 1 October 2007	760	1,980	269	10	532	3,551
CMC acquisition	-	-	15	-	-	15
Additions	-	7	55	-	49	111
At 30 September 2008	760	1,987	339	10	581	3,677
DEPRECIATION						
At 1 October 2007	13	34	77	1	322	447
CMC acquisition	-	-	1	-	-	1
Charge for year	13	34	35	1	87	170
At 30 September 2008	26	68	113	2	409	618
NET BOOK VALUE						
At 30 September 2008	734	1,919	226	8	172	3,059
At 30 September 2007	747	1,946	192	9	210	3,104

12 GOODWILL

	€000
COST	
At 1 October 2007	-
Addition (see note 13)	2,356
At 30 September 2008	2,356

An impairment test was undertaken by the Directors to assess the carrying value of goodwill and it was concluded that no impairment was required.

Goodwill is allocated to cash-generating units (CGUs) identified on the basis of business segments.

A segment level summary of the goodwill allocated is presented below:

	2008 €000	2007 €000
Driver Consult UK	-	-
Driver Consult Middle East	-	-
CMC	2,356	-
Total goodwill	2,356	-

Notes to the Financial Statements continued

For the year ended 30 September 2008

12 GOODWILL – continued

The recoverable amount of the CGU has been determined by value in use calculations. The calculations used post-tax cash flow projections over the next 10 year period based on the budget for the next financial year. Cash flows beyond the budgeted one year period are extrapolated using the estimated growth rates per the table below. In accordance with IAS 36, the growth rates for beyond the budgeted period do not exceed the long-term average growth rate for the industry.

The key assumptions applied in the calculation were:

Gross margin (%)	-	24%
Growth rate (%)	-	0%
Discount rate (%)	-	9% (post tax)

Management determined the gross margin rate based on past performance and future trading conditions. The growth rates are believed to be conservative growth rates for this business. The discount rate used are post tax and reflect the risk of the business segment.

Details of subsidiaries included in the consolidated financial statements are as follows:

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% ⁽¹⁾
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%
Commercial Management Consultants Ltd	England and Wales	Construction consultancy services	100%
Driver Consult (Oman) LLC	Oman	Construction consultancy services	65% ⁽²⁾
Driver Project Services (UAE) LLC	Abu Dhabi	Construction consultancy services	49% ⁽³⁾

(1) 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.

(2) The Company is entitled to 99% of the profits.

(3) Legal structure of the business provides the Company with effective 100% commercial control and the business is therefore treated as a fully owned subsidiary.

In addition to the above investments, the Company has loaned funds of £950,275 and made contributions to the Driver Group Employee Benefit Trust, which in turn has purchased shares in the Company. At 30 September 2008 the assets of the Trust comprised 1,700,645 of the Company's own shares with a nominal value of £6,803 (2007: £6,803) and a market value of £1,215,961 (2007: £1,717,651) which were acquired at a cost of £1,242,206. The cost of shares has been deducted from equity. The net assets of the Trust are available for the benefit of Driver Consult's and Driver Group's employees. Neither the loan from the Company nor the equivalent liability of the Trust is included in debtors or creditors.

13 ACQUISITION

On 29 February 2008 the Group acquired the entire share capital of Commercial Management Consultants Limited ("CMC"). The consideration for the acquisition is set out below:

	£000
New Shares	1,500
Cash	1,475
Acquisition costs	120
Consideration	3,095

Notes to the Financial Statements continued

For the year ended 30 September 2008

13 ACQUISITION - continued

The net cash cost of acquiring the business was as follows:

	£000
Cash consideration	1,475
Acquisition costs	120
Less cash acquired with business	(592)
	1,003

The acquired business contributed revenues of £2.4m and profit before tax of £0.35m to the Group for the period from the date of acquisition to 30 September 2008. If the acquisition had occurred on 1 October 2007, Group revenue would have been £19.8m and profit before tax would have been £2.1m. These amounts have been calculated using the Group's accounting policies.

The integration of the business into the Group may identify further fair value adjustments. As a consequence the fair values will be reviewed at 28 February 2009 and will be revised if necessary by adjusting goodwill.

	Initial book value at date of acquisition £000	Fair value adjustment £000	Provisional fair value at date of acquisition £000
Property, plant and equipment	33	(19)	14
Trade and other receivables	721	-	721
Cash and cash equivalents	592	-	592
Total assets	1,346	(19)	1,327
Trade and other payables	(519)	(65)	(584)
Deferred taxation	(4)	-	(4)
Total liabilities	(523)	(65)	(588)
Net assets	823	(84)	739
Goodwill arising on acquisition			2,356
Total consideration			3,095

The goodwill is attributable primarily to the intangible benefits arising from the expert fee-earners acquired with the business and their collective relationships with a blue chip customer base, which will be applied in generating cross company leads. Goodwill also arises from other earnings enhancing synergies which are expected to arise from the integration of the business with that of the Group.

IFRS3 does not permit people based intangibles nor intangibles arising from synergy benefits created by the acquirer to be separately accounted for. No intangibles other than goodwill have been separately identified.

Notes to the Financial Statements continued

For the year ended 30 September 2008

14 TRADE AND OTHER RECEIVABLES

Amounts falling due within one year:

	2008 £000	2007 £000
Trade receivables	4,211	2,923
Other receivables	30	41
Prepayments and accrued income	582	263
	4,823	3,227

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

As at 30 September 2008 trade receivables of £800,000 (2007: £823,000) were past due but not impaired. They relate to customers against whom no provision is considered necessary. The ageing analysis of these receivables is as follows:

30 September 2008	Current (not yet overdue)	Debt age - "days overdue"			Total
		0-30 days	31-60 days	Over 60 days	
Trade receivables					
Value (£000)	3,411	552	180	68	4,211
%	81%	13%	4%	2%	100%

30 September 2007	Current (not yet overdue)	Debt age - "days overdue"			Total
		0-30 days	31-60 days	Over 60 days	
Trade receivables					
Value (£000)	2,100	397	351	75	2,923
%	72%	14%	12%	2%	100%

As at 30 September 2008 trade receivables of £96,000 (2007: £27,000) were past due, impaired and provided against. There were no individually significant receivables included within this provision. The Group takes a prudent view in assessing the risk of non-payment and considers provision for all debts more than 3 months in arrears unless there are specific circumstances to indicate that there is little or no risk of non-payment of these older debts. Past due debts which were not provided against were in relation to non-disputed fees, a significant proportion of which relate to work performed in the Middle East. Historic experience has demonstrated that non-disputed fees are, in almost all instances, recovered in due course.

15 TRADE AND OTHER PAYABLES

Amounts payable within one year:

	2008 £000	2007 £000
Trade creditors	642	409
Social security and other taxes	717	478
Other creditors	75	10
Accrued expenses	946	456
	2,380	1,353

Notes to the Financial Statements continued

For the year ended 30 September 2008

16 BORROWINGS

An analysis of the maturity of loans is given below:

	2008 £000	2007 £000
Amounts falling due within one year or on demand:		
Bank overdrafts	54	232
Bank loan	165	218
	219	450
Amounts falling due between one and two years:		
Bank loan	-	179
Amounts falling due between two and five years:		
Bank loan	1,000	-

The bank facilities consisted of the following all of which are with The Royal Bank of Scotland (RBS):

Overdraft	Interest rate (annual) 1.2% over RBS base rate
Four year loan repayable on 27 February 2012	1.2% over RBS base rate
Mortgage loan repayable in 2009	1.625% over RBS base rate

At 30 September 2008 the Group had access to a £950,000 overdraft facility (net of any cash balances) and had net cash balances (net of overdraft) of £1,000,000. The Group's borrowing is secured by debentures over the Group's assets and legal charges over the long leasehold land and building and the freehold land and building.

The carrying value of liabilities is a reasonable approximation of the fair value.

17 CASH AND CASH EQUIVALENTS

	2008 £000	2007 £000
Cash at bank	1,054	855

Cash and cash equivalent balances are denominated in Sterling, Euros, UAE Dirhams and Omani Riyal.

18 DEFERRED TAXATION

Deferred tax liability:

	2008 £000	2007 £000
At beginning of year	341	320
(Credit) / Charge for the year recognised in Income Statement	(10)	38
Temporary differences on valuation of property at end of year	(26)	(17)
Deferred tax liability on acquisition	4	-
At end of year	309	341

Notes to the Financial Statements continued

For the year ended 30 September 2008

18 DEFERRED TAXATION LIABILITY - continued

Deferred tax asset:

	2008 £000	2007 £000
At beginning of year	29	10
Deferred tax movement	37	-
On share options	(29)	19
At end of year	37	29

The elements of the deferred tax balances are as follows:

	Assets		Liabilities	
	2008 £000	2007 £000	2008 £000	2007 £000
Property, revaluation gain	-	-	(271)	(297)
Capital allowances in excess of depreciation	-	-	(38)	(44)
Other short term temporary differences	37	29	-	-
	37	29	(309)	(341)

Of the total net movement in deferred tax during the year, £22,000 was credited to equity, a £4,000 provision was acquired with CMC and the balance was credited to the Income Statement.

19 CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2008 £000	2007 £000
50,000,000	Ordinary	0.4p	200	200

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2008 £000	2007 £000
26,379,416	Ordinary	0.4p	106	99

On 29 February 2008, 1,646,542 new shares were issued as part of the consideration to purchase Commercial Management Consultants Limited.

On 3 March 2008, 1,585,000 options were granted at an exercise price of 81.9p which represented a 10% discount to the mid-market price on the day of issue.

No share options were exercised in the year. Options in respect of 435,000 shares (2007: 355,000) granted to four employees lapsed in the year.

Notes to the Financial Statements continued

For the year ended 30 September 2008

19 CALLED UP SHARE CAPITAL - continued

At 30 September 2008 the following unexercised share options to acquire ordinary shares granted under the Driver Group plc Enterprise Management Incentive Scheme were outstanding in respect of 20 employees:

Year of grant	Exercise period	Exercise price per 0.4p share (pence)	2008 number	2007 number
2006	28-6-2009 to 27-6-2016	73.5p	815,000	835,000
	13-9-2009 to 12-9-2016	118.5p	50,000	325,000
2008	1-12-2010 to 3-3-2018	81.9p	1,445,000	-

Throughout the year there were in issue 696,164 warrants to subscribe for ordinary shares at a price of 73p per share. The warrants had an expiry date of 12 October 2008 and had not been exercised by that date.

SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share option plan

The Group plan provides for an exercise price which is normally equal to the average quoted market price of the Group shares on the date of grant. The vesting period is generally between 3 and 10 years. Options issued on 3 March 2008 were issued at a 10% discount to the average quoted market price and the vesting period was from 1 December 2010 to 3 March 2018. If options remain unexercised after a period of 10 years from the date of grant, the options expire. Furthermore, options are forfeited if the employee leaves the Group before the options vest.

	Options	2008 Weighted average exercise price per share (p)	Options	2007 Weighted average exercise price per share (p)
Outstanding at 1 October	1,160,000	86p	1,515,000	91p
Granted during the year	1,585,000	82p	-	-
Forfeited during the year	(435,000)	105p	(355,000)	108p
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 30 September	2,310,000	80p	1,160,000	86p
Exercisable at 30 September	-	-	-	-

The options outstanding at 30 September 2008 had an exercise price between 73.5p and 118.5p, and a weighted average remaining contractual life of 8.6 years.

The principal inputs into the Binomial model for options issued during the year are as follows:

	2008
Weighted average share price per share on date of grant	91.0p
Weighted average exercise price per share	81.9p
Expected volatility	25%
Expected life of options	between 2.75 and 10 years
Risk free rate	4.51%
Expected dividend yield	3%

Expected volatility was determined by calculating the historical volatility of the Group's share price and selected quoted comparable businesses over the previous 260 days. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Group recognised total expenses of £97,000 (2007: £73,000) relating to equity-settled share-based payment transactions.

Notes to the Financial Statements continued

For the year ended 30 September 2008

20 OPERATING LEASE ARRANGEMENTS

The total future value of minimum lease payments under non-cancellable operating lease rentals are due as follows:

	2008 £000	Land and buildings 2007 £000
Expiring:		
Not later than one year	130	27
Between one and five years	338	411
	468	438

Operating lease rentals represent payables by the Group for rented offices. Leases are negotiated for an average term of 2 to 3 years and rentals are fixed for an average of 2 to 3 years.

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial instruments held by the Group, as detailed in this note, are classified as 'Loans and Receivables' (cash and cash equivalents, trade and other receivables) and 'Financial Liabilities Measured at Amortised Cost' (trade and other payables, bank overdrafts, bank loans and loan notes).

The Group's operations expose it to a variety of financial risks comprising liquidity risk, foreign exchange risk, interest rate risk and credit risk. The Group has in place risk management policies that seek to limit the adverse effects on the financial performance of the Group by using various instruments and techniques.

Risk management policies have been set by the Board and applied by the Group.

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities as they fall due with surplus facilities to cope with any unexpected variances in timing of cash flows.

The Group believes it has sufficient cash and borrowing facilities to meet its operational commitments. At the year end the Group had the following un-drawn committed facilities in respect of which all conditions precedent had been met:

	2008 £000	2007 £000
Un-drawn borrowing facilities at 30 September	825	-

Maturity analysis

The table below analyses the Group's financial liabilities into maturity groupings based on the period outstanding at the balance sheet date up to the contractual maturity date. All figures are contracted gross cashflows that have not been discounted.

Notes to the Financial Statements continued

For the year ended 30 September 2008

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

30 September 2008

	Due within 1 year £000	Due between 1 and 5 years £000	Total £000
Non-derivative financial liabilities			
Overdrafts	54	-	54
Bank loans	165	1,000	1,165
Trade and other payables	2,380	-	2,380
Total	2,599	1,000	3,599

30 September 2007

	Due within 1 year £000	Due between 1 and 5 years £000	Total £000
Non-derivative financial liabilities			
Overdrafts	232	-	232
Bank loans	218	179	397
Trade and other payables	1,353	-	1,353
Total	1,803	179	1,982

(b) Foreign exchange risk

The Group operates in a number of markets across the world and is exposed to foreign exchange risk arising from various currency exposures in particular, with respect to the UAE Dirham and Omani Riyal both of which are linked to the US dollar, and to the Euro. The Group is exposed to foreign currency risk arising from recognised assets and liabilities as well as commitments arising from future trading transactions. The Group is aware of the financial products available to insure against adverse movements in foreign exchange rates. Formal assessments are undertaken to determine whether such products are appropriate for the Group.

The Group's exposure to foreign currency net assets / (liabilities) is summarised as follows (in local currency):

	2008 '000	2007 '000
EURO	104	580
UAE Dirham	5,854	6,415
Omani Riyal	302	-

Sensitivity analysis

The Group derived the following sensitivities based on the forward market curves readily available for the US dollar and the Euro. Management believe that these most closely reflect the probable performance of the various economies in which the Group's financial assets and liabilities are located.

	£000
Impact on Income Statement and on equity	
20% strengthening in US dollar fx rate against pound sterling	337
20% weakening in US dollar fx rate against pound sterling	(337)
10% strengthening in Euro fx rate against pound sterling	59
10% weakening in Euro fx rate against pound sterling	(59)

Notes to the Financial Statements continued

For the year ended 30 September 2008

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

(c) Interest rate risk

The Group is subject to fluctuations in interest rates on its borrowings and cash and cash equivalents. The Group is aware of the financial products available to insure against adverse movements in interest rates. Formal reviews are undertaken to determine whether such instruments are appropriate for the Group.

The table below shows the Group's financial assets and liabilities split by those bearing fixed and floating rates and those that are non-interest bearing.

30 September 2008

	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
Cash and cash equivalents	-	1,054	-	1,054
Trade and other receivables	-	-	4,823	4,823
Trade and other payables	-	-	(2,380)	(2,380)
Bank overdrafts	-	(54)	-	(54)
Bank loans	-	(1,165)	-	(1,165)
	-	(165)	2,443	2,278

30 September 2007

	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
Cash and cash equivalents	-	855	-	855
Trade and other receivables	-	-	3,227	3,227
Trade and other payables	-	-	(1,353)	(1,353)
Bank overdrafts	-	(232)	-	(232)
Bank loans	-	(397)	-	(397)
	-	226	1,874	2,100

Interest rates on bank loans are disclosed in note 16.

Sensitivity analysis

The Group has calculated the following sensitivities based on available data from forward markets for fixed and floating interest rates. Management believe that these reflect the most probable rate movements.

	30 September 2008 £000	30 September 2007 £000
Impact on Income Statement and equity		
1% decrease in base rate of interest	12	4
1% increase in base rate of interest	(12)	(4)

(d) Credit risk

The Group's financial assets are bank balances and trade and other receivables which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group's credit risk is primarily attributable to its trade receivables. Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Management believe the Group has a wide trade receivable profile and therefore does not have any significant concentration of risk. The credit quality of trade receivables that are neither past due nor impaired is considered to be good. The ageing profile of the Group's debtors is disclosed in note 14.

Notes to the Financial Statements continued

For the year ended 30 September 2008

21 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT - continued

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. The Group mitigates risk by using surplus cash deposits to pay down borrowings and by spreading deposits among a range of banks.

(e) Capital management

The Group's main objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders. The Group aims to maintain a strong credit rating and headroom whilst optimising return to shareholders through an appropriate balance of debt and equity funding. The Group manages its capital structure and makes adjustments to it with regard to the risks inherent in the business and in light of changes to economic conditions.

Capital is managed by maximising retained profits after dividend distributions. Working capital is managed in order to generate maximum conversion of these profits into cash and cash equivalents and dividends are paid from current year profits, thereby maintaining capital.

The policy for managing debt is to create a smooth debt maturity profile with the objective of ensuring continuity of funding to meet the Group's future liquidity requirements.

Capital includes share capital, share premium, merger reserve, currency reserve, capital redemption reserve, other reserve, own shares and retained earnings reserve. Net debt includes short and long term borrowings (including overdrafts and lease obligations) net of cash and cash equivalents.

22 RESERVES

Share capital

The share capital account includes the par value for all shares issued and outstanding.

Share premium account

The share premium account comprises the premium over nominal value on issued shares. The use of this reserve is restricted by the Companies Act 1985.

Merger Reserve

The excess of the fair value of shares issued by the Company for the acquisition of businesses is credited to the merger reserve. This is in accordance with S131 of the Companies Act.

Other Reserves

Other reserves includes the 'exchange translation reserve', the 'capital redemption reserve' and the 'share-based payment reserve'. The translation reserve records any exchange differences arising as a result of the translation of foreign currency equity balances and foreign currency non-monetary items. The corresponding credit associated with the charge for share options is recognised as a credit to the share-based payment reserve.

Minority interest

The minority interest relates to minority shareholdings in North Gate Executive Search Limited, Adjudication Toolkit Limited and Driver Consult (Oman) LLC (note 12).

Retained earnings

The retained earnings reserve includes the accumulated profits and losses arising from the Consolidated Income Statement and certain items from the statement of recognised income and expense attributable to equity shareholders net of distributions to shareholders.

Own shares

Own shares consist of shares held by Driver Group Employee Benefit Trust which have not vested at the balance sheet date shown as a deduction from shareholders' equity. Total number of own shares as at 30 September 2008 was 1,700,645 (2007: 1,700,645).

Notes to the Financial Statements continued

For the year ended 30 September 2008

23 RELATED PARTY TRANSACTIONS

During the financial year, the Group had no transactions with related parties as defined by IAS 24 'Related Party Disclosures'. There were no related party transactions in 2007.

24 ACCOUNTING ESTIMATES AND JUDGEMENTS

Some asset and liability amounts reported in the financial statements contain a degree of management estimation on management estimates and assumptions. There is therefore a risk of significant changes to the carrying amounts for these assets and liabilities within the next financial year. The estimates and assumptions are made on the basis of information and conditions that exist at the time of the valuation.

Impairment provisions

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires an entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. An impairment review test has been performed at the reporting date and no impairment has been identified.

Receivables impairment provisions

The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by the Group's management based on prior experience and their assessment of the present value of estimated future cash flows. At the balance sheet date a £96,000 (30 September 2007: £27,000) provision was required. Any future increase to the provision would lead to a corresponding reduction in reported profits and total assets.

Intangibles in an acquired business

Estimates and judgements used in assessing the value of intangibles in an acquired business are outlined in the accounting policies note (note 1) in the section on 'Business combinations'.

25 DRIVER GROUP PLC TRANSITION TO IFRS

Reconciliation of Balance Sheet and Income Statement

The adjustment to the Income Statement and Balance Sheet from UK GAAP to adopted IFRS is explained in detail below.

IFRS adjustments

IFRS 1 'Valuation of property'

Following the adoption of the IFRS 1 exemption in relation to the valuation of property by taking the fair value as at the date of transition as deemed cost, property has been increased by £345,000 at 1 October 2006 and decreased by £317,000 at 30 September 2007 after charging depreciation on the deemed cost of the building at 2% per annum amounting to £47,000 for the year ended 30 September 2007.

IAS 12 'Deferred tax'

IAS 12 requires deferred tax to be recognised in respect of all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying value for financial reporting purposes. This includes those arising from a revaluation of property which is at variance from FRS 19. The impact on Driver Group plc is to recognise a deferred tax liability of £314,000 at 1 October 2006 and £297,000 at 30 September 2007, with a corresponding adjustment to reserves.

IAS 12 requires the deferred tax on temporary differences relating to share-based payment transactions to be recognised in proportion to the vesting period to match the IFRS accounting treatment. This approach is different from that adopted under FRS 19. The impact on Driver Group plc is to recognise an additional deferred tax asset of £7,000 at 1 October 2006 and £4,000 at 30 September 2007, with a corresponding adjustment to reserves. The excess of the deferred tax over the cumulative Income Statement charge at the tax rate is recognised in equity.

In addition deferred tax assets previously netted from deferred tax liabilities have been separately disclosed in the restated IFRS financial statements. Adjustments have been made at 1 October 2006 of £3,000 and at 30 September 2007 of £25,000.

Notes to the Financial Statements continued

For the year ended 30 September 2008

25 DRIVER GROUP PLC TRANSITION TO IFRS - continued

IAS 19 'Employee Benefits: Employee benefit accruals and provisions'

IAS 19 requires that when employees provide a service to a company, the estimated amount that will be paid in exchange for those services should be recognised.

On transition to IFRS, the Group has recognised employee benefit accruals and provisions in respect of holiday pay. The adjustment on transition reflects a cumulative adjustment for the services provided by employees up to the date of transition. Following transition, the movement on these accruals and provisions reflects the current period service cost.

Arising from the recognition of these accruals and provisions net assets have decreased by £59,000 at 1 October 2006 and £91,000 at 30 September 2007.

IAS 27 'Consolidated financial statements'

IAS 27 requires that any excess losses applicable to a minority over the minority's interest in the subsidiary's equity is allocated to the majority unless there is a binding obligation for the minority to make good the loss. An adjustment has been made to minority interest and retained earnings of £17,000 at 1 October 2006 and 31 March 2007.

With the exception of reclassifications, there were no material differences between cash flows presented under adopted IFRS and the cash flows presented under UK GAAP for the year ended 30 September 2007 as a result of the conversion to adopted IFRS.

Reconciliation of Income Statement from UK GAAP to adopted IFRS

Extract from Income Statement:

	UK GAAP year ended 30 September 2007 £000	Adopted IFRS Adj. £000	IFRS year ended 30 September 2007 £000
REVENUE	12,684	-	12,684
OPERATING PROFIT	1,121	(79)	1,042
PROFIT BEFORE TAX	1,114	(79)	1,035
TAX	(369)	4	(365)
PROFIT FOR THE PERIOD	745	(75)	670

Notes to the Financial Statements continued

For the year ended 30 September 2008

25 DRIVER GROUP PLC TRANSITION TO IFRS - continued

Reconciliation of balance sheet from UK GAAP to adopted IFRS:

	UK GAAP 30 September 2007 £000	Adopted IFRS Adj. £000	IFRS 30 September 2007 £000	UK GAAP 1 October 2006 £000	Adopted IFRS Adj. £000	IFRS 1 October 2006 £000
NON-CURRENT ASSETS						
Property, plant and equipment	3,421	(317)	3,104	2,620	345	2,965
Deferred tax asset	-	29	29	-	10	10
	3,421	(288)	3,133	2,620	355	2,975
CURRENT ASSETS						
Trade and other receivables	3,227	-	3,227	2,709	-	2,709
Current tax receivable	-	-	-	41	-	41
Cash and cash equivalents	855	-	855	1,317	-	1,317
	4,082	-	4,082	4,067	-	4,067
TOTAL ASSETS	7,503	(288)	7,215	6,687	355	7,042
CURRENT LIABILITIES						
Borrowings	(450)	-	(450)	(254)	-	(254)
Trade and other payables	(1,262)	(91)	(1,353)	(962)	(59)	(1,021)
Current tax payable	(172)	-	(172)	(453)	-	(453)
	(1,884)	(91)	(1,975)	(1,669)	(59)	(1,728)
NON-CURRENT LIABILITIES						
Borrowings	(179)	-	(179)	(371)	-	(371)
Deferred tax liabilities	(19)	(322)	(341)	(3)	(317)	(320)
	(198)	(322)	(520)	(374)	(317)	(691)
TOTAL LIABILITIES	(2,082)	(413)	(2,495)	(2,043)	(376)	(2,419)
NET ASSETS	5,421	(701)	4,720	4,644	(21)	4,623

Notes to the Financial Statements continued

For the year ended 30 September 2008

25 DRIVER GROUP PLC TRANSITION TO IFRS - continued

Reconciliation of balance sheet from UK GAAP to adopted IFRS:

	UK GAAP 30 September 2007 £000	Adopted IFRS Adj. £000	IFRS 30 September 2007 £000	UK GAAP 1 October 2006 £000	Adopted IFRS Adj. £000	IFRS 1 October 2006 £000
SHAREHOLDERS' EQUITY						
Share capital	99	-	99	99	-	99
Share premium	2,649	-	2,649	2,649	-	2,649
Currency translation reserve	-	1	1	-	-	-
Revaluation reserve	1,338	(1,338)	-	723	(723)	-
Capital redemption reserve	18	-	18	18	-	18
Other reserve	84	9	93	11	-	11
Retained earnings	2,476	610	3,086	2,403	685	3,088
Own shares	(1,242)	-	(1,242)	(1,242)	-	(1,242)
TOTAL SHAREHOLDERS' EQUITY	5,422	(718)	4,704	4,661	(38)	4,623
MINORITY INTEREST IN EQUITY						
	(1)	17	16	(17)	17	-
TOTAL EQUITY	5,421	(701)	4,720	4,644	(21)	4,623

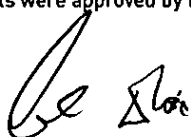
Driver Group plc (Company) Balance Sheet

30 September 2008

	Notes	2008 £000	2007 £000
FIXED ASSETS			
Tangible assets	27	3,052	3,411
Investments	28	3,319	128
		6,371	3,539
CURRENT ASSETS			
Debtors	29	1,461	934
Cash at bank and in hand		582	7
		2,043	941
CREDITORS			
Amounts falling due within one year	30	(1,746)	(837)
NET CURRENT ASSETS		297	104
TOTAL ASSETS LESS CURRENT LIABILITIES		6,668	3,643
CREDITORS			
Amounts falling due after			
more than one year	31	(1,000)	(179)
PROVISIONS FOR LIABILITIES	33	(22)	(43)
NET ASSETS		5,646	3,421
CAPITAL AND RESERVES			
Called up share capital	34	106	99
Share premium	35	4,142	2,649
Revaluation reserve	35	1,068	1,338
Capital redemption reserve	35	18	18
Other reserve	35	181	84
Profit and loss account	35	1,373	475
Own shares	36	(1,242)	(1,242)
SHAREHOLDERS' FUNDS	37	5,646	3,421

The financial statements were approved by the Board of Directors and authorised for issue on and signed on their behalf by:

Colin White
Finance Director
19 January 2009



Notes to the Financial Statements - Company

For the year ended 30 September 2008

26 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

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.

Cash flow statement

The Company has taken advantage of the exemption permitted by IFRS not to present a cash flow statement.

Tangible fixed assets

Long leasehold land and buildings are included at valuation. The Directors intend to perform periodic valuations and annual impairment reviews in accordance with FRS 15 and FRS 11.

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

Buildings	- 2% on cost or revaluation
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 and are deducted from equity. 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 payment transactions

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.

Notes to the Financial Statements - Company continued

For the year ended 30 September 2008

27 TANGIBLE FIXED ASSETS

	Land and buildings		Fixtures and fittings £000	Technical library £000	Computer equipment £000	Total £900
	Freehold £000	Long Leasehold £000				
COST OR VALUATION						
At 1 October 2007	760	2,250	262	10	527	3,809
Additions	-	7	24	-	39	70
Revaluation	-	[270]	-	-	-	(270)
At 30 September 2008	760	1,987	286	10	566	3,609
DEPRECIATION						
At 1 October 2007	-	-	76	1	321	398
Charge for year	13	34	28	1	83	159
At 30 September 2008	13	34	104	2	404	557
NET BOOK VALUE						
At 30 September 2008	747	1,953	182	8	162	3,052
At 30 September 2007	760	2,250	186	9	206	3,411

Cost or valuation at 30 September 2008 is represented by:

	Land and buildings		Fixtures and fittings £000	Technical library £000	Computer equipment £000	Total £000
	Freehold £000	Long Leasehold £000				
Valuation in 2008	-	1,987	-	-	-	1,987
Cost	760	-	286	10	566	1,622
	760	1,987	286	10	566	3,609

The long leasehold land and building were revalued as at 30 September 2007 by Trevor Dawson, an independent firm of chartered surveyors, on an open market existing use basis. This value has been adjusted downwards as at 30 September 2008 by the Directors in line with their estimation of the average reduction in commercial property values in the area.

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

	2008 £000	2007 £000
Gross cost	919	912

Notes to the Financial Statements - Company continued

For the year ended 30 September 2008

28 FIXED ASSET INVESTMENTS

	Shares in Group Undertakings £000	Total £000
COST		
At 1 October 2007	128	128
Additions	3,191	3,191
At 30 September 2008	3,319	3,319
NET BOOK VALUE		
At 30 September 2008	3,319	3,319
At 30 September 2007	128	128

The Company has direct and indirect 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% ⁽¹⁾
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%
Commercial Management Consultants Ltd	England and Wales	Construction consultancy services	100%
Driver Consult (Oman) LLC	Oman	Construction consultancy services	65% ⁽²⁾
Driver Project Services (UAE) LLC	Abu Dhabi	Construction consultancy services	49% ⁽³⁾

(1) 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.

(2) The Company is entitled to 99% of the profits.

(3) Legal structure of the business provides the Company with effective 100% commercial control and the business is therefore treated as a fully owned subsidiary.

In addition to the above investments, the Company has loaned funds of £950,275 and made contributions to the Driver Group Employee Benefit Trust, which in turn has purchased shares in the Company. At 30 September 2008 the assets of the Trust comprised 1,700,645 of the Company's own shares with a nominal value of £6,803 (2007: £6,803) and a market value of £1,215,961 (2007: £1,717,651) which were acquired at a cost of £1,242,206. The cost of shares has been deducted from equity. The net assets of the Trust are available for the benefit of the Company's and Driver Consult's employees. Neither the loan from the Company nor the equivalent liability of the Trust is included in debtors or creditors.

29 DEBTORS

Amounts falling due within one year

	2008 £000	2007 £000
Trade debtors	18	17
Amounts owed by Group undertakings	1,302	771
Other debtors	-	33
Prepayments and accrued income	141	113
	1,461	934

Notes to the Financial Statements - Company continued

For the year ended 30 September 2008

30 CREDITORS

Amounts falling due within one year:

	2008 £000	2007 £000
Bank loan and overdrafts [see note 32]	219	450
Trade creditors	106	87
Amounts owed to Group undertakings	787	18
Tax	62	51
Social security and other taxes	7	23
Accrued expenses	565	208
	1,746	837

31 CREDITORS

Amounts falling due after more than one year:

	2008 £000	2007 £000
Bank loan [see note 32]	1,000	179

32 BANK LOAN AND OVERDRAFTS

An analysis of the maturity of loans is given below:

	2008 £000	2007 £000
Amounts falling due within one year or on demand:		
Bank overdrafts	54	232
Bank loan	165	218
	219	450
Amounts falling due between one and two years:		
Bank loan	-	179
Amounts falling due between two and five years:		
Bank loan	1,000	-

The bank facilities consisted of the following all of which are with The Royal Bank of Scotland (RBS):

	Interest rate (annual)
Overdraft	1.2% over RBS base rate
Four year loan repayable on 27 February 2012	1.2% over RBS base rate
Mortgage loan repayable in 2009	1.625% over RBS base rate

At 30 September 2008 the Group had access to a €950,000 overdraft facility (net of any cash balances) and had net cash balances (net of overdraft) of £1,000,000. The Group's borrowing is secured by debentures over the Group's assets and legal charges over the long leasehold land and building and the freehold land and building.

Notes to the Financial Statements - Company continued

For the year ended 30 September 2008

33 PROVISION FOR LIABILITIES

	2008 £000	2007 £000
Deferred taxation comprises:		
Capital allowances in excess of depreciation	37	43
Other timing differences	(15)	-
	22	43
		£000
At 1 October 2007		43
Decrease in provision		(21)
At 30 September 2008		22

If the Company's land and buildings were sold at their revalued amount an estimated tax liability of approximately £300,000 (2007: £400,000) would arise.

34 CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2008 £000	2007 £000
50,000,000	Ordinary	0.4p	200	200

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2008 £000	2007 £000
26,379,416	Ordinary	0.4p	106	99

On 29 February 2008, 1,646,542 new shares were issued as part of the consideration to purchase Commercial Management Consultants Limited.

On 3 March 2008, 1,585,000 options were granted at an exercise price of 81.9p which represented a 10% discount to the mid-market price on the day of issue.

No share-options were exercised in the year. Options in respect of 435,000 shares (2007: 355,000) granted to four employees lapsed in the year.

At 30 September 2008 the following unexercised share options to acquire ordinary shares granted under the Driver Group plc Enterprise Management Incentive Scheme were outstanding in respect of 20 employees:

Year of grant	Exercise period	Exercise price per 0.4p share (pence)	2008 number	2007 number
2006	28-6-2009 to 27-6-2016	73.5p	815,000	835,000
	13-9-2009 to 12-9-2016	118.5p	50,000	325,000
2008	1-12-2010 to 3-3-2018	81.9p	1,445,000	-

Throughout the year there were in issue 696,164 warrants to subscribe for ordinary shares at a price of 73p per share. The warrants had an expiry date of 12 October 2008 and had not been exercised by that date.

Notes to the Financial Statements - Company continued

For the year ended 30 September 2008

35 RESERVES

	Share Premium £000	Revaluation Reserve £000	Capital redemption reserve £000	Other reserves £000	Profit and loss account £000
At 1 October 2007	2,649	1,338	18	84	475
Profit for the year	-	-	-	-	1,570
Issue of new shares	1,493	-	-	-	-
Dividends	-	-	-	-	(672)
Share-based payments	-	-	-	97	-
Revaluation in year	-	(270)	-	-	-
At 30 September 2008	4,142	1,068	18	181	1,373

36 OWN SHARES

	£000
At 1 October 2007 and 30 September 2008	1,242

37 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008 £000	2007 £000
Profit for the financial year	1,570	50
Dividends	(672)	(656)
Proceeds from issue of shares	1,500	-
Share-based payments	97	73
Investment in own shares	-	-
Revaluation in year	(270)	615
Net addition to shareholders' funds	2,225	82
Opening shareholders' funds - equity	3,421	3,339
Closing shareholders' funds - equity	5,646	3,421

Notes to the Financial Statements - Company continued

For the year ended 30 September 2008

38 COMMITMENTS

Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other operating leases	
	2008 £000	2007 £000	2008 £000	2007 £000
Expiring:				
Within one year	63	15	-	-
Between one and five years	60	93	-	1
	123	108	-	1

39 EMPLOYEES

Staff costs including Directors' remuneration:

	2008 £000	2007 £000
Wages and salaries	1,114	804
Social security costs	125	90
Other pension costs	76	61
Share-based payments	18	13
	1,333	968

The average number of persons employed by the Company, including Directors, during the year was as follows:

	2008	2007
By role:		
Directors	5	5
Administration	18	14
	23	19

Annual General Meeting Notes and Explanations

The Annual General Meeting will be held at loD Hub, 1st Floor, Peter House, Oxford Street, Manchester, M1 5AN, on Tuesday 24 February 2009 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 10 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 2008 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 2.00p per share, making a total dividend of 2.95p per share for the year ended 30 September 2008.

Resolution 3, which will be proposed as an ordinary resolution, will re-elect Stephen Driver, 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 re-elect Michael Ian Davis, 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 5, which will be proposed as an ordinary resolution, will elect Robert John Parfitt as Director of the Company. Robert John Parfitt 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 6, which will be proposed as an ordinary resolution, will appoint BDO Stoy Hayward LLP 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 7, 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 £35,172.55 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 24 May 2010, whichever is earlier.

SPECIAL BUSINESS

Resolution 8, which will be proposed as a special resolution, will disapply statutory pre-emption rights. It will disapply 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 £10,551.77, which is equivalent to 10% of existing share capital of the Company. The disapplication will expire on the date of the next Annual General Meeting of the Company or on 24 May 2010, whichever is earlier.

Resolution 9, which will be proposed as a special resolution, will grant to the Company authority to make market purchases of up to 2,637,942 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 24 May 2010 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.

Resolution 10, which will be proposed as a special resolution, adopts new articles of association (the "New Articles") in order to update the Company's current articles of association (the "Current Articles") primarily to take account of changes in English company law brought about by the Companies Act 2006.

The principal changes introduced in the New Articles are summarised in the Explanatory Notes of Changes to the Articles on pages 60 to 61 of the Annual Report and Accounts. Other changes, which are of a minor, technical or clarifying nature have not been noted in the Explanatory Notes.

The New Articles showing all the changes to the Current Articles are available for inspection in the Documents section of the Company's Website at www.drivergroupplc.com. A copy of the proposed New Articles will be available for inspection during usual business hours (Saturday and Sunday excepted) until the close of the Annual General Meeting, at the Registered Office of the Company, Driver House, 4 St. Crispin Way, Haslingden, Rossendale, Lancashire BB4 4PW.

Explanatory Notes of Principal Changes to the Company's Articles of Association

1. Articles which duplicate statutory provisions

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 are in the main amended to bring them into line with the Companies Act 2006. Certain examples of such provisions include provisions as to the form of resolutions, the variation of class rights, the requirement to keep accounting records and provisions regarding the period of notice required to convene general meetings. The main changes made to reflect this approach are detailed below.

2. Form of resolution

The Current Articles contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being amended as the concept of extraordinary resolutions has not been retained under the Companies Act 2006.

The Current Articles enable members to act by written resolution. Under the Companies Act 2006 public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

3. Variation of class rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights have been amended by the Companies Act 2006. The relevant provisions have therefore been amended in the New Articles.

4. Convening general and annual general meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings are being amended to conform to new provisions in the Companies Act 2006. In particular a general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required.

5. Votes of members

Under the Companies Act 2006 proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the Companies Act 2006 so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll, with weekends and bank holidays being permitted to be excluded for this purpose. Multiple proxies may be appointed provided that each proxy is appointed to exercise the rights attached to a different share held by the

shareholder. The New Articles reflect all of these new provisions.

6. Conflicts of interest

The Companies Act 2006 sets out Directors' general duties which largely codify the existing law but with some changes. Under the Companies Act 2006, a Director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a Director of another company or a trustee of another organisation. The Companies Act 2006 allows Directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The Companies Act 2006 also allows the articles of association to contain other provisions for dealing with Directors' conflicts of interest to avoid a breach of duty. The New Articles give the Directors authority to approve such situations and to include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards which will apply when Directors decide whether to authorise a conflict or potential conflict. First, only Directors who have no interest in the matter being considered will be able to take the relevant decision, and secondly, in taking the decision the Directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The Directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a Director being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the Directors.

7. Notice of board meetings

Under the Current Articles, when a Director is abroad he can request that notice of Directors' meetings are sent to him at a specified address and if he does not do so he is not entitled to receive notice while he is away. This provision has been amended, as modern communications mean that there may be no particular obstacle to giving notice to a Director who is abroad.

8. Electronic and web communications

Provisions of the Companies Act 2006 enable companies to communicate with members by electronic and/or website communications. The New Articles allow communications to members in electronic form and, in addition, they also permit the Company to take advantage of the new provisions relating to website communications. Before the

Explanatory Notes of Principal Changes to the Company's Articles of Association continued

Company can communicate with a member by means of website communication, the relevant member must be asked individually by the Company to agree that the Company may send or supply documents or information to him by means of a website, and the Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the request was sent. The Company will notify the member (either in writing, or by other permitted means) when a relevant document or information is placed on the website and a member can always request a hard copy version of the document or information.

9. General

Generally the opportunity has been taken to bring clearer language into the New Articles.

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 Tuesday 24 February 2009 at 3:00pm, for the purposes of considering and, if thought fit, passing the following resolutions which in the case of resolution numbers 1 to 7 will be proposed as ordinary resolutions and, in the case of resolutions 8 to 10 will be proposed as special resolutions.

ORDINARY BUSINESS

1. To receive and adopt the accounts of the Company for the year ended 30 September 2008 together with the reports of the Directors and the auditors thereon.
2. To declare a final dividend of 2.00p per share, making a total dividend of 2.95p per share for the year ended 30 September 2008.
3. To re-elect Stephen Driver, who retires by rotation, as a Director of the Company.
4. To re-elect Michael Ian Davis, who retires by rotation, as a Director of the Company.
5. To elect Robert John Parfitt, who retires in accordance with article 19.2 of the Company's articles of association, as a Director of the Company.
6. To appoint BDO Stoy Hayward LLP, Commercial Buildings, 11-15 Cross Street, Manchester M2 1WE as auditors of the Company and to authorise the Directors to agree their remuneration.
7. 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 £35,172.55; 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

8. THAT in substitution of any existing authorities:
 - (a) conditionally upon the passing of Resolution 7 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 7 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 £10,551.77 representing 10 per cent of the Company's issued share capital at 19 January 2009;
 - (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.

Notice of Annual General Meeting continued

Driver Group Plc (the "Company")

9. 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:

- the maximum aggregate number of Ordinary Shares hereby authorised to be purchased is 2,637,942;
- the minimum price which may be paid for each Ordinary Share is 0.4p;
- 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
- 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).

10. That the Articles of Association produced to the meeting and initialled by the Chairman of the meeting for the purposes of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

By order of the Board: Registered Office:

Thomas Hugh Ferns
Secretary

19 January 2009

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 6:00pm on 22 February 2009 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 6:00pm on 22 February 2009 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.

- If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint one or more proxies 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.
- 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.
- The notes to the proxy form explain how to direct your proxy 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 3:00pm on Friday 20 February 2009.

- 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.
- 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).
- 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.

Driver Group plc

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