driver group plc

Company number: 3475146

Annual Report & Accounts 2011

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Key Financial Information

	2011 £000	2010 £000	Change
Revenue	17,365	16,415	950
Gross profit %	26 8%	23 2%	3 6pp
Underlying* profit / (loss) before tax	548	(430)	978
Exceptional items and share-based payment charge	(199)	(379)	180
Profit / (loss) before tax	349	(809)	1,158
Profit / (loss) after tax	268	(663)	931
Basic earnings / (loss) per share	0 9p	(2 7p)	3 6p
Underlying* earnings / (loss) per share	1 7p	(1 2p)	2 9p
Dividend per share	0 5p	Nil	0 5p
Net cash / (borrowings) at year end**	572	(459)	1,031
Access to available funds***	3,078	1,653	1,425
Total equity	6,700	6,309	391

Key points

- **Restructuring of the Group completed**
- **Return to profitability**
- **Increase in revenue**
- **Elimination of debt and generation of positive year end cash balance**
- **Banking arrangements secured and in place until 2015**
- **Proposed return to the Dividend List**
- **Increased presence established in South Africa**

** Underlying figures are stated before the share-based payment charge and exceptional items (note 5)*
***Net cash / (borrowings) consists of cash and cash equivalents, bank loans and finance leases*
****Available funds include net undrawn bank facilities plus other cash balances*

Driver Group plc – about us

ABOUT US
We have excelled at providing construction and engineering focused services since 1978 Our expertise supports the delivery of major projects worldwide and bridges the gaps between the construction, legal and financial sectors

Our continued success can be measured by that of our clients It is the result of rigorously maintained standards and the commitment of our people to provide a quality service, to budget, within time and with the appropriate integration of the client's team

The business is managed through the three regions in which we trade Europe, Middle East and Africa

OUR SERVICES
The quality and experience of our people is fundamental to our success Their skills and experience enable us to offer support and expertise to clients in the following areas

- **STRATEGIC PROJECT MANAGEMENT**
- **PROJECT SERVICES**
- **COMMERCIAL & CONTRACT SERVICES**
- **EXPERT SERVICES**
- **CORPORATE SERVICES**

OUR APPROACH
All assignments are managed by a business director who remains directly responsible until its conclusion The director will regularly evaluate the client's requirements to ensure the most appropriate members of the Group's multi-disciplinary team are engaged on the assignment and that where necessary they are successfully integrating into the client's team

Our approach of channelling knowledge across services, disciplines and ultimately to our clients is designed to ensure they are aware of the latest industry developments

STREAMLINED MANAGEMENT
Our approach and the single point of responsibility ensures there is no overlap between the services It eliminates duplication, simplifies reporting and improves communication The result is reduced administrative and management costs and a cost effective solution

When working across a client's portfolio the cost and management efficiencies are multiplied An ongoing relationship allows for significantly improved skills transference, trend analysis and management reporting Ensuring lessons are learnt, reviewing processes and other pre-contract services are fundamental to ensuring our clients and our own continued success

OUR CLIENTS
Driver has clients worldwide that include global and regional contractors, corporate, government and not-for-profit bodies, insurance, finance and legal entities, developers and consortiums All demand and receive work of the highest quality

Driver Group plc – Services

STRATEGIC PROJECT MANAGEMENT

- PFI / PPP Representation
- Concessionaire Projects
- JV / Consortium Formation
- Support on Tender / Financial Close
- Bid Management
- Transaction Advisory Services
- Lenders Technical Advisor
- Project Monitoring

PROJECT SERVICES

- Commercial Management / QS's
- Planning & Programming
- Measurement / BQ Preparation
- Cost Plans / Cash Flow Forecasts
- Procurement
- Contract Administration
- Change Control
- Interim & Final Account Certification

COMMERCIAL & CONTRACT SERVICES

- Feasibility Studies
- Design Management
- Programme Audits / Analysis
- Commercial Strategies
- Risk / Value Management
- Dispute Avoidance
- Preparation / Defence & Negotiation of Claims
- Training & Workshops

EXPERT SERVICES

- Quantum Experts
- Planning Experts
- Forensic Analysis
- Dispute Resolution / ADR
- Arbitration & Litigation Support
- Arbitrators
- Adjudicators
- Mediators

CORPORATE SERVICES

- Insolvency
- Restructuring
- Non-Executive Appointments
- Due Diligence
- Project / Investment Monitoring
- Project Bank Accounts
- Distressed Property
- Audits

SECTORS

- Building
- Civil Engineering
- Energy
- Industrial
- Information Technology
- Insurance & Finance

Chairman's Statement

INTRODUCTION
I am pleased to report on the Group's performance for the financial year 2010 / 2011, a year in which the objectives set for the year have been met

Performance in the year has seen a return to profitability, growth in revenue, a return to a healthy cash positive position and, subject to shareholder approval, a return to the Dividend List

12 months ago the Group stated that it was restructuring and pursuing new initiatives aimed at providing growth to counter the decline in its traditional construction markets These initiatives were targeted on opportunities in Qatar, Africa, the UK Power & Process sector and international disputes managed from the UK I am pleased to report that these new initiatives are starting to deliver positive results

During the year employees at all levels in the Group were asked to accept considerable change and adopt a flexibility appropriate to market and economic conditions This they have done willingly and with commitment to the Group's future performance

FINANCIAL RESULTS
Revenue for the 12 months to 30 September 2011 increased by 6% to £17 4m (2010 £16 4m) largely as a result of an increase in our international disputes services, our improving position in Africa and in the Power & Process sector in the UK These improvements offset the anticipated continuing decline in the UAE Underlying* profit before taxation was £0 55m (2010 loss of £0 43m) Reported profit before taxation was £0 35m (2010 loss of £0 81m)

The Group's net cash position at the end of the year stood at £0 6m (2010 net borrowings of £0 5m)

Underlying* earnings per share was 1 7 pence (2010 loss per share 1 2 pence) Reported earnings per share was 0 9 pence (2010 loss per share 2 7 pence)

DIVIDEND
In view of the return to profits and the cash inflow in the year the Board proposes a final dividend for 2011 of 0 5p per share (2010 nil) and therefore a full year dividend of 0 5p per share (2010 nil) The final dividend will be paid on 23 March 2012 to shareholders on the register at the close of business on 9 March 2012

TRADING OVERVIEW
The trading environment over the past 12 months has continued to be challenging and given this, the Group's performance has been encouraging The Group's costs associated with our traditional construction markets have been cut and action by executive management has established a stable platform for increasing profits with our new initiatives developing as planned

Trading in Europe, which accounted for 69% of Group revenue, was up 11% on 2010 revenues This was as a result of our increasing presence in the Power & Process market in the UK and our focus on the international disputes managed out of the UK In addition, we have started to see a stabilisation in the general construction market following its decline in 2010

In the Middle East, trading accounted for 26% of Group revenue and was down 11% on 2010 revenues As anticipated, the construction market in the UAE continues to decline and the region was restructured to accommodate this and reposition the Middle East business These actions enabled the region to return to profitability during the second half of the year Oman continues to be stable with good returns UAE is positioned to focus on the dispute market given that live construction opportunities remain very challenging The pace of our operation in Qatar is developing slowly as the anticipated construction spend is not materialising as quickly as had been anticipated Our costs in all of our operations in the Middle East are well controlled

Africa's revenue represents 5% of Group revenue and is up 58% on 2010 We have secured work in the PPP sector as well as the dispute market and have a strong pipeline of opportunities via the commercial joint venture agreement we have with Worley Parsons / Evans & Peck

BOARD CHANGES
During the year there have been a number of changes to the Board Michael Davis and Keith Kirkwood retired from the Board on 1 March 2011 and 28 February 2011 respectively and Gary Turner retired from the Board on 14 June 2011 I would like to thank Michael, Keith and Gary for their commitment and contributions to the Group during their time with us

I was appointed as Non-Executive Chairman on 1 May 2011 with Stephen Driver stepping down from his role as Executive Chairman to that of Non-Executive Director

The final change to the Group Board was the appointment of Colin Davies as Non-Executive Director and Chairman of the Audit Committee

**Underlying figures are stated before the share based payment charge and exceptional items (note 5)*

Chairman's Statement continued

OUTLOOK
Last year was a year of restructuring, cost cutting and consolidation to prepare a platform for growth and a return to profitability This has been achieved

We see the coming year as one in which we will continue to develop our operations in Africa, the UK Power & Process sector and Qatar and maintain a stable environment in our remaining businesses We have some exciting opportunities but are mindful of the macroeconomic environment We are therefore structured to deal with any adverse scenarios this may create

We continue to strive for growth in terms of both revenue and profit whilst maintaining a healthy cash position This year saw a return to profitability and we view this coming year as one to evidence the sustainability of the Group profits and we are satisfied with the start to the current year

W. Alan McClue
Non-Executive Chairman

Chief Executive's Report

INTRODUCTION
In my 2010 report I stated that we would grow the business through the new initiatives we had put in place in Africa, Qatar and the UK Power & Process sector together with increases in our existing expert witness and litigation support services on international disputes administered out of the UK I am pleased to report this has been achieved I also anticipated further decline in the UK and UAE live construction markets and highlighted the need for tight control of costs

I am therefore very pleased to report that, notwithstanding these challenging circumstances, the business has grown through the new initiatives we have put in place and reassuringly our remaining UK business remained stable The UAE live construction market did continue to decline and as a result we restructured the business in that region so as to reduce costs and make it a more efficient and focused operation

The Group has performed very well against all key metrics Revenue increased by 6% to £17 4m (2010 £16 4m), gross margin improved by 4 percentage points to 27% (2010 23%), the previous year's loss was turned around into an underlying* profit before tax of £0 55m (2010 underlying* loss of £0 43m) and we ended the year with £0 6m net cash (2010 £0 5m net debt) Reported profit before tax was £0 35m compared to a loss in 2010 of £0 81m

The business is managed through the three regions in which we trade Europe, Middle East and Africa Overall 52% of revenue is generated on overseas projects albeit 69% is billed through UK trading entities, the difference primarily being the international dispute and expert witness assignments administered from the UK This wider global footprint and the willingness and ability of our staff to work on international projects and in varying sectors of the construction and engineering markets has been key to the success this year

EUROPE
This region has seen revenues increase by £1 2m or 11% to £12 0m (2010 £10 8m) in the year as a result of the anticipated growth in our UK Power & Process sector and expert witness and litigation support services on international assignments Profits were up 9 5 percentage points at 17 2% of revenue (2010 7 7%) The remaining work load in Driver Project Services and Driver Consult remained stable primarily due to our positioning with blue chip clients in the infrastructure market In fact our utilisation levels in Driver Consult were up 9 percentage points on 2010 at 76% This performance was better than the anticipated continuing decline predicted last year Both these core businesses to the Group have increased market share in the period due to our growing reputation, the quality of our staff and the marketing focus of the senior management

MIDDLE EAST
This region continued to see revenues fall, by £0 58m or 11% in the year to £4 5m (2010 £5 08m) as a result of a declining construction market in the UAE The region made a loss of £0 09m (2010 profit of £0 26m) primarily through the UAE business The loss sustained in the first half of the year was in excess of this and as a result of this developing loss and poor performance, the region was restructured at the end of the first half resulting in cost savings in terms of both administrative and fee earning staff These actions and focusing the UAE business on the expert witness market resulted in a profitable second half in this region

Oman is the largest office in the region and it returned a respectable profit of 14 0% (2010 17 2%) on revenues of £2 2m (2010 £2 2m) The Oman business primarily services numerous Oman government ministries acting as quantity surveyor and project manager on high value infrastructure and development schemes This market is very stable and provided good visibility of workload and profitability during 2010 and into 2011 creating a solid foundation for the higher margin but less predictable dispute work in the business Utilisation levels increased in the year by 4 percentage points to 88%

The Dubai office now has no live project work and its revenue generation is solely based on the dispute market and primarily the expert witness market following the restructure and refocusing of the business at the end of the first half There are a number of large scale disputes in the region that we secured appointments on in the second half of the financial year with continued opportunities for 2012 Due to the poor performance in the first half Dubai revenues dropped to £1 2m (2010 £1 5m) and recorded a loss of £0 01m (2010 profit of £0 09m)

Abu Dhabi continued to experience a significant reduction in workload resulting in a loss for the second year in succession Revenue fell to £0 6m (2010 £1 0m) with a loss of £0 1m (2010 loss of £0 1m) We have some ongoing commitments on a small number of live projects but generally the focus will be on the dispute and expert witness markets as per Dubai and tight monitoring and control of anticipated costs versus revenue

Qatar continued to show opportunity but with a degree of frustration as to the timing of the release of the major infrastructure projects by government Nonetheless revenue increased by £0 3m to £0 5m (2010 £0 2m) although we recorded a marginal loss of £0 05m compared to a loss of £0 08m in 2010 We finished the year with a number of new clients in both the live project sector and the dispute sector together

**Underlying figures are stated before the share based payment charge and exceptional items (note 5)*

Chief Executive's Report continued

with some good opportunities moving in to 2012 Unlike UAE we believe there are numerous opportunities on live construction projects in Qatar however we are mindful of maintaining flexibility to react to the timing of their commencement

AFRICA
Trading in Africa increased by 58% to £0 8m (2010 £0 5m) Whilst this is currently not particularly high in terms of revenue growth it is very encouraging when considered together with the outstanding proposals and pipeline of opportunity that was built up in 2011 and carried in to 2012 as opportunities I expect some of these proposals to be secured in 2012 and a further significant increase in revenue in the year Our key markets are PPP, disputes and project management / supervision and we ended the year with revenue and continuing opportunities in each of these markets Our progress in the PPP market is particularly pleasing with the appointment on Dr Mukhari Hospital and the commercial joint venture agreement with Worley Parsons / Evans & Peck has so far developed a strong pipeline of further opportunity in the wider African market

OUTLOOK
I expect the business environment of the coming year to be much the same as 2011 with growth to come from Africa, Qatar, UK Power & Process sector and a continuing level of expert and litigation support on international disputes Given our position in the UK construction market, where I believe our market share has strengthened last year, I expect a further year of stability in the UK particularly due to the infrastructure projects planned and underway as well as our aim to leverage Group wide services across existing clients The UAE continues to be an area where continual focus will be required so as to ensure we maintain a cost base consistent with and supportable from projected revenues Since the year end we divested the recruitment business of North Gate Executive Search Ltd to its management team in order to focus on the Group's core operations

At the end of the first quarter for 2012 we have an encouraging level of budgeted revenue allocated on secured assignments and a strong pipeline of outstanding proposals Areas with particularly strong secured assignments and pipelines are Africa, the Middle East and Driver Project Services in the UK

We currently have visibility for the first quarter trading and this is toward the top end of management expectations We therefore look forward to delivering for shareholders a good performance in the current year

Dave Webster
Chief Executive Officer

Finance Director's Review

RESULTS
Revenue increased by 6% to £17 4m (2010 £16 4m) The Chief Executive's report describes the business segmental performance in more detail

The underlying* operating profit for the year ended 30 September 2011 was £0 56m compared with an underlying* operating loss for the year ended 30 September 2010 of £0 41m Reported operating profit was £0 36m compared with a reported operating loss in 2010 of £0 79m

After a net interest charge of £0 01m (2010 £0 02m) the underlying* profit before tax was £0 55m (2010 loss £0 43m) and reported profit before tax was £0 35m (2010 loss £0 81m)

The Group's results include an exceptional item (note 5) relating to severance costs of £0 13m (2010 £0 17m) and 2010 included an exceptional impairment loss of £0 12m in relation to the value of the Edinburgh office, which was subsequently sold in May 2010 without any profit or loss on disposal In addition the Group recorded a share based payment charge of £0 07m (2010 £0 09m) in relation to the Group's share option scheme (note 18)

The European business segment revenue grew by £1 23m to £12 04m and profits also grew by £1 24m to £2 07m The Middle East segment revenue fell by £0 58m to £4 5m and reported a loss of £0 09m compared with a profit of £0 26m in 2010 The Africa segment revenue grew by £0 3m to £0 82m and reported a loss of £0 1m compared with a loss of £0 13m in 2010 From continued focus on cost management, underlying* unallocated corporate costs reduced by £0 03m to £1 4m After a share option charge of £0 07m (2010 £0 09m) and exceptional costs of £0 05m (2010 £0 23m) the reported unallocated costs were £1 52m (2010 £1 75m)

TAXATION
The Group had a tax charge of £0 08m (2010 tax credit of £0 15m) The effective tax rate was 23% (2010 18%) The current year tax charge includes the effect of a lower tax rate both for profits and for losses in Oman, the UAE and Qatar In addition the Group had an unrecognised deferred tax asset relating to losses of £0 22m brought forward which had not been recognised in 2010 as the expected origin of the Group's profitability over the medium term anticipated at the time did not support the recognition of the asset

EARNINGS PER SHARE
Underlying* earnings per share was 1 7 pence (2010 loss per share 1 2 pence) The basic and diluted earnings per share was 0 9 pence (2010 loss per share 2 7 pence)

CASH FLOW
Net cash inflow from operating activities was £1 08m (2010 net cash outflow £0 49m) This included a favourable impact of an increase in creditors of £1 05m (2010 decrease of £0 53m) offset by a net outflow from an increase in debtors of £0 83m (2010 decrease of £0 51m)

Other major cash items are tax received of £0 2m (2010 tax paid £0 16m), capital spend of £0 05m (2010 £0 13m) and repayment of borrowings of £1 24m (2010 increased borrowings £0 41m) In 2010 there were proceeds from the disposal of the Edinburgh property of £0 6m and dividends paid of £0 25m

The Company had net cash at the end of the year of £0 57m compared to net borrowings of £0 46m at 30 September 2010

PRINCIPAL RISKS AND UNCERTAINTIES
There are a variety of specific business risks which can affect international consultancy businesses like Driver The principal risks and uncertainties are outlined below

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

CREDIT RISK
The Group's credit risk is primarily attributable to its trade receivables The risk increases as our business expands into new territories where payment of outstanding receivables can be slower Credit risk is managed by running credit checks on new customers and by monitoring payments against contractual terms There is a clear internal process for elevating potential problems in recovering debts such that prompt action is taken to recover debts at the earliest possible point and legal action taken where necessary

LIQUIDITY
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 undrawn borrowing facilities consisted of a term loan facility of £1 225m and an effective overdraft facility renewable annually of £1 257m (note 15) With cash of £0 596m the Group had access to £3 08m of available funds at 30 September 2011 The Group's facilities with the bank are secured by means of debentures over the Group's assets and a legal charge over the land and building at Haslingden

Subsequent to the year end, the Group renewed

**Underlying figures are stated before the share based payment charge and exceptional items (note 5)*

banking facilities with a term loan repayable in February 2015 of £1m and an overdraft facility renewable annually of £1 25m (note 15)

TREASURY POLICIES AND FOREIGN EXCHANGE MANAGEMENT

Treasury operations are managed centrally and operate so as to reduce financial risk, ensure sufficient liquidity is available for the Group's operations and to invest surplus cash Corporate Treasury does not operate as a profit centre and does not take speculative positions The Company regularly invoices in Euros for work performed in Europe as well as receiving foreign currency income in UAE Dirhams ("AED"), Omani Rials ("OMR") and Qatari Riyals (QAR) from its Middle East businesses and South African Rand ("ZAR") from its African business The Group is therefore exposed to movements in these currencies relative to Sterling AED, OMR and QAR are currently linked to the US Dollar Foreign currency balances in excess of forecast amounts required to fund projected outgoings have been converted to Sterling balances during the year at spot rate Euro exposure is managed through the use of a foreign currency overdraft facility, which is used to match up to 90% of the value of the Euro debtor balance against Euro borrowings The net value of AED, OMR and QAR exposure is managed using foreign currency hedge contracts to provide a targeted level of cover of between 50% and 75% of the net exposure This policy is regularly reviewed by the Board Details of the foreign currency financial instruments in place at 30 September 2011 are shown in note 20 to the accounts

As a consequence of the earnings generated in the Middle East as well as Euro earnings generated in the UK, and South African Rand generated in South Africa the Group's net income and its equity is exposed to movements in the value of Sterling relative to the Euro, South African Rand and to the US Dollar The estimated impact of movements in the Sterling exchange rate on profits and equity are summarised in note 20 to the Financial Statements Based on this table, a 20% strengthening in Sterling against the US Dollar will reduce Group profits by c£0 5m, a 20% strengthening in Sterling against the Euro will reduce profits by c£0 2m and a 20% strengthening in Sterling against South African Rand by c£0 04m Correspondingly a weakening in Sterling will improve profits on translation As non-Sterling earnings increase, the exposure of the Group's Income Statement and Equity to movements in Sterling will increase as well

CONTINGENCIES AND LEGAL PROCEEDINGS RISK MANAGEMENT

The Group monitors all material contingent liabilities, through a process of consultation and evaluation which includes senior management, 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 No contingent liabilities have been recognised at the year end

HEALTH AND SAFETY

Driver is committed to ensuring the health and safety of its employees in the workplace and where possible implementing health and safety policy improvements 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 during the year

Damien McDonald
Finance Director

Directors

W Alan McClue (aged 64)
Non-Executive Chairman

Alan commenced his business career with Mobil Oil Corporation in the early 70s followed by a period with Pegler Hattersley PLC where he was responsible for the manufacture of OPC valve products

He has acted as Chief Executive or Chairman of several public companies including Petrocon Plc - oil field rentals and OPC valves, Porter Chadburn Plc - Engineering sector and Ptarmigan Plc He served as a director of G M Firth Plc - Metal Stockists He was, until the company was bid for by a UK listed company, Chairman of TI Technologies (Pty) South Africa - Africa's largest printed circuit board manufacturer He was also Chairman of Mount York Limited, an engineering company listed on the CISX, and most recently Chairman of AIM Listed Mount Engineering plc until it was bid for by a US Corporation

He has investments in a number of private engineering sector companies

David Webster (aged 44)
Chief Executive Officer

David has over 28 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 progressed to become CEO of the Group in 2009 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 development 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 Chartered Institution of Civil Engineering Surveyors

Damien McDonald (aged 38)
Finance Director

A Chartered Accountant with over 16 years' experience Damien joined Driver in April 2008 as Group Financial Controller and successfully implemented financial procedures to the business' UK and overseas operations Damien previously worked for 9 years with United Utilities PLC, the UK's largest listed water company, where he held finance management positions in the Group head office before becoming Financial Controller of the £330m turnover Contract Solutions Division Latterly at United Utilities, Damien successfully managed the financial disposal of their industrial waste management business Between 1995 and 1999 Damien qualified as a Chartered Accountant as an auditor with KPMG

Stephen Driver (aged 48)
Non-Executive Director

Stephen has over 29 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 and the opening of offices in the UAE, Scotland and Bristol Stephen also 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

On 1 October 2009 Stephen was appointed as Executive Chairman focussing primarily on strategic initiatives, including acquisitions and alliances whilst continuing to play a key role in the development of strategic client relationships

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 Chartered Institution of Civil Engineering Surveyors

Colin Davies (aged 54)
Non-Executive Director

Colin, a Chartered Certified Accountant, commenced his business career with Midland Bank in 1977 followed by a period with the Department of Trade and Industry and then Grant Thornton He was Chief Executive and subsequently Corporate Finance Director of Graystone Plc between 1992 - 1995 and Chief Executive of Hallmark Industries from 1995-1998

He has been a non-executive director of several companies, including Floors 2 Go Plc and Mount Engineering Plc until their takeovers in 2007 and 2010 respectively He continues to be an investor in and non-executive director of several private companies

Company Secretary and Advisers

COMPANY SECRETARY	**Thomas Ferns**
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SOLICITORS	**Rosenblatt Solicitors** 9-13 St Andrew Street London, EC4A 3AF
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REGISTRARS	**Neville Registrars Limited** Neville House, 18 Laurel Lane Halesowen, B63 3DA

Report of the Directors

For the year ended 30 September 2011

The Directors present their Report and the Consolidated Financial Statements of Driver Group plc ("the Group") and its subsidiary companies for the year ended 30 September 2011

PRINCIPAL ACTIVITY
The principal activity of the Group in the year under review and the previous year 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 at the end of the year are as shown in the annexed Financial Statements The information that fulfils the requirements of the Enhanced Business Review can be found in the Chairman's Statement, Chief Executive's Report and Finance Director's Review on pages 5 to 10 and includes reference to key performance indicators, being revenue and operating profit

DIVIDENDS
The Directors have proposed a final dividend in respect of the current financial year of 0 5p per share (2010 nil) 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 £123,000 (2010 £nil) The final dividend will be paid on 23 March 2012 to shareholders on the register at the close of business on 9 March 2012

There were no dividends paid by the Company during the year

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 Group including the policy for hedging foreign currency risk, are outlined in the Finance Director's Review

DIRECTORS
The Directors during the year under review were

W A McClue (appointed 1 May 2011)
D J Webster
D P McDonald
S Driver
C Davies (appointed 8 June 2011)
M Davis (resigned 1 March 2011)
K Kirkwood (resigned 28 February 2011)
G Turner (appointed 1 October 2010 - resigned 14 June 2011)

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 2011 Ordinary 0 4p Shares	30 September 2010 Ordinary 0 4p Shares
W A McClue	192,500	n/a
D J Webster	1,502,088	1,502,088
D P McDonald	-	-
S Driver	2,620,347	3,778,720
C Davies	100,000	n/a
M Davis	n/a	7,000

Mr Webster held share options to purchase 275,000 ordinary shares exercisable at 73 5p per share by 27 June 2016 These share options were surrendered on 23 January 2011 in favour of new share options The new share options consist of 500,000 exercisable at 21 5p per share and 750,000 long term incentive plan (LTIP) share options exercisable at nil p per share The new share options (including the LTIP options) which have been granted to David Webster are conditional on (i) the Company achieving underlying earnings per Share of 6 2p which is equivalent to the peak earnings per Share achieved by the Company in the year ended 30 September 2008, and (ii) David Webster being employed by the Group on 1 October 2014 In addition these options will vest automatically in the event of a takeover of the Company being completed before 1 October 2014

On 23 January 2011 Mr McDonald was granted share options to purchase 100,000 ordinary shares exercisable at 21 5p per share exercisable between 1 October 2014 and 23 January 2021

On 27 April 2011 Mr McClue was granted 250,000 options to purchase shares in the Company exercisable at 21 5p per share and 375,000 options exercisable at nil consideration in certain circumstances

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 2011, the Trust owned 1,700,645 shares which it acquired at an average of 73p per share (note 18)

CHARITABLE AND POLITICAL DONATIONS
During the year under review, the Group made charitable donations amounting to £2,722 (2010 £3,725) 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 30 days (2010 44 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 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:

Damien McDonald
Finance Director
17 January 2012

Corporate Governance

For the year ended 30 September 2011

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

From 1 October 2010 to 28 February 2011 the Board consisted of three Executive Directors, Stephen Driver (Chairman), David Webster and Damien McDonald and three Non-Executive Directors, Keith Kirkwood, Michael Davis and Gary Turner On 28 February 2011 Keith Kirkwood resigned and on 1 March 2011 Michael Davis resigned and Stephen Driver stepped down from Executive Chairman to Non-Executive Chairman On 1 May 2011 W Alan McClue was appointed as Non-Executive Chairman and Stephen Driver became a Non-Executive Director On 8 June 2011 Colin Davies joined the Group as a Non-Executive Director and Chairman of the Audit Committee with Gary Turner resigning from the Board on 14 June 2011 The Board now consists of two Executive Directors and three Non-Executive Directors

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

Between 1 October 2010 and 28 February 2011 the Remuneration Committee consisted of Stephen Driver, Michael Davis and Keith Kirkwood, from 1 March 2011 to 1 May 2011 the Committee consisted of Stephen Driver and Gary Turner From 1 May 2011 the Committee consisted of W Alan McClue and Stephen Driver The Directors' Remuneration Report on page 16 contains a detailed description of remuneration and applicable policies

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

Between 1 October 2010 to 28 February 2011 the Audit Committee consisted of Michael Davis (Chairman) and Keith Kirkwood From 1 March 2011 to 1 June 2011 the Committee consisted of Stephen Driver (Chairman) and Gary Turner From 1 June *2011 the Committee consisted of Colin Davies* (Chairman) and Stephen Driver 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

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 Group that could affect independence, and seeking written confirmation from the auditors that, in their professional judgement, 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 driver-group 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 current size and complexity of the Group, this cannot be justified on the grounds of cost effectiveness

Directors' Remuneration Report

For the year ended 30 September 2011

The members of the Remuneration Committee are W Alan McClue and Stephen Driver who are both independent Non-Executive Directors

REMUNERATION POLICY

The Group'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' REMUNERATION

	Salary and fees	Bonus	Car allowance	Benefits	Total 2011	Pension[1] 2011	Total Remuneration 2011	Total 2010	Pension 2010	Total Remuneration 2010
	£	£	£	£	£	£	£	£	£	£
David Webster	245,000	85,750	12,000	3,181	**345,931**	**240**	**346,171**	259,062	12,370	271,432
Damien McDonald [1]	76,950	31,500	12,000	1,516	**121,966**	**11,254**	**133,220**	14,403	1,544	15,947
Stephen Driver [1] [2]	146,729	-	5,000	833	**152,562**	**546**	**153,108**	201,464	487	201,951
Colin White[1] [3]	-	-	-	-	-	-	-	81,048	41,048	122,096
Robert Parfitt [4]	-	-	-	-	-	-	-	196,179	-	196,179
William Alan McClue	15,000	-	-	-	**15,000**	-	**15,000**	-	-	-
Colin Davies	4,000	-	-	-	**4,000**	-	**4,000**	-	-	-
Michael Davis	17,500	-	-	-	**17,500**	-	**17,500**	30,000	-	30,000
Keith Kirkwood [1]	19,833	-	-	-	**19,833**	**5,000**	**24,833**	41,000	9,000	50,000
Gary Turner	22,621	-	-	-	**22,621**	-	**22,621**	-	-	-
Total	**547,633**	**117,250**	**29,000**	**5,530**	**699,413**	**17,040**	**716,453**	**823,156**	**64,449**	**887,605**

(1) Pension includes salary sacrifice with the director voluntarily reducing salary in exchange for a higher company pension contribution

(2) Stephen Driver moved from the role of Executive Chairman to that of Non-Executive Director on 1 March 2011 A discretionary payment of £30,000 was made to Quovis Limited to provide consultancy services to facilitate the handover of executive responsibilities included in the above

(3) In addition to the above Colin White received total payments of £23,448 following his resignation to provide consulting advice on a discretionary basis

(4) During 2010 Robert Parfitt was paid a £30,000 loyalty bonus in line with the terms of the acquisition of Commercial Management Consultants in February 2008 In addition Robert was paid an ex-gratia payment of £75,000 following his resignation on 28 April 2010 due to ill health

(5) During the year Keith Kirkwood and Gary Turner received severance payments of £4,000 and £5,537 respectively

(6) Share option charge in respect of options held by directors is £36,051 (2010 nil)

For the year to 30 September 2011, 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, a company controlled by Michael Davis, entered into a formal engagement 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 and ongoing consultancy and advice The agreement was terminated on 1 March 2011

Alchemy BS, a company controlled by Keith Kirkwood, entered into a formal engagement with the Company on 25 January 2010 for Alchemy BS to provide the consultancy services of Keith Kirkwood This is in addition to an employment contract with Keith for his services as a Non-Executive Director of the Group Both contracts were terminated on 1 March 2011

Quovis Limited, a company controlled by Stephen Driver, entered into a formal engagement with the Company on 28 February 2011 for Quovis Limited to provide the consultancy services of Stephen Driver This is in addition to an employment contract with Stephen for his services as a Non-Executive Director of the Group

DIRECTORS' REMUNERATION REVIEW

Remuneration is reviewed in September each year with any revisions taking place from the beginning of October

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

On behalf of the Board
W Alan McClue
Chairman of the Remuneration Committee
17 January 2012

Statement of Directors' Responsibilities

In respect of the Report of the Directors and the Financial Statements for the year ended 30 September 2011

DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report of the Directors and the Financial Statements in accordance with applicable law and regulations

Company law requires Directors to prepare Financial Statements for each financial year Under that law the Directors have elected to prepare the Group Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and the Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period The Directors are also required to prepare Financial Statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market

In preparing these Financial Statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether they have been prepared in accordance with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the Financial Statements, and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006 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

WEBSITE PUBLICATION

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of Financial Statements, which may vary from legislation in other jurisdictions The maintenance and integrity of the Company's website is the responsibility of the Directors The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein

Report of the Independent Auditors

For the year ended 30 September 2011

TO THE MEMBERS OF DRIVER GROUP PLC

We have audited the Financial Statements of Driver Group plc for the year ended 30 September 2011 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Cashflow Statement, the Consolidated Statement of Changes in Equity, the Parent Company Balance Sheet and the related notes The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union The financial reporting framework that has been applied in preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3, Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of Financial Statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

OPINION ON FINANCIAL STATEMENTS

In our opinion

- the Financial Statements give a true and fair view of the state of the Group's and the Parent Company's affairs as at 30 September 2011 and of the Group's profit for the year then ended,
- the Group Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union,
- the Parent Company's Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company Financial Statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' Remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

BDO LLP

Eric Solomons
Senior Statutory Auditor
For and on behalf of BDO LLP, statutory auditor
3 Hardman Street, Manchester, M3 3AT, United Kingdom

17 January 2012

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

Consolidated Income Statement
For The Year Ended 30 September 2011

	Notes	2011 £000	2010 £000
REVENUE	2	17,365	16,415
Cost of sales		(12,704)	(12,607)
GROSS PROFIT		4,661	3,808
Administrative expenses		(4,424)	(4,736)
Other operating income		123	135
Operating profit / (loss) before share-based payment charge and exceptional items		559	(414)
Exceptional items	5	(125)	(291)
Share-based payment charge	18	(74)	(88)
OPERATING PROFIT / (LOSS)	2,4	360	(793)
Finance income		2	-
Finance costs	6	(13)	(16)
PROFIT / (LOSS) BEFORE TAXATION	2	349	(809)
Tax (expense) / credit	7	(81)	146
PROFIT / (LOSS) FOR THE YEAR		268	(663)
Profit attributable to non-controlling interests		40	4
Profit / (loss) attributable to equity shareholders of the parent		228	(667)
		268	(663)
Basic earnings / (loss) per share (pence)	10	0 9p	(2 7)p
Diluted earnings / (loss) per share (pence)	10	0 9p	(2 7)p

The result for the current and the prior year arises from the Group's continuing operations

The notes on pages 24 to 53 form part of these Financial Statements

Consolidated Statement of Comprehensive Income

For The Year Ended 30 September 2011

	2011 £000	2010 £000
PROFIT / (LOSS) FOR THE YEAR	268	(663)
Other comprehensive income		
Exchange differences on translating foreign operations	23	(15)
Deferred tax credit on property revaluation	30	12
OTHER COMPREHENSIVE INCOME FOR THE YEAR NET OF TAX	53	(3)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	321	(666)
Total comprehensive income attributable to		
Equity shareholders of the parent	281	(670)
Non-controlling interests	40	4
	321	(666)

The notes on pages 24 to 53 form part of these Financial Statements

Consolidated Statement of Financial Position

At 30 September 2011

Company Number 3475146

	Notes	2011 £000	2011 £000	2010 £000	2010 £000
NON-CURRENT ASSETS					
Goodwill	12	2,356		2,356	
Property, plant and equipment	11	2,134		2,323	
Deferred tax asset	17	67		-	
			4,557		4,679
CURRENT ASSETS					
Trade and other receivables	13	4,839		4,014	
Cash and cash equivalents	16	596		804	
Current tax receivable		-		198	
			5,435		5,016
TOTAL ASSETS			9,992		9,695
CURRENT LIABLITIES					
Borrowings	15	(12)		(15)	
Trade and other payables	14	(2,915)		(1,866)	
Current tax payable		(131)		-	
			(3,058)		(1,881)
NON-CURRENT LIABILITIES					
Borrowings	15	(12)		(1,248)	
Deferred tax liabilities	17	(222)		(257)	
			(234)		(1,505)
TOTAL LIABILITIES			(3,292)		(3,386)
NET ASSETS			6,700		6,309
SHAREHOLDERS' EQUITY					
Share capital	18		106		106
Share premium	21		2,649		2,649
Merger reserve	21		1,493		1,493
Translation reserve	21		(16)		(39)
Capital redemption reserve	21		18		18
Retained earnings	21		3,493		3,320
Own shares	21		(1,083)		(1,242)
TOTAL SHAREHOLDERS' EQUITY			6,660		6,305
NON-CONTROLLING INTEREST	21		40		4
TOTAL EQUITY			6,700		6,309

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

Damien McDonald
Finance Director

17 January 2012

The notes on pages 24 to 53 form part of these Financial Statements

Consolidated Cashflow Statement

For The Year Ended 30 September 2011

	Notes	2011 £000	2010 £000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation			
- Before share-based payment charge and exceptional items		548	(430)
- Exceptional items	5	(125)	(291)
- Share-based payment charge	18	(74)	(88)
		349	(809)
Adjustments for:			
Depreciation	11	236	254
Exchange adjustments		(10)	12
Impairment loss		-	122
Loss on disposal of equipment		2	-
Finance income		(2)	-
Finance costs		13	16
Equity settled share-based payment charge		74	88
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL AND PROVISIONS		662	(317)
(Increase) / decrease in trade and other receivables		(825)	510
Increase / (decrease) in trade and other payables		1,049	(525)
CASH GENERATED FROM OPERATIONS		886	(332)
Tax received / (paid)		197	(156)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		1,083	(488)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2	-
Acquisition of property, plant and equipment		(49)	(126)
Proceeds from disposal of property		-	600
NET CASH (OUTFLOW) / INFLOW FROM INVESTING ACTIVITIES		(47)	474
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(13)	(16)
Borrowings		(1,239)	412
Payment of equity dividends		(4)	(253)
NET CASH (OUTFLOW) / INFLOW FROM FINANCING ACTIVITIES		(1,256)	143
Net (decrease) / increase in cash and cash equivalents		(220)	129
Effect of foreign exchange on cash and cash equivalents		12	(12)
Cash and cash equivalents at start of period		804	687
CASH AND CASH EQUIVALENTS AT END OF PERIOD	16	596	804

The notes on pages 24 to 53 form part of these Financial Statements

Consolidated Statement of Changes in Equity

For The Year Ended 30 September 2011

	Share capital £000	Share premium £000	Merger reserve £000	Other reserves(1) £000	Retained earnings £000	Own shares £000	Total* £000	Non-controlling interest £000	Total Equity £000
OPENING BALANCE AT 1 OCTOBER 2009	**106**	**2,649**	**1,493**	**(6)**	**4,134**	**(1,242)**	**7,134**	**6**	**7,140**
Dividends	-	-	-	-	(247)	-	(247)	(6)	(253)
Share-based payment	-	-	-	-	88	-	88	-	88
(Loss) / profit for the year	-	-	-	-	(667)	-	(667)	4	(663)
Other comprehensive income for the year	-	-	-	(15)	12	-	(3)	-	(3)
CLOSING BALANCE AT 30 SEPTEMBER 2010	**106**	**2,649**	**1,493**	**(21)**	**3,320**	**(1,242)**	**6,305**	**4**	**6,309**
Dividends	-	-	-	-	-	-	-	(4)	(4)
Share-based payment	-	-	-	-	74	-	74	-	74
Transfer of reserves(2)	-	-	-	-	(159)	159	-	-	-
Profit for the year	-	-	-	-	228	-	228	40	268
Other comprehensive income for the year	-	-	-	23	30	-	53	-	53
CLOSING BALANCE AT 30 SEPTEMBER 2011	**106**	**2,649**	**1,493**	**2**	**3,493**	**(1,083)**	**6,660**	**40**	**6,700**

* Total equity attributable to the equity holders of the parent

(1) 'Other reserves' combines the translation reserve, capital redemption reserve and other reserves Explanatory details for these reserves are disclosed in note 21

(2) The shortfall in balance between the exercise price of share options granted and the outstanding loan to the EBT is transferred from own shares to retained earnings over the vesting period (note 12)

The notes on pages 24 to 53 form part of these Financial Statements

Summary of Significant Accounting Policies

For The Year Ended 30 September 2011

1 ACCOUNTING POLICIES

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

The Group Financial Statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards (IFRS) as endorsed for use in the European Union ("EU endorsed IFRS") and International Accounting Standards

The Company has elected to prepare its financial statements in accordance with UK GAAP These are provided on pages 46 to 53

BASIS OF PREPARATION

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets, and in accordance with Applicable Accounting Standards

BASIS OF CONSOLIDATION

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

The Group Statement of Financial Position incorporates the shares held by the Driver Group Employee Benefit Trust which have not vested by the Statement of Financial Position 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 Statement of Financial Position, 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 Prior to the adoption of IFRS 3 (revised), which will apply for future business combinations, direct costs of acquisition were also treated as a cost 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 Statement of Financial Position date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the Statement of Financial Position 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 differences 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 Statement of Financial Position 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 in respect of the core services being consultancy, contract administration and project consultancy services, 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

Summary of Significant Accounting Policies continued

For The Year Ended 30 September 2011

REVENUE - continued
Where the Group enters into a fixed fee arrangement revenue is recognised by reference to the stage of completion of the project

Revenue in respect of corporate services work, which includes the valuation and recovery of debts due to insolvent businesses on behalf of insolvency practitioners, is recognised on the basis of the following

- Revenue for fixed fee work is recognised by reference to the stage of completion of the project,
- Revenue earned from collecting cash on behalf of an insolvency practitioner is recognised on the basis of the agreed percentage commission earned applied to the actual cash collected at the Statement of Financial Position date

Fees which are contingent on the occurrence of one or more significant future events are recognised as revenue once the events on which they are contingent have occurred

Unbilled revenue is included in prepayments and accrued income

SEGMENT REPORTING
In accordance with IFRS 8, operating segments are identified based on the "management approach" This approach stipulates external segment reporting based on the Group's internal organisational and management structure and on internal financial reporting to the chief operating decision maker The chief operating decision maker is the Chief Executive Officer

Details of the segments are provided in note 2

FINANCING COSTS
Interest income and interest payable are recognised in the Consolidated Income Statement on an accruals basis, using the effective interest method

LEASED ASSETS
Lessee
Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease The corresponding lease commitment is shown as a liability Lease payments are analysed between capital and interest The interest element is charged to the Consolidated Income Statement over the period of the lease and is calculated so that it represents a constant proportion of the lease liability The capital element reduces the balance owed to the lessor

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the Consolidated Income Statement on a straight-line basis over the lease term The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis

The land and buildings elements of property leases are considered separately for the purposes of lease classification

Lessor
Rentals received are credited to the Income Statement on a straight-line basis over the term of the lease

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 Consolidated 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 Consolidated 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 Statement of Financial Position 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 temporary differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future are not provided for 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 Statement of Financial Position 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

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 (i e 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 (i e 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 Changes in Equity 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 generating unit to which the asset belongs

FINANCIAL ASSETS

Fair value through profit or loss

This category comprises only in-the-money derivatives (see Financial Liabilities section for out-of-the-money derivatives) They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in the Consolidated Income Statement in the finance income or expense line Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss

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 Consolidated Income Statement Confirmation that the trade receivable will not be collectable results in the gross carrying value of the asset being 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 Consolidated Statement of Financial Position

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 in the Consolidated Statement of Financial Position

Net borrowings comprises borrowings net of cash and cash equivalents

FINANCIAL LIABLITIES

Loans and receivables

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 Consolidated Statement of Financial Position

Summary of Significant Accounting Policies continued
For The Year Ended 30 September 2011

FINANCIAL LIABLITIES - continued
Loans and receivables - continued
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

Fair value through profit or loss
This category comprises only out-of-the-money derivatives (see Financial Assets for in-the-money derivatives) They are carried in the Consolidated Statement of Financial Position at fair value with changes in fair value recognised in the Consolidated Income Statement The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment is 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 Consolidated 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%
Computer equipment	-	25%

EMPLOYEE BENEFIT TRUST
The Group Statement of Financial Position incorporates the results of Driver Group Employee Benefit Trust The Directors consider that the activities of the Trust are being conducted on behalf of the Group and the Group obtains the benefits from the Trust's operation In accordance with SIC 12 the assets of the Trust, and any liabilities it has, are recognised in the Group's Statement of Financial Position Own shares held by the Trust for future distribution to employees under share option arrangements are deducted from shareholders' equity until such a time as they vest unconditionally with the employee Any income or expenditure incurred by the Trust is recognised in the Group's Financial Statements

ACCOUNTING ESTIMATES AND JUDGEMENTS
Details of the Group's accounting estimates and judgements are included in note 23

STANDARDS ADOPTED FOR THE FIRST TIME
In preparing the Group Financial Statements for the current period, the Group has adopted the following new International Financial Reporting Standards (IFRS), amendments to IFRS and International Financial Reporting Interpretations Committee (IFRIC) Interpretations These have not had a significant impact on the results or the net assets of the Group

- IAS 27 (amended) - Consolidated and Separate Financial Statements
- IAS 39 (amended) - Financial Instruments Recognition and Measurement

The following standards and interpretations were effective in 2011 but are not relevant to the Group

- IFRIC 17 - Distributions of Non-cash Assets to Owners
- IFRS 1 (Revised) - First-time Adoption of International Financial Reporting Standards
- IFRIC 18 - Transfer of Assets from Customers
- IFRS 2 (amended) - Group Cash-settled Share-based Payment Transactions
- IAS 32 (amended) - Classification of Rights Issues
- IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments

The following standards, amendments and interpretations to published standards are not yet effective

- IAS 24 (revised) Related Party Transactions is mandatory for periods beginning after 1 January 2011
- IFRS 9 Financial Instruments, IFRS 7 (amended) Disclosures – Transfers of Financial Assets, IFRS 9 Financial Instruments, IAS 12 (amended) – Deferred tax Recovery of Underlying Assets, IAS 1 (amended) – Presentation of Items of Other Comprehensive Income, IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IFRS 13 Fair Value Measurement, IAS 27 Separate Financial Statements, IAS 28 Investments in Associates and Joint Ventures, IAS 19 Employee Benefits which have been issued but not endorsed by the EU

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will not have a material impact on the Financial Statements of the Group

Notes to the Financial Statements
For The Year Ended 30 September 2011

2 SEGMENTAL ANALYSIS

REPORTABLE SEGMENTS
For management purposes, the Group is organised into three operating divisions Europe, Middle East and Africa These divisions are the basis on which the Group is structured and managed, based on its geographic structure In each of the divisions the key service provisions are quantity surveying, planning / programming, quantum and planning experts, dispute avoidance / resolution, litigation support, contract administration, commercial advice / management and strategic project management

Segment information about these reportable segments is presented below

Year ended 30 September 2011

	Continuing Operations					
	Europe £000	**Middle East £000**	**Africa £000**	**Eliminations £000**	**Unallocated[1] £000**	**Consolidated £000**
Total external revenue	12,044	4,503	818	-	-	17,365
Total inter-segment revenue	11	-	-	(11)	-	-
Total revenue	12,055	4,503	818	(11)	-	17,365
Segmental profit/(loss)	2,067	(15)	(98)	-	-	1,954
Unallocated corporate expenses[1]	-	-	-	-	(1,395)	(1,395)
Share-based payment charge	-	-	-	-	(74)	(74)
Exceptional items (note 5)	-	(71)	-	-	(54)	(125)
Operating profit/(loss)	2,067	(86)	(98)	-	(1,523)	360
Finance income	-	-	-	-	2	2
Finance expense	-	-	-	-	(13)	(13)
Profit/(loss) before taxation	2,067	(86)	(98)	-	(1,534)	349
Taxation	-	-	-	-	(81)	(81)
Profit/(loss) for the year	2,067	(86)	(98)	-	(1,615)	268
OTHER INFORMATION						
Reportable segment assets	5,481	2,086	180	-	2,245	9,992
Capital additions[2]	33	6	-	-	10	49
Depreciation and amortisation	82	71	1	-	82	236

Inter-segment sales are charged at prevailing market rates
(1) Unallocated costs represent Directors' remuneration, administration staff, corporate head office costs and expenses associated with AIM
(2) Capital additions comprise additions to property, plant and equipment including additions resulting from acquisitions through business combinations

No client had revenue exceeding 10% of the Group's revenue in the year to 30 September 2011

Notes to the Financial Statements continued

For The Year Ended 30 September 2011

2 SEGMENTAL ANALYSIS – continued

Year ended 30 September 2010

	Continuing Operations					
	Europe £000	**Middle East £000**	**Africa £000**	**Eliminations £000**	**Unallocated £000**	**Consolidated £000**
Total external revenue	10,814	5,083	518	-	-	16,415
Total inter-segment revenue	219	97	-	(316)	-	-
Total revenue	11,033	5,180	518	(316)	-	16,415
Segmental profit/(loss)	889	257	(131)	-	-	1,015
Unallocated corporate expenses[1]	-	-	-	-	(1,429)	(1,429)
Share-based payment charge	-	-	-	-	(88)	(88)
Exceptional items (note 5)	(61)	-	-	-	(230)	(291)
Operating profit/(loss)	828	257	(131)	-	(1,747)	(793)
Finance expense	-	-	-	-	(16)	(16)
Profit/(loss) before taxation	828	257	(131)	-	(1,763)	(809)
Taxation	-	-	-	-	146	146
Profit/(loss) for the year	828	257	(131)	-	(1,617)	(663)
OTHER INFORMATION						
Reportable segment assets	5,924	1,868	47	-	1,856	9,695
Capital additions[2]	14	82	2	-	28	126
Impairment charge	-	-	-	-	122	122
Depreciation and amortisation	45	49	-	-	160	254

Inter-segment sales are charged at prevailing market rates

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

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

No client had revenue exceeding 10% of the Group's total revenue in the year to 30 September 2010

Geographical information:

	External revenue by location of customers	
	2011 £000	**2010 £000**
UK	**8,330**	8,872
UAE	**1,794**	2,572
Oman	**2,325**	2,359
South Africa	**1,778**	528
United States	**1,036**	-
Qatar	**490**	307
Trinidad and Tobago	**666**	139
Other African countries	**421**	250
Germany	**353**	291
Spain	**-**	227
France	**21**	127
Canada	**17**	118
Other Countries	**134**	625
	17,365	16,415

3 EMPLOYEES

Staff costs including Directors' remuneration:

	2011 £000	2010 £000
Wages and salaries	**9,590**	10,730
Social security costs	**806**	838
Other pension costs	**198**	306
Share-based payment charge (note 18)	**74**	88
	10,668	11,962

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

	2011	2010
By role		
Directors	**5**	6
Fee-earners	**99**	110
Administration	**28**	29
	132	145

KEY MANAGEMENT AND DIRECTORS' REMUNERATION

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

	2011 £000	2010 £000
Emoluments	**1,086**	1,504
Money purchase pension contributions	**31**	128
	1,117	1,632
Share based compensation (note 18)	**45**	44
Total key management compensation	**1,162**	1,676

Key management consists of the statutory Executive Directors of the Company whose details are included in the remuneration report on page 16 plus the Executive Board which consists of the 4 (2010 5) key business unit managing directors The emoluments contain redundancy, ex-gratia and other discretionary payments as noted in the Directors' remuneration report

Directors' remuneration disclosed above includes the following payments in respect of the highest paid Director

	2011 £000	2010 £000
Emoluments	**346**	259
Money purchase pension contributions	**-**	12
Total remuneration	**346**	271

The number of Directors to whom retirement benefits are accruing

	2011	2010
Money purchase pension schemes	**4**	4

Notes to the Financial Statements continued

For The Year Ended 30 September 2011

4 PROFIT/(LOSS) FROM OPERATIONS

Profit / (loss) from operations includes the following significant expenses:

	2011 £000	2010 £000
Depreciation and amounts written off property, plant and equipment – owned assets	**236**	254
Impairment loss	**-**	122
Audit services		
- statutory audit of parent	**5**	5
- statutory audit of subsidiaries	**31**	26
- audit regulatory reporting	**5**	5
Tax services		
- general	**-**	5
- compliance	**7**	8
- Other services	**3**	-
Operating lease rentals – land and buildings	**647**	642
Exchange loss	**(6)**	(43)

5 EXCEPTIONAL ITEMS

	2011 £000	2010 £000
Impairment loss (1)	**-**	122
Severance costs (2)	**125**	169
	125	291

(1) During the year ended 30 September 2010 the Directors carried out an impairment review in accordance with IAS 36 as a result of specific concerns in relation to the value of one of the Group's fixed assets This review identified the need for an impairment charge of £122,000 relating to the Group's Edinburgh freehold property, which has been recognised in the Consolidated Statement of Comprehensive Income Subsequent to this review the property was sold for net disposal proceeds of £600,000, with no further loss on disposal arising The Directors have identified no further evidence of impairment in relation to other Group assets

(2) Severance costs include redundancy, ex-gratia, other discretionary payments and associated legal costs

6 FINANCE EXPENSE

	2011 £000	2010 £000
Bank interest	**12**	15
Finance lease interest	**1**	1
	13	16

7 TAXATION

Analysis of the tax charge

The tax charge on the profit / (loss) for the year is as follows

	2011 £000	2010 £000
Current tax		
UK corporation tax on profit / (loss) for the year	**86**	(164)
Non-UK corporation tax	**66**	46
Adjustments to the prior period estimates	**1**	(57)
	153	(175)
Deferred tax		
Adjustments to prior period estimates	**-**	23
Deferred tax (credit) / expense for the year	**(72)**	6
Tax on profit / (loss)	**81**	(146)

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

	2011 £000	2010 £000
Profit / (loss) before tax	**349**	(809)
Expected tax charge based on the standard average rate of corporation tax in the UK of 27% (2010 28%)	**94**	(227)
Effects of		
Expenses not deductible	**43**	30
Depreciation not deductible	**9**	11
Marginal relief	**(4)**	-
Deferred tax on share-based payment	**20**	25
Effect of tax rate change on loss carry back	-	4
Foreign tax rate difference	**3**	(66)
Adjustment to prior period estimates	**1**	(34)
Loss on disposal of non-qualifying asset	-	31
Unprovided deferred tax	**(85)**	80
Tax expense / (credit) for the year	**81**	(146)

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 £30,000 (2010 £12,000) has been credited directly to equity

8 PROFIT / (LOSS) OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent Company is not presented as part of these Financial Statements The parent Company's loss for the financial period was £19,000 (2010 loss £17,000) The Company has elected to prepare the parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP")

9 DIVIDENDS

	2011 £000	2010 £000
The aggregate amount of equity dividends comprises		
Final dividend paid in respect of prior year	-	247
Interim dividend paid in respect of the current year	-	-
Aggregate amount of dividends paid in the financial year	-	247
Equity dividends proposed for approval at Annual General Meeting (not recognised at year end)		
Final dividend for 2011 0 5p (2010 £nil)	**123**	-

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 2011

10 EARNINGS PER SHARE

	2011 £000	2010 £000
Profit / (Loss) for the financial year attributable to equity shareholders	**228**	(667)
Share-based payment charge	**74**	88
Exceptional items (note 5)	**125**	291
Adjusted profit / (loss) for the financial year before share-based payments and exceptional items	**427**	(288)
Weighted average number of shares		
- Ordinary shares in issue	**26,379,416**	26,379,416
- Shares held by EBT	**(1,700,645)**	(1,700,645)
Basic weighted average number of shares	**24,678,771**	24,678,771
Diluted weighted average number of shares	**24,678,771**	24,678,771
Basic earnings / (loss) per share	**0.9p**	(2 7)p
Diluted earnings / (loss) per share	**0.9p**	(2 7)p
Adjusted earnings / (loss) per share before share-based payments and exceptional items	**1.7p**	(1 2)p

Potential ordinary shares relating to 4,402,500 share options (2010 1,935,000) have not been included in the calculation of diluted earnings per share as their value has no dilutive effect Therefore dilutive and basic profit per ordinary share are identical

11 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings				
	Freehold £000	Long leasehold £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST					
At 1 October 2009	760	1,987	519	741	4,007
Additions	-	-	70	56	126
Disposals	(760)	-	(17)	-	(777)
At 30 September 2010	-	1,987	572	797	3,356
DEPRECIATION					
At 1 October 2009	39	102	172	521	834
Charge for year	6	36	93	119	254
Impairment loss	122	-	-	-	122
Disposals	(167)	-	(10)	-	(177)
At 30 September 2010	-	138	255	640	1,033
NET BOOK VALUE					
At 30 September 2010	-	1,849	317	157	2,323
At 30 September 2009	721	1,885	347	220	3,173
COST					
At 1 October 2010	-	1,987	572	797	3,356
Additions	-	-	17	32	49
Disposals	-	-	(40)	(5)	(45)
At 30 September 2011	-	1,987	549	824	3,360
DEPRECIATION					
At 1 October 2010	-	138	255	640	1,033
Charge for year	-	33	120	83	236
Disposals	-	-	(38)	(5)	(43)
At 30 September 2011	-	171	337	718	1,226
NET BOOK VALUE					
At 30 September 2011	-	1,816	212	106	2,134
At 30 September 2010	-	1,849	317	157	2,323

Included in computer equipment were assets held under finance leases with a net book value of £23,000 (2010 £37,000) and a depreciation charge of £14,000 (2010 £12,000)

12 GOODWILL

	£000
COST	
At 1 October 2010 and 30 September 2011	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 (CGU) identified on the basis of business segments

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

	2011 £000	2010 £000
Europe	**2,356**	2,356
Middle East	-	-
Africa	-	-
Total goodwill	**2,356**	2,356

The recoverable amount of the CGU has been determined by value in use calculations The calculations used pre-tax cash flow projections over the next 5 year period based on the budgets 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	-	22%
Growth rate	-	0%
Discount rate	-	11% (pre-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 is pre-tax to ensure consistency with the pre-tax cash flows and reflects 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 Ltd	England and Wales	Construction consultancy services	100%	
North Gate Executive Search Ltd	England and Wales	Recruitment consultancy services	75%	(1)
Adjudication Toolkit Ltd	England and Wales	Construction adjudication software	100%	(2)
Driver Project Services Ltd	England and Wales	Construction consultancy services	100%	(3)
Driver Consult (Oman) LLC	Oman	Construction consultancy services	65%	(4)
Driver Consult (UAE) LLC	Abu Dhabi	Construction consultancy services	49%	(5)
Driver Group Africa (pty) Ltd	South Africa	Construction consultancy services	51%	
Driver Consult Qatar LLC	Qatar	Construction consultancy services	49%	(5)

* Unless stated below, voting rights are equivalent to percentage of ordinary shares held

(1) North Gate Executive Search Ltd was disposed of on 9 December 2011
(2) The business was dissolved by the Company during the year
(3) On 7 July 2010 Commercial Management Consultants Limited changed its name to Driver Project Services Limited
(4) The Company is entitled to 99% of the profits
(5) The legal structure of the business provides the Company with effective 100% 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 2011 the assets of the Trust comprised 1,700,645 of the Company's own shares with a nominal value of £6,803 (2010 £6,803) and a market value of £369,890 (2010 £357,135) 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 As a consequence of the exercise price of the modified share options (note 18) a realised loss will arise on the exercise of the options This loss is recognised over the vesting period as a transfer to retained earnings

13 TRADE AND OTHER RECEIVABLES

Amounts falling due within one year:

	2011 £000	2010 £000
Trade receivables	**4,082**	2,949
Other receivables	**1**	35
Prepayments and accrued income	**756**	1,030
	4,839	4,014

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

As at 30 September 2011 trade receivables of £1,036,000 (2010 £747,000) 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 2011	**Current (not yet overdue)**	**Debt age – "days overdue"** 0-30 days	**31-60 days**	**Over 60 days**	**Total**
Trade receivables					
Value (£'000)	3,046	400	300	336	4,082
%	75%	10%	7%	8%	100%

30 September 2010	**Current (not yet overdue)**	**Debt age – "days overdue"** 0-30 days	**31-60 days**	**Over 60 days**	**Total**
Trade receivables					
Value (£'000)	2,202	192	213	342	2,949
%	75%	6%	7%	12%	100%

As at 30 September 2011 trade receivables of £382,000 (2010 £400,000) were past due, impaired and provided against There were no individually significant receivables included within the 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 are not provided against are 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

An analysis of the Group's trade and other receivables classified as financial assets by currency is provided in note 20

14 TRADE AND OTHER PAYABLES:

Amounts payable within one year:

	2011 £000	2010 £000
Trade payables	**827**	702
Social security and other taxes	**506**	467
Other payables	**73**	12
Accrued expenses	**1,509**	685
	2,915	1,866

The Directors consider that the carrying value of trade payables is a reasonable approximation of the fair value

Included within trade payables is £35,000 (2010 £nil) payable between 3 and 12 months with the remainder due within 3 months

15 BORROWINGS

An analysis of the maturity of loans is given below:

	2011 £000	2010 £000
Current		
Finance lease	**12**	15
	12	15
Non-current falling due between one and two years		
Bank loan	-	1,225
Finance lease	**12**	23
	12	1,248

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

As at 30 September 2011 the undrawn bank facilities consisted of the following all of which are with The Royal Bank of Scotland (RBS)

	Facility	Interest rate (annual)
Overdraft(1)	£1,550,000	2 4% over RBS base rate
Four year loan repayable on 27 February 2012 (note 20)	£1,225,000	1 2% over RBS base rate

(1) The available overdraft is subject to a security calculation based on the leasehold property and trade receivables As at 30 September 2011 this meant that the effective available overdraft was capped at £1,257,000

At 30 September 2011 the Group had access to a £1,257,000 overdraft facility (net of any cash balances) and had net cash balances (net of overdraft) of £596,000 The Group's borrowing is secured by debentures over the Group's assets and legal charges over the long leasehold land and building with a current varying value of £1,816,000

On 17 November 2011 the Group signed a renewal of the banking facilities with the Royal Bank of Scotland (RBS), which consists of

		Interest rate (annual)
Overdraft facility	£1,250,000	2 4% over RBS base rate
Term loan repayable on 27 February 2015 (note 20)	£1,000,000	2 4% over RBS base rate

The total of the new facility is within the terms of the revised security calculation

16 CASH AND CASH EQUIVALENTS

	2011 £000	2010 £000
Cash at bank	**596**	804

Cash and cash equivalent balances are denominated in Sterling, Euros, US Dollars, Qatari Riyals, UAE Dirhams, Omani Rials and South African Rand

17 DEFERRED TAXATION

Deferred tax liability

	2011 £000	2010 £000
At the beginning of the year	**257**	292
Credit for the year recognised in Income Statement	**(5)**	(23)
Temporary differences on valuation of property at end of year	**(30)**	(12)
At end of year	**222**	257

Deferred tax asset

	2011 £000	2010 £000
At beginning of year	-	52
Deferred tax movement	**67**	(52)
At end of year	**67**	-

The elements of the deferred tax balances are as follows:

	Assets		Liabilities	
	2011 £000	2010 £000	2011 £000	2010 £000
Property revaluation gain	-	-	**(220)**	(250)
Capital allowances difference to depreciation	**8**	-	**(2)**	(7)
Other short term temporary differences	**59**	-	-	-
	67	-	**(222)**	(257)

Of the total net movement in deferred tax during the year, £30,000 was credited to equity, and the balance was credited to the Income Statement

18 CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal Value:	2011 £000	2010 £000
50,000,000	Ordinary	0 4p	**200**	200

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2011 £000	2010 £000
26,379,416 (note 10)	Ordinary	0 4p	**106**	106

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 normally 3 years with the exercise period 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 exercise 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

On 23 January 2011 the Group modified the existing share options by issuing 2,902,500 modified options at an option price of 21 5p which were conditional on the surrender of 1,935,000 existing options The incremental increase in fair value of the share options has been recognised over the revised vesting period In addition the Group granted 750,000 long term incentive plan options which are exercisable at nil consideration

On 28 January 2011 75,000 share options were granted at 21 5p On 27 April 2011 250,000 share options were granted at 21 5p and 375,000 shares were granted at nil p These options are only exercisable in certain circumstances and consequently no charge has been recognised in the accounts On 11 July 2011 50,000 share options were granted at 34 25p and on 29 September 2011 150,000 share options were granted at 22 5p

No share options were exercised in the year

18 CALLED UP SHARE CAPITAL - continued

At 30 September 2011 the following unexercised share options to acquire ordinary shares granted under The Driver Group plc Enterprise Management Incentive Scheme were outstanding in respect of 29 employees

Year of grant	Exercise period	Exercise price per 0.4p share (pence)	2011 Number	2010 number
2006	28-06-2009 to 27-06-2016	73 5p	-	315,000
	13-09-2009 to 12-09-2016	118 5p	-	50,000
2008	01-12-2010 to 03-03-2018	81 9p	-	870,000
2009	03-03-2012 to 02-03-2019	79 0p	-	100,000
	30-06-2012 to 29-06-2019	67 5p	-	100,000
2010	08-10-2012 to 07-10-2019	62 0p	-	500,000
2011	01-10-2014 to 23-01-2021	21 5p	**2,327,500**	-
	01-10-2014 to 19-01-2016	21 5 p	**500,000**	-
	01-10-2014 to 19-01-2016	Nil p	**750,000**	-
	27-04-2011 to 01-10-2014	21 5 p	**250,000**	-
	27-04-2011 to 01-10-2014	Nil p	**375,000**	-
	01-10-2014 to 11-07-2021	34 25p	**50,000**	-
	01-10-2014 to 28-09-2021	22 5p	**150,000**	-

	2011		2010	
	Options	Weighted average exercise price per share (pence)	Options	Weighted average exercise price per share (pence)
Outstanding at 1 October	**1,935,000**	**75p**	1,935,000	79p
Granted during the year	**4,552,500**	**16p**	500,000	62p
Forfeited during the year	**(150,000)**	**22p**	(500,000)	77p
Surrendered during the year	**(1,935,000)**	**75p**	-	-
Expired during the year	-	-	-	-
Outstanding at 30 September	**4,402,500**	**16p**	1,935,000	75p
Exercisable at 30 September	-	-	365,000	80p

The options outstanding at 30 September 2011 had an exercise price between nil p and 34 25p, and a weighted average remaining contractual life of 8 69 years

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

	2011
Weighted average share price per share on date of grant	21 5p - 34 25p
Weighted average exercise price per share	Nil p - 34 25p
Expected volatility	35%
Expected life of options	Between 3 and 10 years
Risk free rate (average)	3 79%
Expected dividend yield	4%
Weighted average fair value of options issued in the year	10 38p

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 a charge of £74,000 (2010 £88,000) relating to equity-settled share-based payment transactions

The directors' interests in share options are shown on page 13 in the Report of Directors

19 LEASES

Finance leases

During the year ended 30 September 2009 the Group entered into a lease for printing equipment which is classified as a finance lease as the rental period amounts to the estimated useful economic life of the assets concerned The net carrying value of these assets at 30 September 2011 was £23,000 (2010 £37,000)

Future lease payments are due as follows

	Minimum lease payments 2011 £000	Interest 2011 £000
Not later than one year	12	-
Later than one year and not later than five years	12	-
	24	-

The present values of future lease payments are analysed as

	2011 £000	2010 £000
Current liabilities	12	15
Non-current liabilities	12	23
	24	38

Operating lease – lessee

The total future value of minimum lease payments under non-cancellable land and buildings operating lease rentals is due as follows

	2011 £000	2010 £000
Expiring		
Not later than one year	191	158
Between one and five years	790	718
	981	876

Operating lease rentals represent payables by the Group for rented offices Leases are negotiated for an average term of 1 to 5 years and rentals are fixed for an average of 1 to 5 years

Operating lease – lessor

The minimum rent receivable under non-cancellable land and building operating leases are as follows

	2011 £000	2010 £000
Not later than one year	127	130
Later than one year but not less than five years	412	521
Later than five years	-	33
	539	684

Notes to the Financial Statements continued

For The Year Ended 30 September 2011

20 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), fair value through income statement (derivatives) and 'Financial Liabilities Measured at Amortised Cost' (trade and other payables, bank overdrafts, bank loans and loan notes)

A summary of the financial instruments held by category is provided below

	Financial assets at fair value through income statement		Loans and receivables	
	2011 £000	**2010 £000**	**2011 £000**	**2010 £000**
FINANCIAL ASSETS				
Cash and cash equivalents	-	-	**596**	804
Trade and other receivables	-	-	**4,238**	3,365
Derivative financial assets	**1**	29	-	-
TOTAL FINANCIAL ASSETS	**1**	29	**4,834**	4,169

	Financial liabilities at fair value through income statement		Financial liabilities at amortised costs	
	2011 £000	**2010 £000**	**2011 £000**	**2010 £000**
FINANCIAL LIABILITIES				
Trade and other payables	-	-	**2,885**	1,857
Loans and borrowings	-	-	**24**	1,263
Derivative financial liabilities	**30**	9	-	-
TOTAL FINANCIAL LIABILITIES	**30**	9	**2,909**	3,120

Financial assets and liabilities measured at fair value through income statement are all valued using level 1 external valuations

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

	2011 £000	2010 £000
Un-drawn borrowing facilities at 30 September	**2,482**	849
Cash and cash equivalents	**596**	804
Available funds	**3,078**	1,653

Maturity analysis

The table below analyses the Group's non-derivative financial liabilities into maturity groupings based on the period outstanding at the Statement of Financial Position date up to the contractual maturity date All figures are contracted gross cash flows that have not been discounted

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

(a) Liquidity risk (continued)

30 September 2011

	Due within 1 year £000	Due between 1 and 5 years £000	Total £000
Non-derivative financial liabilities			
Finance lease creditor	12	12	24
Trade and other payables	2,885	-	2,885
Total	2,897	12	2,909

30 September 2010

	Due within 1 year £000	Due between 1 and 5 years £000	Total £000
Non-derivative financial liabilities			
Bank loans	-	1,225	1,225
Finance lease creditor	15	23	38
Trade and other payables	1,857	-	1,857
Total	1,872	1,248	3,120

On 17 November 2011 the Group signed a renewal of the banking facilities with the Royal Bank of Scotland (RBS), these consisted of

		Interest rate (annual)
Overdraft facility	£1,250,000	2 4% over RBS base rate
Term loan repayable on 27 February 2015	£1,000,000	2 4% over RBS base rate

The total of the new facility is within the terms of the revised security calculation

(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, Omani Rial and Qatari Riyal, all of which are linked to the US dollar, the Euro and South African Rand 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 selectively uses financial products to insure against the effect of adverse movements in foreign exchange rates This includes foreign exchange contracts and foreign currency borrowing Reviews are carried out on a monthly basis to assess the level of foreign exchange exposure and to take any necessary action The Group does not operate hedge accounting

The following balances are contained within other receivables (note 13) and other payables (note 14) in respect of derivative financial instruments

	2011 £000	2010 £000
Asset	**1**	29
Liability	**(30)**	(9)
	(29)	20

The balances are all current with assets of £1,000 (2010 £29,000) and liabilities of £27,000 (2010 £5,000) maturing within 3 months and a liability maturing in 6 to 12 months of £3,000 (2010 £4,000)

All gains and losses are recognised in the Consolidated Income Statement 2011 loss of £6,000 (2010 loss of £43,000)

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

(b) Foreign exchange risk (continued)

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

	GBP 2011 £000	EUR 2011 £000	AED 2011 £000	OMR 2011 £000	USD 2011 £000	QAR 2011 £000	ZAR 2011 £000	Total 2011 £000
FINANCIAL ASSETS								
Cash and cash equivalents	313	(1)	132	62	(3)	28	65	596
Trade and other receivables	2,597	57	388	883	-	199	114	4,238
Derivative financial assets	(701)	-	396	183	-	123	-	1
TOTAL FINANCIAL ASSETS	2,209	56	916	1,128	(3)	350	179	4,835
FINANCIAL LIABILITIES								
Trade and other payables	2,165	75	257	265	-	42	81	2,885
Loans and borrowings	24	-	-	-	-	-	-	24
Derivative financial liabilities	(1,254)	-	705	333	-	246	-	30
TOTAL FINANCIAL LIABILITIES	935	75	962	598	-	288	81	2,939

	GBP 2010 £000	EUR 2010 £000	AED 2010 £000	OMR 2010 £000	USD 2010 £000	QAR 2010 £000	ZAR 2010 £000	Total 2010 £000
FINANCIAL ASSETS								
Cash and cash equivalents	537	(151)	254	168	(28)	24	-	804
Trade and other receivables	1,837	275	513	577	-	163	-	3,365
Derivative financial assets	374	-	(345)	-	-	-	-	29
TOTAL FINANCIAL ASSETS	2,748	124	422	745	(28)	187	-	4,198
FINANCIAL LIABILITIES								
Trade and other payables	1,392	50	221	186	-	8	-	1,857
Loans and borrowings	1,263	-	-	-	-	-	-	1,263
Derivative financial liabilities	(298)	-	241	66	-	-	-	9
TOTAL FINANCIAL LIABILITIES	2,357	50	462	252	-	8	-	3,129

The Group earns Euro revenues in the UK and also generates local currency revenues and costs in South Africa, Oman, the UAE and Qatar As a consequence the Group's pre-tax income and equity is exposed to movements in Sterling relative to the Euro, South African Rand, UAE Dirham, Omani Rial and Qatari Riyal (the latter three currencies are linked to the US Dollar) The following table represents the estimated impact on the Group's pre-tax income and equity from a weakening or strengthening of Sterling relative to these currencies based on the 2010/11 performance

Sensitivity analysis – Impact on Income Statement and on Equity

% change in Sterling relative to Euro/ US Dollar	10%	20%	10%	20%
	Income statement		Equity	
	£000	£000	£000	£000
Sterling strengthens relative to Euro	(89)	(162)	(67)	(122)
Sterling weakens relative to Euro	108	244	81	183
Sterling strengthens relative to US Dollar	(252)	(461)	(248)	(455)
Sterling weakens relative to US Dollar	308	692	303	682
Sterling strengthens relative to South African Rand	(24)	(44)	(21)	(39)
Sterling weakens relative to South African Rand	29	66	26	59

As overseas profits and non-Sterling income grow, the exposure of the Group's profit and equity to movements in Sterling relative to the Euro/US Dollar will increase too

20 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 2011

	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
Cash and cash equivalents	-	596	-	596
Trade and other receivables	-	-	4,239	4,239
Trade and other payables	-	-	(2,915)	(2,915)
Finance lease creditor	(24)	-	-	(24)
	(24)	596	1,324	1,896

30 September 2010

	Fixed rate £000	Floating rate £000	Non-interest bearing £000	Total £000
Cash and cash equivalents	-	804	-	804
Trade and other receivables	-	-	3,394	3,394
Trade and other payables	-	-	(1,866)	(1,866)
Bank loans	-	(1,225)	-	(1,225)
Finance lease creditor	(38)	-	-	(38)
	(38)	(421)	1,528	1,069

Interest rates on bank loans are disclosed in note 15

Sensitivity analysis

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

	2011 £000
Impact on Income Statement and Equity	
1% increase in base rate of interest	**(4)**
2% increase in base rate of interest	**(7)**

(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 13

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

20 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT – continued

(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

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, translation reserve, capital redemption reserve, other reserve, own shares and retained earnings reserve (note 21) Net borrowings includes short and long term borrowings (including overdrafts and lease obligations) net of cash and cash equivalents

(f) Market risk
Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments It is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk)

21 RESERVES

Share capital
The share capital account includes the nominal value for all shares issued and outstanding

Share premium
The share premium account comprises the premium over nominal value on issued shares The use of this reserve is restricted by the Companies Act 2006

Merger reserve
The excess of the fair value over nominal value of shares issued by the Company for the acquisition of businesses is credited to the merger reserve This is in accordance with S610 of the Companies Act 2006

Translation 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

Capital redemption reserve
The capital redemption reserve records shares purchased and then cancelled by the Company

Non-controlling interest
The non-controlling interest relates to minority shareholdings in Northgate Executive Search Limited, Driver Group Africa (pty) Ltd 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 Changes in Equity 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 been exercised at the Statement of Financial Position date shown as a deduction from shareholders' equity Total number of own shares as at 30 September 2011 was 1,700,645 (2010 1,700,645)

22 RELATED PARTY TRANSACTIONS

Other than the transactions with Directors noted in the Directors' Remuneration Report (page 16), during the financial year, the Group had no transactions with other related parties as defined by IAS 24 'Related Party Disclosures' There were no other related party transactions in 2010

23 ACCOUNTING ESTIMATES AND JUDGEMENTS

Some asset and liability amounts reported in the Consolidated Financial Statements contain a degree of management estimation 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 Further details can be found in note 12

Receivables impairment provisions
The amounts presented in the Consolidated Statement of Financial Position 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 Statement of Financial Position date a £382,000 (2010 £400,000) provision was required Any future increase to the provision would lead to a corresponding increase in reported losses and a reduction in reported total assets

Revenue recognition on fixed fee projects
Where the Group enters into a formal fixed fee arrangement revenue is recognised by reference to the stage of completion of the project The stage of completion will be estimated by the Group's management based on the Project Managers assessment of each project

Driver Group plc (Company) Balance Sheet

At 30 September 2011

Company number: 3475146

		2011		2010	
	Notes	£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	25		**2,129**		2,239
Investments	26		**3,461**		3,423
			5,590		5,662
CURRENT ASSETS					
Debtors	27	**609**		2,228	
Deferred tax asset	31	**26**		-	
Cash at bank and in hand		**310**			
		945		2,228	
CREDITORS					
Amounts falling due within one year	28	**(479)**		(653)	
NET CURRENT ASSETS			**466**		1,575
TOTAL ASSETS LESS CURRENT LIABILITIES			**6,056**		7,237
CREDITORS					
Amounts falling due after more than one year	29		**(12)**		(1,248)
NET ASSETS			**6,044**		5,989
CAPITAL RESERVES					
Called up share capital	32		**106**		106
Share premium	33		**2,649**		2,649
Merger reserve	33		**1,493**		1,493
Revaluation reserve	33		**1,131**		1,149
Capital redemption reserve	33		**18**		18
Profit and loss account	33		**1,730**		1,816
Own shares	34		**(1,083)**		(1,242)
SHAREHOLDERS' FUNDS	35		**6,044**		5,989

The Financial Statements were approved by the Board of Directors authorised for issue and signed on their behalf by

Damien McDonald
Finance Director
17 January 2012

The notes on pages 47 to 53 form part of the Financial Statements

Notes to the Financial Statements - Company
For The Year Ended 30 September 2011

24 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 UK GAAP not to present a cash flow statement

Tangible fixed assets
Long leasehold land and buildings are included at valuation The directors 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 revaluation
Fixtures and fittings	- 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 timing differences that have originated but not reversed 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 Deferred tax balances are not discounted

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
Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Company (a "finance lease"), the asset is treated as if it had been purchased outright The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease The corresponding lease commitment is shown as a liability Lease payments are analysed between capital and interest The interest element is charged to the Profit and Loss Account over the period of the lease and is calculated so that it represents a constant proportion of the lease liability The capital element reduces the balance owed to the lessor

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Company (an "operating lease"), the total rentals payable under the lease are charged to the Profit and Loss Account on a straight-line basis over the lease term The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis

The land and buildings elements of property leases are considered separately for the purposes of lease classification

Pensions
The Company 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 38, 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 Financial Statements

24 ACCOUNTING POLICIES - continued

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, except where the options relate to employees of subsidiary companies where the charge is recognised as an increase in the cost of investment in that subsidiary

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

Company Profit and Loss Account
As permitted by Section 408 of the Companies Act 2006, the Profit and Loss Account of the parent company is not presented as part of these Financial Statements The parent company's loss for the year was £19,000 (2010 loss £17,000)

Notes to the Financial Statements - Company continued

For The Year Ended 30 September 2011

25 TANGIBLE FIXED ASSETS

	Land and buildings Long leasehold £000	Fixtures and fittings £000	Computer equipment £000	Total £000
COST OR VALUATION				
At 1 October 2010	2,000	300	687	2,987
Additions	-	7	2	9
Disposal	-	(10)	-	(10)
At 30 September 2011	2,000	297	689	2,986
DEPRECIATION				
At 1 October 2010	-	162	586	748
Charge for year	33	36	51	120
Impairment loss	-	-	-	-
Disposal	-	(11)	-	(11)
At 30 September 2011	33	187	637	857
NET BOOK VALUE				
At 30 September 2011	1,967	110	52	2,129
At 30 September 2010	2,000	138	101	2,239

Included in computer equipment were assets held under finance leases with a net book value of £23,000 (2010 £37,000) and a depreciation charge of £14,000 (2010 £12,000)

Cost or valuation at 30 September 2011 is represented by

	Land and buildings Long leasehold £000	Fixtures and fittings £000	Computer equipment £000	Total £000
Valuation in 2011	2,000	-	-	2,000
Cost	-	297	689	986
	2,000	297	689	2,986

The long leasehold land and buildings were valued by Trevor Dawson, an independent firm of Chartered Surveyors, on 15 December 2010 at £2,000,000 and the Directors revalued the net book value accordingly at 30 September 2010

If the long leasehold land and building had not been revalued, it would have been included at the following historical gross cost

	2011 £000	2010 £000
Gross cost	**919**	919

26 FIXED ASSET INVESTMENTS

	Shares in Group Undertakings £000
COST	
At 1 October 2010	3,423
Additional capital investment	38
Dissolution of subsidiary	-
At 30 September 2011	3,461
NET BOOK VALUE	
At 30 September 2011	3,461
At 30 September 2010	3,423

The Company has direct or 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 Ltd	England and Wales	Construction consultancy services	100%	
North Gate Executive Search Ltd	England and Wales	Recruitment consultancy services	75%	(1)
Adjudication Toolkit Ltd	England and Wales	Construction adjudication software	100%	(2)
Driver Project Services Ltd	England and Wales	Construction consultancy services	100%	(3)
Driver Consult (Oman) LLC	Oman	Construction consultancy services	65%	(4)
Driver Consult (UAE) LLC	Abu Dhabi	Construction consultancy services	49%	(5)
Driver Group Africa (pty) Ltd	South Africa	Construction consultancy services	51%	
Driver Consult Qatar LLC	Qatar	Construction consultancy services	49%	(5)

* Unless stated below, voting rights are equivalent to percentage of ordinary shares held

(1) North Gate Executive Search Ltd was disposed of on 9 December 2011
(2) The business dissolved by the Company during the year
(3) On 7 July 2010 Commercial Management Consultants Limited changed its name to Driver Project Services Limited
(4) The Company is entitled to 99% of the profits
(5) The legal structure of the business provides the Company with effective 100% 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 2011 the assets of the Trust comprised 1,700,645 of the Company's own shares with a nominal value of £6,803 (2010 £6,803) and a market value of £369,890 (2010 £357,135) 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 As a consequence of the exercise price of the modified share options (note 18) a realised loss will arise on the exercise of the options This loss is recognised over the vesting period as a transfer to retained earnings

27 DEBTORS

Amounts falling due within one year:

	2011 £000	2010 £000
Trade debtors	**13**	13
Amounts owed by Group undertakings	**456**	1,966
Prepayments and accrued income	**140**	202
Corporation Tax	**-**	47
	609	2,228

28 CREDITORS

Amounts falling due within one year:

	2011 £000	2010 £000
Bank loan and overdrafts (note 30)	-	272
Trade creditors	45	211
Corporation tax	41	-
Social security and other taxes	19	30
Accrued expenses	362	125
Finance lease creditor	12	15
	479	653

29 CREDITORS

Amounts falling due after more than one year:

	2011 £000	2010 £000
Bank loan (note 30)	-	1,225
Finance lease creditor	12	23
	12	1,248

30 BANK LOAN AND OVERDRAFTS

An analysis of the maturity of loans is given below:

	2011 £000	2010 £000
Amounts falling due within one year or on demand		
Bank overdrafts	-	272
Finance lease	12	15
	12	287
Amounts falling due between one and two years		
Bank loan	-	1,225
Finance lease	12	23
	12	1,248

As at 30 September 2011 the undrawn bank facilities consisted of the following all of which are with The Royal Bank of Scotland (RBS)

	Facility	Interest rate (annual)
Overdraft[1]	£1,550,000	2 4% over RBS base rate
Four year loan repayable on 27 February 2012 (note 20)	£1,225,000	1 2% over RBS base rate

(1) The available overdraft is subject to a security calculation based on the leasehold property and trade receivables As at 30 September 2011 this meant that the effective available overdraft was capped at £1,257,000

At 30 September 2011 the Group had access to a £1,257,000 overdraft facility (net of any cash balances) and had net cash balances (net of overdraft) of £596,000 The Group's borrowing is secured by debentures over the Group's assets and legal charges over the long leasehold land and building

On 17 November 2011 the Group signed a renewal of the banking facilities with the Royal Bank of Scotland (RBS), which consists of

		Interest rate (annual)
Overdraft facility	£1,250,000	2 4% over RBS base rate
Term loan repayable on 27 February 2015	£1,000,000	2 4% over RBS base rate

The total of the new facility is within the terms of the revised security calculation

31 DEFERRED TAX

The elements of deferred tax balances are as follows:

	2011 £000	Assets 2010 £000
Capital allowances in excess of depreciation	**5**	-
Other timing differences	**21**	-
	26	-

	Assets £000	Liabilities £000
At 1 October 2010	**-**	-
Increase in asset	**26**	-
At 30 September 2011	**26**	-

If the Company's land and buildings were sold at their revalued amount an estimated tax liability of approximately £263,000 (2010 £287,000) would arise

32 CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal Value:	2011 £000	2010 £000
50,000,000	Ordinary	0 4p	**200**	200

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2011 £000	2010 £000
26,379,416	Ordinary	0 4p	**106**	106

Information relating to the Company's share option scheme is detailed in note 18 of the Consolidated Group Accounts

33 RESERVES

	Share Premium £000	Merger reserve £000	Revaluation reserve £000	Capital redemption reserve £000	Profit and loss account £000
At 1 October 2010	2,649	1,493	1,149	18	1,816
Loss for the year	-	-	-	-	(19)
Share-based payments	-	-	-	-	74
Reserves transfer	-	-	(18)	-	(141)
At 30 September 2011	2,649	1,493	1,131	18	1,730

34 OWN SHARES

	£000
At 1 October 2010 (note 26)	1,242
EBT Reserves transfer	(159)
At 30 September 2011 (note 26)	1,083

35 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011 £000	2010 £000
Loss for the financial year	(19)	(17)
Dividends	-	(247)
Share-based payments	74	88
Revaluation in year	-	117
Net addition / (deduction) to shareholders' funds	55	(59)
Opening shareholders' funds – equity	5,989	6,048
Closing shareholders' funds - equity	6,044	5,989

36 COMMITMENTS

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

		Land and buildings
	2011 £000	2010 £000
Expiring		
Not later than one year	196	-
Between one and five years	76	265
	272	265

37 RELATED PARTY TRANSACTIONS

The Directors have reviewed transactions with Related Parties and determined the following disclosures are required by FRS 8

Transactions with North Gate Executive Search Limited

	2011 £	2010 £
Expenses paid / incurred on behalf of subsidiary	54,178	4,747
Cash advances to subsidiary	79,048	237,864
Cash advances from subsidiary	(138,170)	(198,853)
Provision	7,819	(77,488)
Balance due from at the year end	30,135	27,260

Related party transactions relating to the directors are disclosed in the Directors' Remuneration Report (page 16)

Notice of Annual General Meeting

Driver Group Plc (the "Company")

Notice is hereby given that the 2012 Annual General Meeting ("**AGM**") of Driver Group plc (the "**Company**") will be held at Peter House, Oxford Street, Manchester, M1 5AN at 3 p m on 1st March 2012 to consider and, if thought fit, to pass the following resolutions ("**Resolutions**"), of which Resolutions 1, 2, 3, 4, 5, 6, 7 and 8 will be proposed as ordinary resolutions and Resolutions 9 and 10 will be proposed as special resolutions

ORDINARY RESOLUTIONS

1 **TO** receive and adopt the annual accounts of the Company for the financial year ended 30 September 2011 together with the reports of the directors and auditors thereon

2 **TO** declare a final dividend of 0 5 pence per share

3 **TO** re-appoint BDO LLP as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company

4 **TO** authorise the directors to agree the remuneration of the auditors

5 **TO** re-elect Stephen Driver who retires by rotation in accordance with article 19 4 of the Company's articles of association and who, being eligible, offers himself for re-election, as a director

6 **TO** elect William Alan McClue as a director who, having been appointed since the last annual general meeting, retires in accordance with article 19 2 of the Company's articles of association and who, being eligible, offers himself for election

7 **TO** elect Colin Ernest Davies as a director who, having been appointed since the last annual general meeting, retires in accordance with article 19 2 of the Company's articles of association and who, being eligible, offers himself for election

8 **THAT**, the directors be and are hereby generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ("**Rights**") up to an aggregate nominal amount of £35,172 55, provided that this authority shall, unless renewed, varied or revoked by the Company, expire on the date which is 15 months from the passing of this Resolution or, if earlier, the date of the next annual general meeting of the Company, save that the Company may, before such expiry, make offers or agreements which would or might require shares to be allotted or Rights to be granted and the directors may allot shares or grant Rights in pursuance of such offers or agreements notwithstanding that the authority conferred by this Resolution has expired

This authority is in substitution for all unexercised authorities previously granted to the directors to allot shares or grant Rights but without prejudice to any allotment of any shares or grant of any Rights already made, offered or agreed to be made pursuant to such authorities

SPECIAL RESOLUTIONS

9 **THAT**, subject to the passing of Resolution 8 above, the directors be given the general power to allot equity securities (as defined by section 560 of the Companies Act 2006 (the "**Act**")) for cash, either pursuant to the authority conferred by Resolution 8 above or by way of a sale of treasury shares, as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to

(a) the allotment of equity securities in connection with an offer of equity securities

(i) to the holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings, and

(ii) to the holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange, and

(b) the allotment (otherwise than pursuant to paragraph (a) above) of equity securities up to an aggregate nominal amount of £10,551 77,

and shall, unless renewed, varied or revoked by the Company, expire on the date which is 15 months from the passing of this Resolution or, if earlier, the date of the next annual general meeting of the Company, save that the Company may before such expiry make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this Resolution has expired

Notice of Annual General Meeting continued

Driver Group Plc (the "Company")

This authority is in substitution for all unexercised powers previously granted to the directors to allot equity securities as if section 561(1) of the Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities

10 **TO** authorise the Company generally and unconditionally to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 0 4p each ("**Ordinary Shares**") provided that

(a) the maximum aggregate number of Ordinary Shares that may be purchased is 2,637,942,

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

(c) the maximum price (excluding expenses) which may be paid for each Ordinary Share is the higher of

(i) 105 per cent of the average market value of an Ordinary Share in the Company for the five business days prior to the day the purchase is made, and

(ii) the value of an Ordinary Share calculated on the basis of the higher of the price quoted for

a the last independent trade of, and

b the highest current independent bid for,

any number of the Company's Ordinary Shares on the trading venue where the purchase is carried out

The authority conferred by this Resolution shall expire on the date which is 15 months from the passing of this Resolution or, if earlier, at the conclusion of the Company's next annual general meeting save that the Company may, before the expiry of the authority granted by this Resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiry of such authority

Dated 30 January 2012

Registered office

1 Norton Folgate
London
United Kingdom
E1 6DB

By order of the Board

Thomas Hugh Ferns
Company Secretary

Annual General Meeting Notes and Explanations

Driver Group Plc (the "Company")

1 The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that to be entitled to attend and vote at the Annual General Meeting ("**AGM**") (and for the purpose of determining the number of votes a member may cast), members must be entered on the register of members of the Company ("**Register of Members**") by 6 00 p m on 28th February 2012 or, in the event that the meeting is adjourned, in the Register of Members 48 hours before the time of any adjourned meeting Changes to entries in the Register of Members after 6 00 p m on 28th February 2012 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 and vote at the meeting

2 A member of the Company entitled to attend, speak and vote at the AGM is entitled to appoint one or more proxies to exercise all or any of their rights to attend, speak and vote on his or her behalf (on a show of hands and on a poll) You should have received a proxy form with this notice of the AGM You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form

3 A proxy need not also be a member, but must attend the AGM to represent you Completion and return of a proxy form will not preclude a member from attending and voting at the AGM or at any adjournment thereof should the member so decide If you have appointed a proxy and attend the AGM in person, your proxy appointment will automatically be terminated

4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares You may not appoint more than one proxy to exercise rights attached to the same shares

5 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM

6 To be valid, the proxy form must be completed, signed and returned so as to reach Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, B63 3DA by no later than 48 hours before the time for holding the AGM (or any adjourned meeting)

7 Details of how to appoint the Chairman of the AGM or another person as your proxy using the proxy form are set out in the notes to the proxy form The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold his vote Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the AGM and are aware of your voting intentions If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly

8 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

9 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

10 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 name of the joint holders appear in the Register of Members in respect of the joint holding (the first-named being the most senior)

11 A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same shares

12 Proxy forms may not be submitted via the Company's website or via any e-mail address set out on the Company's website

13 You may not use any electronic address provided either in this notice or any related documents (including the Chairman's letter, the proxy form and any revocation notice) to communicate with the Company for any purpose other than those expressly stated

Annual General Meeting Notes and Explanations continued

Driver Group Plc (the "Company")

EXPLANATORY NOTES TO THE RESOLUTIONS:

RESOLUTION 1 – REPORT AND ACCOUNTS

The directors are required by law to present to the annual general meeting the annual accounts, the directors' report and the auditor's report on the annual accounts

RESOLUTION 2 – DECLARATION OF DIVIDEND

The final dividend for the year ended 30 September 2011 will be paid on 23rd March 2012 to shareholders on the register at the close of business on 9th March 2012, subject to approval by shareholders

RESOLUTIONS 3 AND 4 – RE-APPOINTMENT AND REMUNERATION OF AUDITORS

The appointment of BDO LLP as auditors of the Company terminates at the conclusion of the AGM They have indicated their willingness to be re-appointed as the Company's auditors Accordingly, this resolution proposes their re-appointment and, in accordance with standard practice, gives authority to the directors to determine their remuneration

RESOLUTIONS 5, 6 AND 7 – ELECTION OF DIRECTORS

Under the Company's articles of association, Stephen Driver is required to retire by rotation as a director at this AGM He is eligible for re-election and the directors recommend that he is re-elected As William Alan McClue and Colin Davies were appointed since the last annual general meeting they are required to be elected by the shareholders The directors also recommend that William Alan McClue and Colin Davies be elected as directors

RESOLUTION 8 – ALLOTMENT OF SHARES

This resolution will, if passed, authorise the directors to allot shares or grant rights to subscribe for, or to convert securities into shares up to a maximum nominal amount of £35,172 55 which represents approximately one third of the Company's issued ordinary shares as at 27th January 2012 The authority granted by this resolution will expire on 1st June 2013 or, if earlier, the date of the next annual general meeting of the Company

RESOLUTION 9 – DISAPPLICATION OF PRE-EMPTION RIGHTS

This resolution will, if passed, give the directors power, pursuant to the authority to allot granted by resolution 8, to allot equity securities or sell treasury shares for cash without first offering them to existing shareholders in proportion to their existing holdings

(a) in relation to pre-emptive offers and offers to holders of other equity securities if required by the rights of those securities or as the directors otherwise consider necessary, up to a maximum nominal amount of £35,172 55 which represents approximately one third of the Company's issued ordinary shares as at 27th January 2012, and

(b) in any other case, up to a maximum nominal amount of £10,551 77 which represents approximately 10% of the Company's issued ordinary shares as at 27th January 2012

The power granted by this resolution will expire on 1st June 2013 or, if earlier, the date of the next annual general meeting of the Company

RESOLUTION 10 – MARKET PURCHASES OF OWN SHARES

This resolution seeks authority for the Company to make market purchases of its own ordinary shares If passed, the resolution gives authority for the Company to purchase up to 2,637,942 of its ordinary shares, representing approximately 10% of the Company's issued ordinary shares as at 27th January 2012 The authority will expire on 1st June 2013 or, if earlier, the date of the next annual general meeting of the Company

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