Interim Report Six Months Ended 30 September 2006

GBGROUP PLC

Chairman's Half-Year Statement

Overview

I am pleased to report a strong performance in the first six months of the financial year. Group revenue increased to £7.0 million, an increase of 18%, compared to the same period last year. This was due entirely to increased sales in the DataAuthentication business which provides online age and identity verification solutions.

DataAuthentication revenues during the period were £2.5 million (2005: £0.9 million). The investment phase in DataAuthentication for the UK is now nearing completion and DataAuthentication in the UK should be cash generative, ahead of schedule, in the final quarter of this financial year.

Overall, Group losses before taxation for the six month period were £637,000 (2005: £183,000). This included increased investment of approximately £500,000 to put in place the resource and infrastructure to support our aggressive growth plans for DataAuthentication both in the UK and overseas. This increase in resource and infrastructure provides the Group with the opportunity to continue its revenue growth.

Cash balances at 30 September were £6.1 million (2005: £6.4 million).

DataAuthentication

As indicated above, DataAuthentication continued its fast pace of growth and, during the first half of the financial year, the number of individual transaction searches increased to 1.6 million compared to 575,000 in the corresponding period last year. During the recent month of October, the number of searches was in excess of 335,000. The number and quality of new clients continue to increase and DataAuthentication currently has 138 clients compared to 114 announced in July.

Your Board considers that the Financial Services sector represents GB's largest and most valuable target market, and it is highly encouraging that during the first half 41% of GB's DataAuthentication revenues came from that sector, compared to 29% in the corresponding period last year. This is now our largest sector and 4 of the top 5 UK retail banks now have URU™ either under evaluation or installed in one or more of their divisions.

Identity fraud is a global issue for DataAuthentication's major clients and this requires a global solution. DataAuthentication has recently launched its international online age and identity verification service called ID3-Check, enabling clients to verify customers in 21 countries including the USA, Canada, Australia and a number of European countries. Revenues from international checks will be modest in the current financial year and may be marginally reduced by recent legislation affecting Online Gaming in the USA, although this has not diminished GB's positive outlook for the development of its international DataAuthentication business. We expect that, as a result of the new US legislation, major Online Gaming operators will now focus their attention on European and other markets where GB has a strong market position.

DataAuthentication now occupies a leading position in the developing market for the online authentication of individuals. We are excited by its considerable success to date and its very significant potential for the future.

DataIntegrity and DataSolutions

The markets in which DataIntegrity and DataSolutions operate are mature and competition remains keen. This competition has resulted in the loss to GB of some business, and in the eight months to the end of November 2006 the combined revenues in these businesses declined by approximately 12% compared to the same period last year.

GB has developed new products in these markets and, at the same time, has further improved its existing services. GB is now leading the market in the delivery of online data capture services, based on the same technology developed for our DataAuthentication business. These online services are the first

Chairman's Half-Year Statement

to market of their kind and are targeted at replacing services based on older technology currently used in the market. Accordingly, they provide an opportunity for GB to address competition in these areas.

Board of Directors

Your Board is very pleased to announce that Dick Linford has been appointed today as a Non-Executive Director. Dick was previously Chief Finance Officer of News International.

Prospects

The Group's revenue performance during the first half of the financial year was ahead of our expectations and the Board continues to be excited by the future prospects for the Group.

John Walker-Haworth
Chairman

28 November 2006

Consolidated Income Statement

For the six months ended 30 September 2006

	Note	**Unaudited 6 months to 30 September 2006**	Unaudited 6 months to 30 September 2005	Audited Year to 31 March 2006
		£'000	£'000	£'000
Revenue		**7,032**	5,939	12,835
Cost of sales		**(3,763)**	(2,640)	(5,800)
Gross profit		**3,269**	3,299	7,035
Other operating expenses		**(4,059)**	(3,638)	(7,547)
Exceptional items		**-**	-	(58)
Loss before tax and finance revenue		**(790)**	(339)	(570)
Finance revenue		**153**	156	302
Loss before tax		**(637)**	(183)	(268)
Income tax		**-**	-	26
Loss for the period		**(637)**	(183)	242
Loss per share				
- basic loss for the period	4	**(0.8)p**	(0.2)p	(0.3)p
- diluted loss for the period	4	**(0.8)p**	(0.2)p	(0.3)p
Dividends				
- Dividend paid per share	5	**0.75p**	0.5p	0.5p
- Dividend paid	5	**621**	404	404

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2006

	Equity share capital	Merger reserve	Capital redemption reserve	Retained earnings	Total equity
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2005	**5,171**	**6,575**	**3**	**1,869**	**13,618**
Loss for the period	-	-	-	(183)	**(183)**
Total income and expense for the period	-	-	-	**(183)**	**(183)**
Exercise of options	102	-	-	-	**102**
Cost of share-based payments	-	-	-	84	**84**
Equity dividend	-	-	-	(404)	**(404)**
Balance at 30 September 2005	**5,273**	**6,575**	**3**	**1,366**	**13,217**
Loss for the period	-	-	-	(59)	**(59)**
Total income and expense for the period	-	-	-	**(59)**	**(59)**
Exercise of options	177	-	-	-	**177**
Cost of share-based payments	-	-	-	115	**115**
Balance at 1 April 2006	**5,450**	**6,575**	**3**	**1,422**	**13,450**
Loss for the period	-	-	-	(637)	**(637)**
Total income and expense for the period	-	-	-	**(637)**	**(637)**
Exercise of options	167	-	-	-	**167**
Cost of share-based payments	-	-	-	88	**88**
Equity dividend	-	-	-	(621)	**(621)**
Balance at 30 September 2006	**5,617**	**6,575**	**3**	**252**	**12,447**

Consolidated Balance Sheet

As at 30 September 2006

	Unaudited as at 30 September 2006	Unaudited as at 30 September 2005	Audited as at 31 March 2006
ASSETS			
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	792	362	331
Goodwill	6,506	6,506	6,506
Deferred tax asset	360	346	360
	7,658	7,214	7,197
Current assets			
Inventories	-	1	-
Trade and other receivables	2,937	2,052	2,868
Current tax	12	45	57
Cash and short-term deposits	6,111	6,434	6,747
	9,060	8,532	9,672
TOTAL ASSETS	16,718	15,746	16,869
EQUITY AND LIABILITIES			
Capital and reserves			
Equity share capital	5,617	5,273	5,450
Merger reserve	6,575	6,575	6,575
Capital redemption reserve	3	3	3
Retained earnings	252	1,366	1,422
Total equity attributable to equity holders of the parent	12,447	13,217	13,450
Non-current liabilities			
Provisions	-	182	-
Current liabilities			
Trade and other payables	4,246	2,347	3,311
Provisions	25	-	108
	4,271	2,347	3,419
TOTAL LIABILITIES	4,271	2,529	3,419
TOTAL EQUITY AND LIABILITIES	16,718	15,746	16,869

Consolidated Cash Flow Statement

For the six months ended 30 September 2006

	Unaudited 6 months to 30 September 2006	Unaudited 6 months to 30 September 2005	Audited Year to 31 March 2006
	£'000	£'000	£'000
Cash flows from operating activities			
Operating loss	**(790)**	(339)	(570)
Depreciation	**87**	100	187
Loss on disposal of property, plant and equipment	**-**	1	3
Share-based payments	**88**	84	199
Decrease in inventory	**-**	(1)	-
Decrease in provisions	**(83)**	(48)	(122)
(Increase)/decrease in trade and other receivables	**(69)**	128	(688)
Increase in trade and other payables	**935**	7	972
Cash generated/(consumed) from operations	**168**	(68)	(19)
Income tax received	**45**	-	-
Net cash generated/(consumed) from operating activities	**213**	(68)	(19)
Cash flows from investing activities			
Purchase of property, plant and equipment	**(548)**	(101)	(160)
Interest received	**153**	156	302
Net cash from investing activities	**(395)**	55	142
Cash flows from financing activities			
Proceeds from issue of shares	**167**	102	279
Dividends paid to equity shareholders of the parent	**(621)**	(404)	(404)
Net cash flows from financing activities	**(454)**	(302)	(125)
Net decrease in cash and cash equivalents	**(636)**	(315)	(2)
Cash and cash equivalents at the beginning of the period	**6,747**	6,749	6,749
Cash and cash equivalents at the end of the period	**6,111**	6,434	6,747

Notes to the Interim Report

1. CORPORATE INFORMATION

The interim report of GB Group plc for the six months ended 30 September 2006 was authorised for issue in accordance with a resolution of the directors on 27 November 2006. GB Group plc is a public limited company incorporated in the United Kingdom whose shares are publicly traded.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

This interim report of GB Group plc is for the six months ended 30 September 2006. The Group has not applied IAS 34, Interim Financial Reporting, which is not mandatory for UK groups, in the preparation of this interim report.

The interim report is presented in sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

The interim report does not constitute statutory accounts as defined in section 240 of the Companies Act 1985 and therefore does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 March 2006. The financial information for the preceding year is based on the statutory accounts for the year ended 31 March 2006. These accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

Accounting Policies

The accounting policies adopted in the preparation of the report are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2006.

3. SEGMENTAL INFORMATION

All of the revenue, (losses)/profits, operating assets and liabilities relate to the Group's principal business activities, all of which are continuing, being the development, sale and support of business application software, the provision of marketing database and anti-fraud services and the licensing of technology. Revenue is stated net of value added tax. Revenue and operating losses arise principally in the United Kingdom.

Notes to the Interim Report

4. EARNINGS PER ORDINARY SHARE

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the basic weighted average number of ordinary shares in issue during the year.

	Unaudited 6 months to 30 September 2006		Unaudited 6 months to 30 September 2005		Audited Year to 31 March 2006	
	pence per share	**£'000**	pence per share	£'000	pence per share	£'000
Loss attributable to equity holders of the parent	**(0.8)**	**(637)**	(0.2)	(183)	(0.3)	(242)

Diluted

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	30 Sept 2006 No.	30 Sept 2005 No.	31 March 2006 No.
Basic weighted average number of shares in issue	**83,023,079**	80,667,324	81,061,685
Diluted effect of share options	**-**	-	-
Diluted weighted average number of shares in issue	**83,023,079**	80,667,324	81,061,685

The loss for the period and the weighted average number of ordinary shares used for calculating the diluted earnings per share are identical to those used for the basic earnings per share. This is because the outstanding share options would have the effect of reducing the loss per ordinary share and would therefore not be dilutive under the terms of IAS 33, Earnings per Share.

5. DIVIDENDS PAID AND PROPOSED

	Unaudited 6 months to 30 Sept 2006 £'000	Unaudited 6 months to 30 Sept 2005 £'000	Audited Year to 31 March 2006 £'000
Declared and paid during the period			
Final dividend for 2006: 0.75p (2005: 0.5p)	**621**	404	404
Proposed for approval at AGM (not recognised as a liability at 31 March 2006)			
Final dividend for 2006: 0.75p	**-**	-	621

Independent Review Report to GB Group plc

Introduction

We have been instructed by the Company to review the financial information for the six months ended 30 September 2006 which comprises Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement, Consolidated Statement of Changes in Equity, and the related notes 1 to 5. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The Directors are responsible for preparing the interim report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data, and based thereon, assessing whether the accounting policies and presentation have been consistently applied, unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK and Ireland) and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2006.

Ernst & Young LLP
Manchester
28 November 2006

Notes

1. The maintenance and integrity of the GB Group plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial information since it was initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Useful Information

The following details sources of information and contacts which shareholders and other interested parties may find helpful.

Website

Further information about GB Group can be found at our website at **www.gb.co.uk**

In addition to accessing the latest information about the Company, its products and services, the following is also available from the website:

- copies of announcements, press releases and case studies;
- copies of past and present annual and interim reports which can be viewed and downloaded; and
- GB Group's latest share price (via a link to the London Stock Exchange).

Email Alerts

The website also provides a service whereby GB Group can email new information posted on to the site. To register for the service either:

- go to the site at **www.gb.co.uk** and register your details (registration only takes a few moments); or
- send an email with your details to **investor.relations@gb.co.uk**

New Premises

Please note that with effect from 27 December 2006 GB Group's new office address will be as follows:

GB House
Kingsfield Court
Chester Business Park
Chester
CH4 9GB

Tel: 01244 657333
Fax: 01244 680808

Shareholder Notification and Information Service

GB Group is aware that there may be times when shareholders may wish to contact the Company when there are changes in their circumstances (such as when they have moved house or have got married and have changed their name). There may also be occasions when a share certificate has been misplaced or lost and a duplicate copy is required. In such instances, GB Group's registrar, Lloyds TSB Registrars, is able to deal with these enquiries and take the necessary action.

The registrar can be contacted by telephone or in writing at:

Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA

Tel: 0870 600 3964
Fax: 0870 600 3950

Lloyds TSB Registrars can also provide shareholders with details of their shareholding. In addition to the address and telephone contact above, our registrar has set up an internet service to facilitate electronic access to these details. This service is free, secure and easy to use. Shareholders may register for the service at **www.shareview.co.uk** using their shareholder reference number (which can be found on the share certificate or on the dividend counterfoil).

Notes

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