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GB GROUP PLC
("GBG", the "Group" or the "Company")

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019

Strategy drives strong financial and operational performance

GB Group plc (AIM: GBG), the global identity data intelligence specialist, announces its unaudited results for the six months ended 30 September 2019.

Financial highlights

	2019	**(Restated)* 2018**	**Growth**
Revenue	£94.3m	£58.3m	62%
Adjusted operating profit†	£21.5m	£9.8m	119%
Adjusted basic earnings per share‡	9.0p	5.9p	53%
Profit after tax	£5.7m	£2.9m	100%
Deferred income balance	£32.8m	£28.2m	16%
Net assets	£337.9m	£157.6m	114%
Net (debt)/cash††	£(53.8)m	£18.6m	n/a

Organic revenue

	2019	**(Restated)*** ***2018***	***Total Growth***	**(Restated)*** ***2018 (CCY)***	***2019 Organic Revenue Growth (CCY)***
Total revenue	*£94.3m*	*£58.3m*	62%	*£58.6m*	17%

Note: "CCY" indicates figure reported on a constant currency basis.

* *The results for H1 in the last financial year have been adjusted in this announcement to be consistent with the refinements made for IFRS 15 in the 2019 Annual Report. The adjustment reflects revenue phasing under IFRS 15. The impact of this adjustment re-aligns revenue in the 6 months to 30 September 2018 only and does not impact the reported results for the full year to 31 March 2019. See note 2 to the interim financial statements for further details.*

Chris Clark, CEO, commented:

"*I am pleased with the progress we have made against our strategic objectives in the first six months, which has seen us deliver good growth. This was driven by a strong organic performance (helped in part by the accelerated timing of some contracts for our Fraud division), the successful integrations of our acquisitions and ongoing investment to support our differentiation.*

We had a strong organic growth performance across each of our three key solutions of Location, Identity and Fraud across our core geographies. This performance has also been supported by the successful integrations of VIX Verify and IDology and we are excited about our future prospects and how these businesses will develop and strengthen our propositions.

So far the second half of the year has begun in line with our expectations and we remain confident in meeting full year market consensus."

Operational highlights and outlook

Good international progress	• For the first time, international revenues higher than UK– increasing from 35% to 57% of our total business. • Continued growth from new logo wins and existing customers across all focus geographies. • Continued recruitment of new business development resource in key markets such as US, Germany and Asia.
Enhanced products & data offering	• Exclusive partnership with NavInfo Europe to provide address data for mainland China. • Expansion of data sets including UK Educational Data and Indian Driving License checks. • Improved developer experience with launch of our developer portal, improved APIs and new SDKs.
Acquisitions	• Good progress with the integration of the two acquisitions made in H2 of last year, VIX Verify and IDology. • Both businesses growing well with sales, data and product integration delivering benefits.
People	• Employee engagement scores have improved further with 91% saying they would recommend GBG as a great place to work. • Key hires in our three core regions of Europe, North America and APAC - covering sales, marketing, product & technology - taking our talented team to over 1,000 people.
Positive outlook	• The full-year outcome for both revenue and profit is expected to be in line with our expectations.

Notes:

† Adjusted operating profit means profit before amortisation of acquired intangibles, share-based payments, exceptional items, interest and tax. This measure is not defined under IFRS but Management believe that this Alternative Performance Measure (APM) is a more appropriate metric to understand the underlying performance of the Group. For more details see "Alternative Performance Measures" in the Interim Consolidated Financial Statements.

‡ Adjusted earnings per share is defined as adjusted operating profit less net finance costs and tax divided by the basic weighted average number of ordinary shares of the Company.

†† Net (debt)/cash means cash and short-term deposits less loans (excluding unamortised loan arrangement fees).

- Ends –

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Presentation and webcast

GBG management will be hosting an analyst presentation today (26 November 2019) at 09.00 a.m. GMT at the London Stock Exchange, 10 Paternoster Sq., London EC4M 7LS.

Shortly following the presentation, an archived webcast will be available on the Investors page of the Company's website.

About GBG

GBG offers a series of solutions that help organisations quickly validate and verify the identity and location of their customers.

Our innovative technology leads the world in location intelligence and fraud detection. Our products are built on an unparalleled breadth of data obtained from over 200 global partners which helps us to verify the identity of 4.4 billion people globally.

Our headquarters are in the UK and we have over 1,000 team members across 16 countries. We work with clients in 72 countries including some of the best-known businesses around the world, ranging from US e-commerce giants to Asia's biggest banks and European household brands.

To find out more about how we help our clients establish trust with their customers, visit www.gbgplc.com, follow us on Twitter @gbgplc, or read more in our newsroom: www.gbgplc.com/newsroom

Chairman's Statement

GBG performed well in the first half of the year. We are making good progress in executing our strategy for growth and remain committed to making the investments that will help us develop further in the future.

Financial performance

Revenue and adjusted operating profit are both £0.6 million ahead of the performance detailed in the pre-close trading update issued on 24 October 2019.

Total revenue for the period was up 62% at £94.3 million - reflecting our recent acquisitions, which supplemented our underlying trading across our key solution areas within Location, Identity and Fraud. On a constant currency basis, organic revenues have increased by 17%. Our organic growth was complemented by the successful integrations of VIX Verify and IDology and the favourable timing of some contracts for our Fraud division, which were completed in the first six months.

Adjusted operating profit of £21.5 million represents an increase of 119% on last year, again driven by strong organic growth and our recent acquisitions.

Profit after tax was £5.7 million (2018: £2.9 million) after taking account of £11.7 million of costs associated with the amortisation of acquired intangibles, share-based payments and exceptional items (2018: £6.1 million). Of these costs, £11.4 million (2018: £5.0 million) were non-cash items.

Our balance sheet remains strong. At 30 September 2019, our net debt balance was £53.8 million (2018: £18.6 million net cash) as the acquisitions of VIX Verify and IDology in the second half of the last financial year were supported by debt. Net debt levels have improved by £12.5 million since 31 March 2019, including a £10.4 million repayment of borrowings in the period. Net assets increased to £337.9 million (2018: £157.6 million).

Compared to 30 September 2018, revenue deferred to future periods is up by £4.6 million to £32.8 million, an increase of 16%.

GBG has a high EBITDA to cash conversion ratio. Group operating activities before tax payments generated £23.8 million of cash and cash equivalents (2018: £10.4 million) and an adjusted EBITDA to cash conversion ratio of 104% (2018: 105%).

Achievements and strategic developments

Our customers rely on our digital solutions to transact safely and securely online and growth in demand is driven by increasing levels of online fraud and ever more stringent compliance regulations.

We have continued to develop our international capabilities, focusing on our strengths in Location, Identity and Fraud and prioritising our core markets of Europe, North America and APAC. By putting this focus on our international strategy, it is pleasing to note that GBG's international revenues are now higher than the UK for the first time – this has been a strategic aim of GBG for a number of years.

Loqate, our location business, performed well with new customer wins including: John Lewis Partnership (a GBG Connexus customer) in Europe; GNC in North America; China Minsheng Bank (a long standing GBG fraud customer) and Bank of Beijing in APAC. We have continued to enrich our global data portfolio, including a partnership with NavInfo Europe to provide address data for mainland China.

Demand from the financial services and gaming sectors has driven strong growth for our identity business. We have seen more business from existing customers and have won new customers such as William Hill, KPMG and Totesport. We also launched a number of new data sources such as the UK Educational and Indian Driving Licences datasets to further improve match rates and broaden coverage. Investment in SDKs (software development kits) and additional data sources remains a priority.

In the fraud space we have built on existing commercial relationships and won new customers in Europe with BNP Paribas, Arval and Standard Life. In the APAC region we have extended business with AmBank in Malaysia and Citi in Indonesia and Taiwan.

The Information Commissioner's Office, the data industry regulator in the UK, announced in November 2018 that it was conducting audits on a number of companies to understand the use of data in their services. GBG was included in this review and we are working with the Commissioner to provide information and clarify the role some of our products play in the data ecosystem. We will keep the market informed of any material developments.

Acquisitions
Last year we acquired VIX Verify and IDology (our largest acquisition to date). The priority for the first half of this year has been their integration into the Group and I am pleased to report good progress.

VIX Verify is performing well, growing with key accounts such as TabCorp and HSBC and winning new business including Victoria University and KC Securities. We are also developing business opportunities in our identity and fraud portfolios with joint accounts such as FlexiGroup.

IDology has maintained good momentum with its existing clients in the financial and technology sectors and has won new clients such as NextGate in the health sector. We have invested in additional business development resource and have a strong pipeline of deals. Our commitment to product innovation is reflected by the enhancement of features and refinement of machine learning techniques and we have also completed and launched the integration of GBG Loqate’s data into IDology’s ExpertID solution.

People
Gallup conducted our latest global employee survey in September 2019. 92% of all of our employees completed the survey and our employee engagement scores were at a new high, with 91% of team members saying that they would recommend GBG as a great place to work. We are all naturally very pleased with these results and our managers will use the response data and Gallup’s benchmarking to improve our employee experience.

We have strengthened our talent with key hires across our three core regions (covering sales, marketing, product & technology). We are also rolling out internal programmes to ensure GBG has a rich pool of high potential talent for the future.

Outlook
It has been a good start to the year with strong organic performance in each of our three key solutions and across each of our core geographies. GBG has a strong management team supported by a diverse group of highly engaged and talented employees. Our acquisitions are integrating well and will strengthen the GBG customer proposition and help grow the business further. Consequently, your Board remains confident about meeting full-year consensus for revenue and profit.

David Rasche
Chairman

Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2019
Unaudited

	Note	**6 months to 30 September 2019 £'000**	Restated# 6 months to 30 September 2018 £'000	Year to 31 March 2019 £'000
Revenue	6	**94,338**	58,329	143,504
Cost of sales		**(26,064)**	(13,963)	(36,060)
Gross profit		**68,274**	44,366	107,444
Operating expenses before amortisation of acquired intangibles, equity-settled share-based payments and exceptional items		**(46,779)**	(34,534)	(75,413)
Operating profit before amortisation of acquired intangibles, equity-settled share-based payments and exceptional items (adjusted operating profit)	6	**21,495**	9,832	32,031
Amortisation of acquired intangibles	11	**(9,665)**	(4,077)	(10,316)
Equity-settled share-based payments	13	**(1,695)**	(964)	(2,287)
Exceptional items	5	**(301)**	(1,030)	(4,003)
Operating profit	6	**9,834**	3,761	15,425
Finance revenue		**24**	29	31
Finance costs		**(1,236)**	(216)	(720)
Profit before tax		**8,622**	3,574	14,736
Income tax charge	7	**(2,886)**	(699)	(2,583)
Profit for the period attributable to equity holders of the parent		**5,736**	2,875	12,153
Other comprehensive income:				
Exchange differences on retranslation of foreign operations (net of tax)*		**15,017**	968	(3,702)
Total comprehensive income for the period attributable to equity holders of the parent		**20,753**	3,843	8,451
Earnings per share				
- basic earnings per share for the period	8	**3.0p**	1.9p	7.7p
- diluted earnings per share for the period	8	**2.9p**	1.8p	7.6p
- adjusted basic earnings per share for the period	8	**9.0p**	5.9p	18.2p
- adjusted diluted earnings per share for the period	8	**8.9p**	5.8p	17.9p

** Upon disposal of a foreign operation, the associated element will be recycled to the Income Statement*
 # See note 2

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 September 2019
Unaudited

	Note	Equity share capital £'000	Share premium £'000	Merger reserve £'000	Capital redemption reserve £'000	Foreign currency translation reserve £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2018		**3,817**	**104,814**	**6,575**	**3**	**891**	**40,594**	**156,694**
Profit for the period (restated) #	2	-	-	-	-	-	2,875	**2,875**
Other comprehensive income		-	-	-	-	968	-	**968**
Total comprehensive income for the period		-	-	-	-	968	2,875	**3,843**
Issue of share capital		11	435	-	-	-	-	**446**
Share-based payments charge		-	-	-	-	-	964	**964**
Tax on share options		-	-	-	-	-	(343)	**(343)**
Equity dividend		-	-	-	-	-	(4,049)	**(4,049)**
Balance at 30 September 2018		**3,828**	**105,249**	**6,575**	**3**	**1,859**	**40,041**	**157,555**
Profit for the period		-	-	-	-	-	9,278	**9,278**
Other comprehensive income		-	-	-	-	(4,670)	-	**(4,670)**
Total comprehensive income for the period		-	-	-	-	(4,670)	9,278	**4,608**
Issue of share capital		993	159,174	-	-	-	-	**160,167**
Share issue costs		-	(3,274)	-	-	-	-	**(3,274)**
Share-based payments charge		-	-	-	-	-	1,323	**1,323**
Tax on share options		-	-	-	-	-	1,081	**1,081**
Balance at 1 April 2019 (as reported)		**4,821**	**261,149**	**6,575**	**3**	**(2,811)**	**51,723**	**321,460**
Adoption of IFRS 16	2	-	-	-	-	-	(992)	**(992)**
Balance at 1 April 2019 (restated)		**4,821**	**261,149**	**6,575**	**3**	**(2,811)**	**50,731**	**320,468**
Profit for the period		-	-	-	-	-	5,736	**5,736**
Other comprehensive income		-	-	-	-	15,017	-	**15,017**
Total comprehensive income for the period		**-**	-	-	-	15,017	5,736	**20,753**
Issue of share capital	16	25	302	-	-	-	-	**327**
Share-based payments charge	13	-	-	-	-	-	1,695	**1,695**
Tax on share options		-	-	-	-	-	416	**416**
Equity dividend	9	-	-	-	-	-	(5,782)	**(5,782)**
Balance at 30 September 2019		**4,846**	**261,451**	**6,575**	**3**	**12,206**	**52,796**	**337,877**

 # See note 2

Interim Consolidated Balance Sheet

As at 30 September 2019
Unaudited

	Note	**As at 30 September 2019 £'000**	Restated# As at 30 September 2018 £'000	As at 31 March 2019 £'000
ASSETS				
Non-current assets				
Property, plant and equipment	10	**4,695**	4,434	4,815
Right-of-use assets	2	**5,494**	-	-
Intangible assets	11	**425,891**	157,991	420,137
Investments		**-**	-	411
Deferred tax asset		**6,454**	4,171	8,222
		442,534	166,596	433,585
Current assets				
Inventories		**263**	395	341
Trade and other receivables		**49,302**	31,470	54,874
Cash and short-term deposits		**23,267**	27,507	21,189
Current tax		**413**	-	-
		73,245	59,372	76,404
TOTAL ASSETS		**515,779**	225,968	509,989
EQUITY AND LIABILITIES				
Capital and reserves				
Equity share capital	16	**4,846**	3,828	4,821
Share premium	16	**261,451**	105,249	261,149
Merger reserve		**6,575**	6,575	6,575
Capital redemption reserve		**3**	3	3
Foreign currency translation reserve		**12,206**	1,859	(2,811)
Retained earnings		**52,796**	40,041	51,723
Total equity attributable to equity holders of the parent		**337,877**	157,555	321,460
Non-current liabilities				
Loans	14	**75,543**	8,065	85,447
Lease liabilities	2	**4,433**	-	-
Provisions	12	**1,137**	514	528
Deferred revenue		**880**	372	1,184
Deferred tax liability		**28,903**	7,447	29,548
		110,896	16,398	116,707
Current liabilities				
Loans	14	**1,054**	806	1,441
Lease liabilities	2	**1,992**	-	-
Provisions	12	**-**	25	-
Trade and other payables		**32,027**	22,680	33,508
Deferred revenue		**31,933**	27,839	35,453
Contingent consideration	18	**-**	-	79
Current tax		**-**	665	1,341
		67,006	52,015	71,822
TOTAL LIABILITIES		**177,902**	68,413	188,529
TOTAL EQUITY AND LIABILITIES		**515,779**	225,968	509,989

See note 2

Interim Consolidated Cash Flow Statement

For the six months ended 30 September 2019
Unaudited

	Note	**6 months to 30 September 2019 £'000**	Restated# 6 months to 30 September 2018 £'000	Year to 31 March 2019 £'000
Group profit before tax		**8,622**	3,574	14,736
Adjustments to reconcile Group profit before tax to net cash flows				
Finance revenue		**(24)**	(29)	(31)
Finance costs		**1,236**	216	720
Depreciation of property, plant and equipment	10	**889**	771	1,544
Depreciation of right-of-use assets	2	**935**	-	-
Amortisation of intangible assets	11	**9,722**	4,318	10,821
Loss on disposal of plant and equipment		**-**	-	46
Loss on disposal of intangible assets		**259**	47	-
Share-based payments	13	**1,695**	964	2,287
Decrease in provisions		**-**	-	(25)
Decrease in inventories		**78**	4	58
Decrease/(increase) in receivables		**5,693**	6,664	(9,904)
(Decrease)/increase in payables		**(5,261)**	(6,131)	7,527
Cash generated from operations		**23,844**	10,398	27,779
Income tax paid		**(4,011)**	(1,092)	(2,930)
Net cash generated from operating activities		**19,833**	9,306	24,849
Cash flows (used in)/from investing activities				
Acquisition of subsidiaries, net of cash acquired	17	**(82)**	-	(255,107)
Purchase of plant and equipment	10	**(422)**	(520)	(1,453)
Purchase of software	11	**(29)**	(157)	(172)
Proceeds from disposal of plant and equipment		**6**	-	6
Finance revenue		**24**	29	31
Net cash flows used in investing activities		**(503)**	(648)	(256,695)
Cash flows (used in)/from financing activities				
Finance costs paid		**(1,081)**	(216)	(720)
Proceeds from issue of shares	16	**327**	446	160,613
Share issue costs	16	**-**	-	(3,274)
Proceeds from new borrowings	14	**-**	-	110,447
Repayment of borrowings	14	**(10,400)**	(406)	(32,807)
Repayment of lease liabilities		**(1,051)**	-	-
Dividends paid to equity shareholders	9	**(5,782)**	(4,049)	(4,049)
Net cash flows (used in)/ from financing activities		**(17,987)**	(4,225)	230,210
Net increase/(decrease) in cash and cash equivalents		**1,343**	4,433	(1,636)
Effect of exchange rates on cash and cash equivalents		**735**	321	72
Cash and cash equivalents at the beginning of the period		**21,189**	22,753	22,753
Cash and cash equivalents at the end of the period		**23,267**	27,507	21,189

See note 2

Notes to the Interim Report

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of GB Group plc ('the Group') for the six months ended 30 September 2019 were authorised for issue in accordance with a resolution of the directors on 25 November 2019. GB Group plc is a public limited company incorporated in the United Kingdom whose shares are publicly traded on the Alternative Investment Market (AIM) of the London Stock Exchange.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of Preparation

These interim condensed consolidated financial statements for the six months ended 30 September 2019 have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union.

The interim condensed consolidated financial statements are presented in the Group's functional currency of pounds Sterling and all values are rounded to the nearest thousand (£'000) except when otherwise indicated.

Following review of future forecasts and applying reasonable sensitivities, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Board continues to adopt the going concern basis in preparing the interim financial statements.

The interim condensed consolidated financial statements do not constitute statutory financial statements as defined in section 435 of the Companies Act 2006 and therefore do 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 2019. The financial information for the preceding year is based on the statutory financial statements for the year ended 31 March 2019. These financial statements, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies. These financial statements did not require a statement under either section 498(2) or section 498(3) of the Companies Act 2006.

Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019, except for the adoption of new standards effective for the Group from 1 April 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Prior Period Restatement

Since the September 2018 interim financial statements were produced, the Group refined its assessment of the impact of IFRS 15 'Revenue from Contracts with Customers' with the finalised adjustments fully reflected in the March 2019 Annual Report and Accounts. The September 2018 figures in these interim accounts have been restated to reflect the phasing of these refinements on the first half results. The figures as at 1 April 2018 and 1 April 2019 remain as presented in the 2019 Annual Report and Accounts. The impact of the refinements on the September 2018 figures is presented below:

	As previously reported £'000	Unwind of IFRS 15 refinement £'000	As restated £'000
Income Statement			
Revenue	57,279	1,050	**58,329**
Cost of sales	(13,963)	-	**(13,963)**
Gross margin	43,316	1,050	**44,366**
Profit before tax	2,524	1,050	**3,574**
Income tax charge	(499)	(200)	**(699)**
Profit for the period attributable to equity holders of the parent	2,025	850	**2,875**

	As previously reported £'000	Impact of IFRS 15 adoption on 1 April 2018* £'000	Unwind of IFRS 15 refinement £'000	As restated £'000
Balance Sheet				
Deferred tax asset	3,930	241	-	**4,171**
Current tax	(465)	-	(200)	**(665)**
Deferred revenue (within current liabilities)	(27,590)	(1,299)	1,050	**(27,839)**
Net assets impact		**(1,058)**	**850**	

** as reported in the 31 March 2019 Annual Report*

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

New standards, amendments and interpretations adopted by the Group
The Group has applied IFRS 16 'Leases' for the first time in these interim results. The nature and effect of these changes are described below.

IFRS 16 'Leases' supersedes IAS 17 'Leases', IFRIC 4 *Determining whether an Arrangement contains a Lease,* SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the substance of transactions involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosures of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Group has adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised in retained earnings at the date of initial application. Comparatives are not restated under this method of adoption. The lease liability is calculated at the present value of remaining future payments using the related incremental borrowing rates at 1 April 2019. The right-of-use asset is calculated from the lease commencement date, as if IFRS 16 had always been applied using the incremental borrowing rates at 1 April 2019. The Group also elected to use transition expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which underlying asset is of low value ('low value assets').

The effect of adoption IFRS 16 is as follows:

Impact on the statement of financial position as at 1 April 2019:

	As previously reported £'000	Impact of adoption of IFRS 16 £'000	Including adoption of IFRS 16 £'000
Assets			
Property, plant and equipment	4,815	320	**5,135**
Right-of-use assets	-	5,491	**5,491**
Intangible assets	420,137	-	**420,137**
Investments	411	-	**411**
Deferred tax assets	8,222	144	**8,366**
Current assets	76,404	-	**76,404**
Total assets	509,989	5,955	**515,944**
Equity			
Share capital and share premium	265,970	-	**265,970**
Other reserves	3,767	-	**3,767**
Retained earnings	51,723	(992)	**50,731**
Total equity	321,460	(992)	**320,468**
Liabilities			
Interest-bearing loans and borrowings	86,888	-	**86,888**
Lease liabilities	-	6,382	**6,382**
Trade payables and other liabilities	70,752	565	**71,317**
Current tax	1,341	-	**1,341**
Deferred tax	29,548	-	**29,548**
Total liabilities	188,529	6,947	**195,476**

Impact on the interim consolidated statement of comprehensive income for the six months ended 30 September 2019:

	£'000
Increased depreciation expense (included in operating expenses)	(935)
Decreased rent expense (included in operating expenses)	1,066
Operating profit	**131**
Increased finance costs	(155)
Decreased income tax expense	4
Profit for the period	**(20)**

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Impact on the interim consolidated cash flow statement as at 30 September 2019:

	As previously reported £'000	Impact of adoption of IFRS 16 £'000	Including adoption of IFRS 16 £'000
Net cash generated from operating activities	18,782	1,051	**19,833**
Net cash used in investing activities	(503)	-	**(503)**
Net cash used in financing activities	(16,936)	(1,051)	**(17,987)**
Impact of exchange rates	735	-	**735**
Net increase in cash and cash equivalents	2,078	-	**2,078**

Summary of new accounting policies
Set out below are the new accounting policies of the Group upon adoption of IFRS 16:

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made on or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below £5,000). Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options
The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

Amounts recognised in the statement of financial position and in the consolidated statement of comprehensive income

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets			Lease liabilities
	Property £'000	Other equipment £'000	Total £'000	Total £'000
As at 1 April 2019	**5,475**	**16**	**5,491**	**6,382**
Additions	864	-	864	864
Depreciation expense	(930)	(5)	(935)	-
Interest expense	-	-	-	155
Payments	-	-	-	(1,051)
Foreign currency adjustment	74	-	74	75
As at 30 September 2019	**5,483**	**11**	**5,494**	**6,425**

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019 as follows:

	£'000
Operating lease commitments as at 31 March 2019	**5,307**
Less: discounting of future lease commitments	(361)
Discounted operating lease commitments at 1 April 2019	**4,946**
Less: Commitments relating to short-term leases	(74)
Less: Commitments relating to leases of low value assets	(10)
Add: Payments in optional extension periods not recognised as at 31 March 2019	1,520
Lease liabilities as at 1 April 2019	**6,382**
Weighted average incremental borrowing rate as at 1 April 2019	4.01%

Judgements and Estimates

Full details of significant accounting judgements, estimates and assumptions used in the application of the Group's accounting policies can be found in the Annual Report and Accounts for the year ended 31 March 2019.

3. CYCLICALITY

The profile of our software licence renewal dates has historically resulted in profitability in this area of the business being higher in the second half of the year.

4. RISKS AND UNCERTAINTIES

Management identifies and assesses risks to the business using an established control model. The Group has a number of exposures which can be summarised as follows: failure to comply with regulations and laws; increasing competition and lack of global reach; non-supply by a major supplier; loss of data systems despite disaster recovery & business continuity plans; cyber attack; inability to meet new product development and scalability challenges; loss of intellectual property; and ineffective succession planning and skills retention. These risks and uncertainties facing our business were reported in detail in the 2019 Annual Report and Accounts and all of them are monitored closely by the Group.

The outcome of the UK referendum on EU membership has caused uncertainty in both the political and economic environments in which we operate. Although headquartered in the UK, GBG has an established presence internationally, which comprises over half of our Group revenues. We believe our global infrastructure will assist the Group in its response to the ultimate changes in trading arrangements between the UK and the EU. Our business model means that we are comparatively well-placed to manage the consequences of the result and of its effect on the economic environment. However, there is the potential for our costs to increase, for example, through any changes required to our systems to reflect new taxes; regulatory risk to increase as a result of any future divergence with the EU regime; and supplier disruption to occur as a result of challenges in suppliers' own organisations and supply chains. At this time, the outcome of Brexit negotiations and post-Brexit arrangements remains unclear and as such, like all companies, we continue to monitor the situation and manage the practical implications as they occur.

5. EXCEPTIONAL ITEMS

	6 months to 30 September 2019 £'000	6 months to 30 September 2018 £'000	Year to 31 March 2019 £'000
Costs associated with staff reorganisations	**301**	132	256
Acquisition related costs	**-**	898	3,747
	301	1,030	4,003

Costs associated with staff reorganisations in both years primarily relate to exit costs of personnel leaving the business on an involuntary basis due to reorganisations within our operating divisions as a result of integrating acquisitions. Due to the nature of these costs, management deem them to be exceptional in order to better reflect our underlying performance.

Acquisition related costs of £898,000 in the prior six month period include, but are not limited to, those incurred in relation to the acquisition of VIX Verify Global Pty Ltd. Such costs include those directly attributable to the transaction and exclude operating or integration costs relating to an acquired business, and due to the size and nature of these costs, management consider that they would distort the Group's underlying business performance. The acquisition related costs for the year to 31 March 2019 included £2.4 million in relation to the acquisition of IDology Inc. in February 2019.

6. SEGMENTAL INFORMATION

In order to reflect how the Group is presenting its lines of business to its stakeholders going forward, the naming and structure of the operating segments were amended with effect from 1 April 2019. Going forward 'Fraud, Risk & Compliance' has been separated into two new segments – 'Identity' and 'Fraud'. The 'Location & Customer Intelligence' segment has been renamed as 'Location'. Accordingly, the comparative segmental reporting has been restated.

The Group's operating segments are internally reported to the Group's Chief Executive Officer as three operating segments: Location, Identity and Fraud. Included within 'Unallocated' is the revenue and profit of the marketing services business (previously within Location & Customer Intelligence), as well as group operating costs such as compliance, finance, legal, people team, information security, directors' remuneration and PLC costs. Group operating costs were £5.6 million in the 6 months to 30 September 2019 (2018: £4.9 million).

The measure of performance of those segments that is reported to the Group's Chief Executive Officer is adjusted operating profit, being profits before amortisation of acquired intangibles, equity-settled share-based payments, exceptional items, net finance costs and tax, as shown below.

Six months ended 30 September 2019	**Fraud £'000**	**Identity £'000**	**Location £'000**	**Unallocated £'000**	**Total 6 months to 30 September 2019 £'000**
Licence	15,927	3,669	13,689	-	33,285
Transactional	-	45,552	8,408	-	53,960
Services	895	1,972	115	4,111	7,093
Total revenue	16,822	51,193	22,212	4,111	**94,338**
Adjusted operating profit	**5,403**	**15,780**	**6,541**	**(6,229)**	**21,495**
Amortisation of acquired intangibles	(260)	(7,214)	(2,010)	(181)	**(9,665)**
Share-based payments charge	-	-	-	(1,695)	**(1,695)**
Exceptional items	-	-	-	(301)	**(301)**
Operating profit	5,143	8,566	4,531	(8,406)	**9,834**
Finance revenue				24	**24**
Finance costs				(1,236)	**(1,236)**
Income tax expense				(2,886)	**(2,886)**
Profit for the period					**5,736**

6. SEGMENTAL INFORMATION (continued)

Six months ended 30 September 2018	(Restated)# Fraud £'000	(Restated) Identity £'000	(Restated)# Location £'000	(Restated) Unallocated £'000	(Restated)# Total 6 months to 30 September 2018 £'000
Licence	12,172	3,085	12,427	-	**27,684**
Transactional	-	18,501	6,705	-	**25,206**
Services	433	297	116	4,593	**5,439**
Total revenue	**12,605**	**21,883**	**19,248**	**4,593**	**58,329**
Adjusted operating profit	**2,443**	**5,534**	**5,891**	**(4,036)**	**9,832**
Amortisation of acquired intangibles	(398)	(1,056)	(2,331)	(292)	**(4,077)**
Share-based payments charge	-	-	-	(964)	**(964)**
Exceptional items	-	-	-	(1,030)	**(1,030)**
Operating profit	2,045	4,478	3,560	(6,322)	**3,761**
Finance revenue				29	**29**
Finance costs				(216)	**(216)**
Income tax expense				(499)	**(699)**
Profit for the period					**2,875**

Year ended 31 March 2019	(Restated) Fraud £'000	(Restated) Identity £'000	(Restated) Location £'000	(Restated) Unallocated £'000	(Restated) Total Year to 31 March 2019 £'000
Licence	27,644	12,137	35,221	-	**75,002**
Transactional	-	45,459	10,732	-	**56,191**
Services	1,740	633	320	9,618	**12,311**
Total revenue	**29,384**	**58,229**	**46,273**	**9,618**	**143,504**
Adjusted operating profit	**9,029**	**15,219**	**16,683**	**(8,900)**	**32,031**
Amortisation of acquired intangibles	(792)	(4,372)	(4,662)	(490)	**(10,316)**
Share-based payments charge	-	-	-	(2,287)	**(2,287)**
Exceptional items	-	-	-	(4,003)	**(4,003)**
Operating profit	8,237	10,847	12,021	(15,680)	**15,425**
Finance revenue				31	**31**
Finance costs				(720)	**(720)**
Income tax expense				(2,583)	**(2,583)**
Profit for the period					**12,153**

 # In addition to the restatement due to the change of segments explained at the start of this note, these figures have also been adjusted for the refinement of IFRS 15 detailed in note 2.

7. TAXATION

The Group calculates the period income tax expense using a best estimate of the tax rate that would be applicable to the expected total earnings for the year ending 31 March 2020. The effective tax has increased due to the weighting of profits generated in overseas subsidiaries.

8. 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 period.

	6 months to 30 September 2019 £'000	6 months to 30 September 2019 Pence per share	(Restated) # 6 months to 30 September 2018 £'000	(Restated) # 6 months to 30 September 2018 Pence per share	Year to 31 March 2019 £'000	Year to 31 March 2019 Pence per share
Profit attributable to equity holders of the Company	**5,736**	**3.0**	2,875	1.9	12,153	7.7

Diluted
Diluted earnings per share amounts are calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period 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 September 2019 No.	30 September 2018 No.	31 March 2019 No.
Basic weighted average number of shares in issue	**193,190,284**	152,793,746	158,051,687
Dilutive effect of share options	**2,816,694**	3,368,711	2,754,605
Diluted weighted average number of shares in issue	**196,006,978**	156,162,457	160,806,292

	6 months to 30 September 2019 £'000	6 months to 30 September 2019 Pence per share	(Restated) # 6 months to 30 September 2018 £'000	(Restated) # 6 months to 30 September 2018 Pence per share	Year to 31 March 2019 £'000	Year to 31 March 2019 Pence per share
Profit attributable to equity holders of the Company	**5,736**	**2.9**	2,875	1.8	12,153	7.6

Adjusted
Adjusted earnings per share is defined as adjusted operating profit less net finance costs and tax divided by the basic weighted average number of ordinary shares of the Company.

	6 months to 30 September 2019 £'000	**Basic pence per share**	**Diluted pence per share**	(Restated) # 6 months to 30 September 2018 £'000	Basic pence per share	Diluted pence per share	Year to 31 March 2019 £'000	Basic pence per share	Diluted pence per share
Adjusted operating profit	**21,495**	**11.1**	**11.0**	9,832	6.5	6.4	32,031	20.3	19.9
Less net finance costs	**(1,212)**	**(0.6)**	**(0.6)**	(187)	(0.1)	(0.1)	(689)	(0.4)	(0.4)
Less tax	**(2,886)**	**(1.5)**	**(1.5)**	(699)	(0.5)	(0.5)	(2,583)	(1.7)	(1.6)
Adjusted earnings	**17,397**	**9.0**	**8.9**	8,946	5.9	5.8	28,759	18.2	17.9

Adjusted operating profit means profits before amortisation of acquired intangibles, share-based payments, exceptional items, net finance costs and tax.

See note 2

9. DIVIDENDS PAID AND PROPOSED

	6 months to 30 September 2019 £'000	6 months to 30 September 2018 £'000	Year to 31 March 2019 £'000
Declared and paid during the period			
Final dividend for 2019: 2.99p per share (2018: 2.65p per share)	**5,782**	4,049	4,049
Proposed for approval at AGM (not recognised as a liability at 31 March)			
Final dividend for 2019: 2.99p per share	**-**	-	5,766

10. PLANT AND EQUIPMENT

During the six months ended 30 September 2019, the Group acquired plant and equipment with a cost of £422,000 (2018: £520,000) and £320,000 associated with dilapidation estimates.

Depreciation provided during the six months ended 30 September 2019 was £889,000 (2018: £771,000).

Assets with a net book value of £6,000 were disposed of during the six months ended 30 September 2019 (2018: £5,000).

11. INTANGIBLE ASSETS

	Customer relationships £'000	Other acquisition intangibles £'000	**Total acquisition intangibles £'000**	Goodwill £'000	Purchased software £'000	Internally developed software £'000	**Total £'000**
Cost							
At 1 April 2018	45,926	16,739	**62,665**	116,465	2,118	1,771	**183,019**
Additions – purchased software	-	-	**-**	-	157	-	**157**
Disposals	-	-	**-**	-	(67)	-	**(67)**
Foreign exchange adjustments	202	85	**287**	667	2	-	**956**
At 30 September 2018	46,128	16,824	**62,952**	117,132	2,210	1,771	**184,065**
Additions – business combinations	73,212	21,615	**94,827**	178,651	-	-	**273,478**
Additions – purchased software	-	-	**-**	-	15	-	**15**
Foreign exchange adjustments	(1,280)	(413)	**(1,693)**	(3,260)	28		**(4,925)**
At 31 March 2019	118,060	38,026	**156,086**	292,523	2,253	1,771	**452,633**
Additions – business combinations	-	-	**-**	301	-	-	**301**
Additions – purchased software	-	-	**-**	-	29	-	**29**
Disposals	-	-	**-**	-	(259)	-	**(259)**
Foreign exchange adjustments	4,125	1,288	**5,413**	10,325	10	-	**15,748**
At 30 September 2019	122,185	39,314	**161,499**	303,149	2,033	1,771	**468,452**
Amortisation and impairment							
At 1 April 2018	10,869	7,871	**18,740**	-	1,195	1,712	**21,647**
Amortisation during the period	2,393	1,684	**4,077**	-	217	24	**4,318**
Disposals	-	-	**-**	-	(20)	-	**(20)**
Foreign exchange adjustments	63	65	**128**	-	1	-	**129**
At 30 September 2018	13,325	9,620	**22,945**	-	1,393	1,736	**26,074**
Amortisation during the period	3,386	2853	**6,239**	-	251	13	**6,503**
Foreign exchange adjustments	(41)	(34)	**(75)**	-	(6)	-	**(81)**
At 31 March 2019	16,670	12,439	**29,109**	-	1,638	1,749	**32,496**
Amortisation during the period	6,080	3,585	**9,665**	-	49	8	**9,722**
Foreign exchange adjustments	470	(134)	**336**	-	7	-	**343**
At 30 September 2019	23,220	15,890	**39,110**	-	1,694	1,757	**42,561**
Net book value							
At 30 September 2018	32,803	7,204	**40,007**	117,132	817	35	**157,991**
At 31 March 2019	101,390	25,587	**126,977**	292,523	615	22	**420,137**
At 30 September 2019	**98,965**	**23,424**	**122,389**	**303,149**	**339**	**14**	**425,891**

11. INTANGIBLE ASSETS (continued)

Goodwill arose on the acquisition of GB Mailing Systems Limited, e-Ware Interactive Limited, Data Discoveries Holdings Limited, Advanced Checking Services Limited, Capscan Parent Limited, TMG.tv Limited, CRD (UK) Limited, DecTech Solutions Pty Ltd, CDMS Limited, Loqate Inc., ID Scan Biometrics Limited, Postcode Anywhere (Holdings) Limited, VIX Verify Global Pty Limited and IDology Inc. Under IFRS, goodwill is not amortised and is tested annually for impairment.

Intangible assets categorised as 'other acquisition intangibles' include asset such as non-compete clauses and software technology.

12. PROVISIONS

	6 months to 30 September 2019	6 months to 30 September 2018	Year to 31 March 2019
	£'000	£'000	£'000
Long service award	**572**	514	528
Dilapidation provisions	**565**	25	-
	1,137	539	528
Analysed as:			
Amounts falling due within 12 months	**-**	25	-
Amounts falling due after one year	**1,137**	514	528
	1,137	539	528

13. SHARE-BASED PAYMENTS

The Group operates Executive Share Option Schemes under which executive directors, managers and staff of the Group are granted options over shares.

During the six months ended 30 September 2019, the following share options were granted to executive directors and staff.

Scheme	**Date**	**No. of options**	**Exercise price**	**Fair value**
LTIP	12 July 2019	754,560	2.5p	541.0p
SAYE (3 Year)	6 August 2019	257,951	444.0p	179.0p
SAYE (5 Year)	6 August 2019	106,061	444.0p	204.0p
Matching options	17 September 2019	454,083	2.5p	532.0p

The charge recognised from equity-settled share-based payments in respect of employee services received during the period was £1,695,000 (2018: £964,000).

14. LOANS

In February 2019, the Group refinanced its existing revolving facility and the total facility was increased to £110,000,000, with a further £30,000,000 accordion option. The facility now expires in February 2022. The existing liability of £17,000,000 was repaid at the point of the refinancing with a simultaneous drawdown of £101,000,000 (net increase of £84,000,000), which was used to part fund the IDology acquisition. A further repayment of £15,000,000 was made in March 2019. During the period a repayment of £10,000,000 was made in relation to this loan. The outstanding balance on this facility at 30 September 2019 was £76,000,000 (31 March 2018: £86,000,000).

This debt bears an initial interest rate of LIBOR + 1.50%. This interest rate is subject to an increase of 0.25% should the business exceed certain leverage conditions.

In April 2014, the Group secured an Australian dollar three year term loan of AUS$10,000,000. The debt bears an interest rate of +1.90% above the Australian Dollar bank bill interest swap rate ('BBSW'). During the year ending 31 March 2018, this term loan was extended from its original maturity of April 2017 to November 2019. Security on the debt is provided by way of an all asset debenture. During the period, £400,000 (2018: £406,000) was repaid in relation to the Australian dollar term loan, with the balance of £1,054,000 due in November 2019.

	30 September 2019 £'000	30 September 2018 £'000	31 March 2019 £'000
Opening bank loan	**86,888**	9,248	9,248
New borrowings	**-**	-	110,447
Repayment of borrowings	**(10,400)**	(406)	(32,804)
Unwinding of loan amortisation fee	**96**	-	-
Foreign currency translation adjustment	**13**	29	(3)
Closing bank loan	**76,597**	8,871	86,888
Analysed as:			
Amounts falling due within 12 months	**1,054**	806	1,441
Amounts falling due after one year	**75,543**	8,065	85,447
	76,597	8,871	86,888

Included within the closing bank loan balance above is £457,000 of unamortised loan arrangement fees (2018: £nil). This amount is not included in the definition of net debt.

15. RELATED PARTY TRANSACTIONS

During the period, the Group has not entered into transactions, in the ordinary course of business, with other related parties (2018: £Nil).

Compensation of key management personnel (including directors)

	6 months to 30 September 2019 £'000	6 months to 30 September 2018 £'000	Year to 31 March 2019 £'000
Short-term employee benefits	**1,138**	721	3,290
Post-employment benefits	**37**	36	72
Fair value of share options awarded	**2,416**	-	1,826
	3,591	757	5,188

16. EQUITY SHARE CAPITAL

During the period 1,002,431 (2018: 444,844) ordinary shares with a nominal value of 2.5p were issued for an aggregate cash consideration of £327,009 (2018: £446,138). The cost associated with the issue of shares was £Nil (2018: £Nil).

	30 September 2019 £'000	30 September 2018 £'000	31 March 2019 £'000
Issued			
Allotted, called up and fully paid	**4,846**	3,828	4,821
Share premium	**261,451**	105,249	261,149
	266,297	109,077	265,970

17. BUSINESS COMBINATIONS

Acquisitions in the period ended 30 September 2019

There were no acquisitions in the period to 30 September 2019.

Fair value adjustments - IDology

On 13 February 2019, the Group acquired 100% of the voting shares of IDology Inc. ('IDology'). Under IFRS 3, an acquirer has a maximum period of 12 months to finalise the acquisition accounting for a business combination. During the current period the provisional fair values included in the acquisition accounting applied in the 31 March 2019 financial statements have been amended as set out below. The adjustment to the investment balance relates to a non-listed equity investment, and both adjustments have been made in light of better information now available to management. The adjustments are immaterial and as such have not been posted back retrospectively into the balance sheet as at acquisition.

	Provisional fair value recognised on acquisition £'000	Adjustments during the period to 30 September 2019 £'000	Final fair value recognised on acquisition £'000
Assets			
Technology intellectual property	16,076	-	16,076
Customer relationships	65,976	-	65,976
Non-compete agreements	4,360	-	4,360
Investments	419	(419)	-
Plant and equipment	152	-	152
Deferred tax asset	3,955	-	3,955
Trade and other receivables	4,436	118	4,554
Cash	1,033	-	1,033
Trade and other payables	(1,993)	-	(1,993)
Corporation tax liability	(81)	-	(81)
Deferred tax liabilities	(21,733)	-	(21,733)
Total identifiable net assets at fair value	**72,600**	**(301)**	**72,299**
Goodwill arising on acquisition	163,143	301	163,444
Total purchase consideration transferred	**235,743**	**-**	**235,743**

No adjustments were required to the provisional fair values related to the VIX Verify acquisition in October 2018.

Contingent consideration – IDology

The final payment due in relation to the IDology acquisition was made during the period. This payment of £82,000 was included within the contingent consideration liability at 31 March 2019 at a value of £79,000. The variance was due to exchange rate fluctuations between the acquisition date and the final payment date.

Acquisitions in the period ended 30 September 2018

There were no acquisitions in the period to 30 September 2018.

18. CONTINGENT CONSIDERATION

LIABILITIES	**30 September 2019 £'000**	30 September 2018 £'000	31 March 2019 £'000
Opening	**79**	45	45
Recognition on the acquisition of subsidiary undertakings	**-**	-	79
Foreign exchange movement	**3**	-	-
Settlement of consideration	**(82)**	(45)	(45)
Closing	**-**	-	79
Analysed as:			
Amounts falling due within 12 months	**-**	-	79
Amounts falling due after one year	**-**	-	-
	-	**-**	**79**

The contingent consideration at 31 March 2019 related to the IDology acquisition. This amount was paid during the period.

19. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT

The objectives, policies and strategies pursued by the Group in relation to financial instruments are described within the 2019 Annual Report. Set out below is an overview of financial instruments, other than cash and short-term deposits, held by the Group:

	30 September 2019			30 September 2018			31 March 2019		
	Loans and receivables	**Fair Value through OCI**	**Fair value profit or loss**	Loans and receivables	Fair value through OCI	Fair value profit or loss	Loans and receivables	Fair value through OCI	Fair value profit or loss
	£'000		**£'000**	£'000		£'000	£'000	£000s	£'000
Financial assets:									
Non-listed equity investment	-	-	-				-	411	-
Trade and other receivables	**38,433**	-	-	26,279	-	-	45,996	-	-
Total current	**38,433**	-	-	26,279	-	-	45,996	411	-
Total financial assets	**38,433**	-	-	26,279	-	-	45,996	411	-
Financial liabilities:									
Loans	**75,543**	-	-	8,065	-	-	85,447	-	-
Total non-current	**75,543**	-	-	8,065	-	-	85,447	-	-
Trade and other payables	**32,027**	-	-	23,053	-	-	33,508	-	-
Loans	**1,054**	-	-	806	-	-	1,441	-	-
Contingent consideration	**-**	-	-	-		-	-	-	79
Total current	**33,081**	-	-	23,859	-	-	34,949	-	79
Total financial liabilities	**108,624**	-	-	31,924	-	-	120,396	-	79

Trade and other receivables exclude the value of any prepayments or accrued income. Trade and other payables exclude the value of deferred income. All financial assets and liabilities have a carrying value that approximates to fair value. For trade and other receivables, allowances are made within the book value for credit risk. The Group does not have any derivative financial instruments.

19. FINANCIAL INSTRUMENTS – FAIR VALUE MEASUREMENT (continued)

Contingent consideration

The fair value of contingent consideration is the present value of expected future cash flows based on latest forecasts of future performance.

	30 September 2019 £'000	30 September 2018 £'000	31 March 2019 £'000
Fair value within current liabilities:			
Contingent consideration	-	-	79

Financial assets

Trade and other receivables exclude the value of any prepayments or accrued income. Trade and other payables exclude the value of deferred income (£32.8 million at 30 September 2019). All financial assets and liabilities have a carrying value that approximates to fair value. The Group does not have any derivative financial instruments.

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. Trade receivables are non-interest bearing and are generally on 14 to 60 day terms.

Financial liabilities

The Group has an Australian dollar three year term loan of AUS$10,000,000 maturing in November 2019. The debt bears an interest rate of +1.90% above the Australian Dollar bank bill interest swap rate ('BBSW').

The Group has a 3 year revolving credit facility agreement expiring in February 2022. The facility is subject to a limit of £110,000,000 and bears an initial interest rate of LIBOR +1.50%.

The facilities are secured by way of an all asset debenture.

The Group is subject to a number of covenants in relation to its borrowings which, if breached, would result in loan balances becoming immediately repayable. These covenants specify certain maximum limits in terms of the following:

- Leverage
- Interest cover

At 30 September 2019, 31 March 2019 and 30 September 2018 the Group was not in breach of any bank covenants.

20. CONTINGENCIES

In November 2018, the Information Commissioner's Office (the data industry regulator in the UK) announced that it was conducting audits on a number of companies to understand the use of data in their respective services under the new EU General Data Protection Regulation (GDPR). The Group is included in this audit process and is working with the Commissioner to provide information and clarify the role some of the Group's products play in the data ecosystem. The audits have yet to be concluded and as yet we do not know what the final outcome will be, but it may require some changes to certain processes in parts of our UK operations. At this point we do not expect this to result in a material financial impact to the Group.

ALTERNATIVE PERFORMANCE MEASURES

Management assess the performance of the Group using a variety of alternative performance measures. In the discussion of the Group's reported operating results, alternative performance measures are presented to provide readers with additional financial information that is regularly reviewed by management. However, this additional information presented is not uniformly defined by all companies including those in the Group's industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies. Additionally, certain information presented is derived from amounts calculated in accordance with IFRS but is not itself an expressly permitted GAAP measure. Such measures are not defined under IFRS and are therefore termed 'non-GAAP' measures and should not be viewed in isolation or as an alternative to the equivalent GAAP measure.

The Group's consolidated statement of comprehensive income and segmental analysis separately identify trading results before certain items. The directors believe that the presentation of the Group's results in this way is relevant to an understanding of the Group's financial performance, as such items are identified by virtue of their size, nature or incidence. This presentation is consistent with the way that financial performance is measured by management and reported to the Board and assists in providing a meaningful analysis of the trading results of the Group. In determining whether an event or transaction is presented separately, management considers quantitative as well as qualitative factors such as the frequency or predictability of occurrence. Examples of charges or credits meeting the above definition and which have been presented separately in the current and/or prior years include amortisation of acquired intangibles, share-based payments charges, acquisition related costs and business restructuring programmes. In the event that other items meet the criteria, which are applied consistently from year to year, they are also presented separately.

The following are the key non-GAAP measures used by the Group:

Organic Growth
Organic growth is defined by the Group as year-on-year continuing revenue growth, excluding acquisitions which are included only after the first anniversary following their purchase.

Constant Currency
Constant currency means that non-Sterling revenue in the comparative period is translated at the same exchange rate applied to the current year non-Sterling revenue. This therefore eliminates the impact of fluctuations in exchange rates on underlying performance.

Adjusted Operating Profit
Adjusted operating profit means profits before amortisation of acquired intangibles, share-based payment charges, exceptional items, net finance costs and tax.

Adjusted EBITDA
Adjusted EBITDA means operating profit before depreciation, amortisation, share-based payment charges, exceptional items, net finance costs and tax.

Adjusted Earnings
Adjusted earnings represents adjusted operating profit less net finance costs and tax.

Adjusted Earnings Per Share ('Adjusted EPS')
Adjusted EPS represents adjusted earnings divided by a weighted average number of shares in issue, and is disclosed to indicate the underlying profitability of the Group.

Net cash generated by operating activities before working capital movements
Net cash generated by operating activities before working capital movements means net cash generated from operations in the Consolidated Cash Flow Statement before the movement in provisions, inventories, trade and other receivables and trade and other payables.

Independent Review Report to GB Group plc

Introduction

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the 6 months ended 30 September 2019 which comprises Interim Consolidated Statement of Comprehensive Income, Interim Consolidated Statement of Changes in Equity, Interim Consolidated Balance Sheet, Interim Consolidated Cash Flow Statement and the related explanatory notes 1 to 20. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

This report is made solely to the company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' 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 half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with International Accounting Standards 34 'Interim Financial Reporting' as adopted by the European Union.

As disclosed in note 2, the annual financial statements of the company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of consolidated financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34 'Interim Financial Reporting' as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly financial report for the 6 months ended 30 September 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union.

Ernst & Young LLP
Liverpool
25 November 2019

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.

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