ECSC GROUP PLC
ANNUAL REPORT 2016

A PROVEN PROVIDER OF CYBER SECURITY SERVICES

ECSC has over 15 years' experience in the design, implementation and management of cyber security solutions. Our consultancy-led approach, and our combination of custom methodologies and in-house proprietary technologies, enables us to provide individually tailored services to our clients. We have significant intellectual property, including bespoke products delivering remotely managed cyber security services and custom-made internal support and delivery systems.

FINANCIAL HIGHLIGHTS

Revenue for the 15 months ended December 2016

£4.51m

(12 months 2015: £2.65m)

Adjusted EBITDA* for the 15 months ended December 2016

£630k

(12 months 2015: £542k#)

Adjusted profit before tax** for the 15 months ended December 2016

£458k

(12 months 2015: £455k#)

EBITDA for the 15 months ended December 2016

£(345)k

(12 months 2015: £542k profit#)

Loss before tax for the 15 months ended December 2016

£(517)k

(12 months 2015: £518k profit)

Adjusted basic earnings per share***

11.14 pence

(2015: profit of 9.00 pence)

Basic earnings per share loss of

(7.72) pence

(2015: profit of 9.00 pence)

IPO in December 2016 raised new funds for the Company

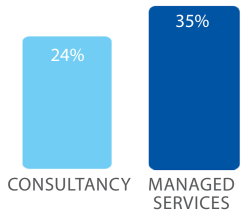
£5m

(before IPO expenses)

OPERATIONAL HIGHLIGHTS

Strong organic revenue growth across all operating divisions

LIKE FOR LIKE REVENUE GROWTH***



NEW VENDOR SALES DIVISION CREATED

Scaling of business post-IPO proceeding well

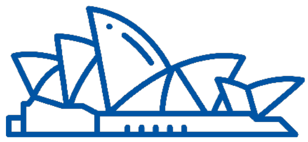
HEADCOUNT INCREASED FROM 57 AT IPO (14 DECEMBER 2016)...

... TO 98 (AT 20 MARCH 2017)

All targeted new staff in place and operational

NEW LEEDS FACILITY OPERATIONAL

AUSTRALIAN AND LONDON FACILITIES ON COURSE TO OPEN SUMMER 2017



* stated before charging IPO costs of £975k (see page 08)

** adjusted profit before tax (see note 25)

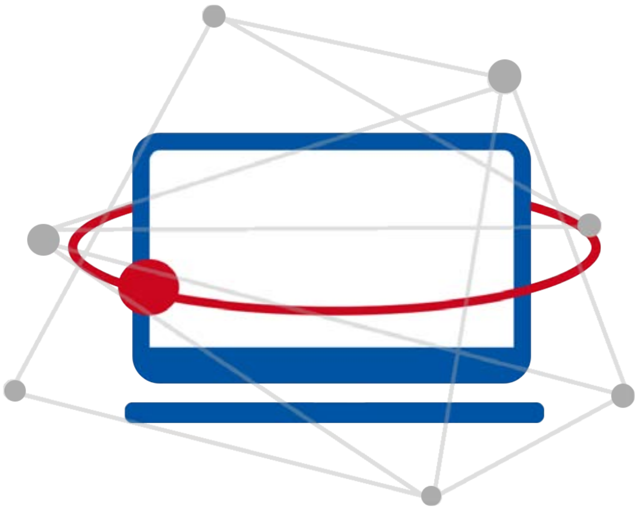
*** adjusted earnings per share (see note 9)

****like for like revenue growth has been calculated by taking 2016 revenue pro-rated for 12 months as opposed to 15 months

\# 2015 excludes £63k R&D tax credit adjustment

BUSINESS OVERVIEW

Our Divisions



MANAGED SERVICES

Our Managed Services division delivers outsourced cyber security management and threat intelligence from the PCI DSS certified Security Operations Centre (SOC).

ECSC managed security solutions break down into two main areas:

Protection – the effective blocking of cyber security attacks. This may start with a correctly configured firewall device, and move through to custom configured intrusion prevention devices protecting e-commerce systems.

Detection – the discovery and alerting of cyber security breaches. This usually involves the management of data collection and analysis devices, such as network intrusion detection systems, and the collection of IT system logs and alerts.

Each of the above can be achieved with a wide range of ECSC developed technology and selected vendor solutions.

CONSULTANCY

The Consultancy division provides a wide range of consultancy and testing services. The primary function of this division is to help clients assess and develop their own internal cyber security capability and to meet the requirements of UK and international standards, such as the Payment Card Industry Data Security Standard (PCI DSS), ISO 27001 (Information Security Management), and Cyber Essentials.

This division also houses our cyber security penetration testing team, helping clients to uncover technical weaknesses in their network, applications and coding systems.

In addition, our consultants deliver assessments against the ECSC Cyber Security Review methodology, giving board-level managers clear risk-based information regarding their current protection levels and ability detect cyber security breaches.

VENDOR PRODUCTS

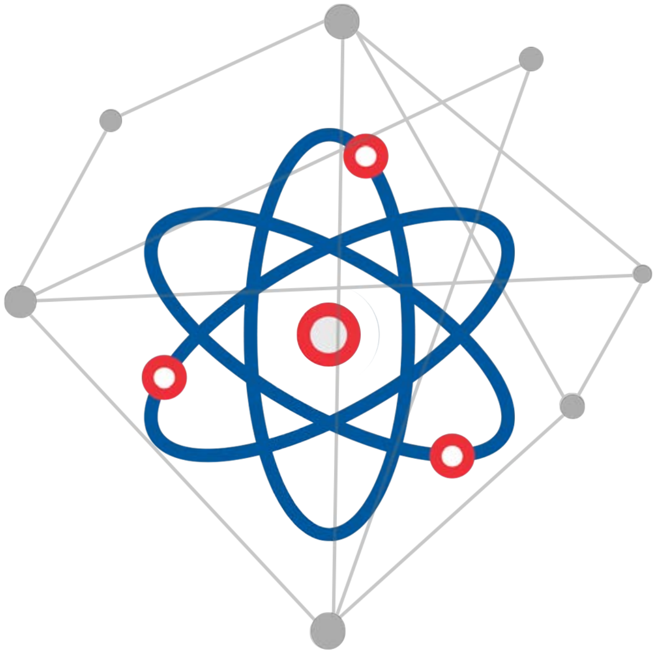
The Vendor Products division supports client procurement of cyber security vendor products and services, either for client management or client outsourced to the ECSC SOC. In order to help our clients obtain the best cyber security vendor, and open source, solutions, the Vendor Products division is dedicated to product selection, and solution design and implementation. Our Vendor Products portfolio consists of carefully chosen vendor solutions that meet our exacting standards.

Selection of products is based upon rigorous criteria, including:

1. Feedback from ECSC consultants regarding the real success of solutions within our clients.

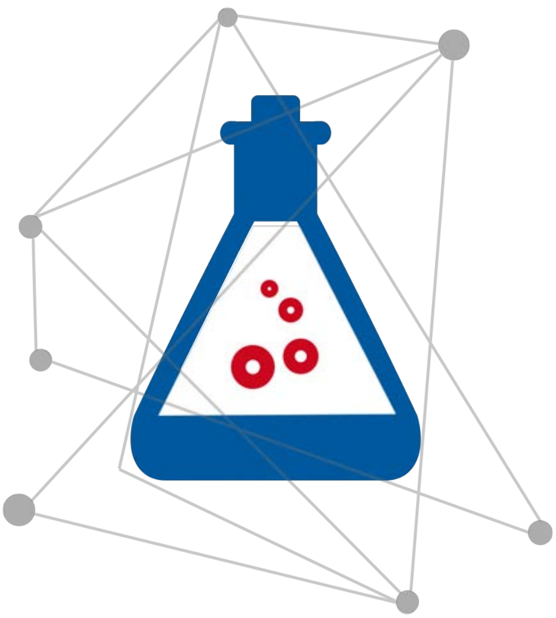
2. An established track record, including vulnerability management by the vendor.

3. Results from ECSC penetration testing engagements.



> "ECSC has developed a cyber security service model using a consultancy-led approach, which is summarised by our philosophy of 'listen, understand, and deliver'.

Revenue and segment information pages 30 - 31



RESEARCH AND DEVELOPMENT

The ECSC Research and Development division is our technical centre of excellence (COE), focused on the development and evaluation of cyber security technologies. Our Research and Development work can be categorised under three main areas:

Threat Intelligence – Working with our SOC, the research and development team is constantly monitoring the global risk environment, analysing the latest vulnerabilities, and understanding each attack vector.

Architecting Solutions – Designing protection solutions involves a combination of open source components, bespoke ECSC solution development, and the careful selection of suitable vendor products.

Security Maintenance – Each component of our managed service security architecture is constantly monitored and updated to protect our clients from the latest threats.

Our History

2000	ECSC is founded by Ian Mann and Lucy Sharp
	Creation of the ECSC Secure Platform to enable us to develop key innovations in IT security
2001	ECSC starts its Managed Services offering
2002	ECSC wins ‘Best New Technology’ Award at the Yorkshire Internet Awards
2003	Certification of our whole operation to BS 7799
2006	Achieved certification to ISO 27001 within a month of its release
2007	Certification to ISO 9001, covering our consulting and security management systems
	Payment Card Industry (PCI) Qualified Security Assessor (QSA) accreditation
2009	Certification to ISO 20000, covering our managed security services
2010	PCI DSS Level-1 Certified Managed Security Service Provider
2012	CREST* Member Company
2014	ECSC releases the first method of blocking the Heartbleed Bug to the security community, enabling protection to organisations who have not yet carried out patching
2016	ECSC Vendor Products division launched
	Cardiff Office opened
	ECSC Group plc is admitted to the London Stock Exchange’s AIM market
2017	ECSC wins a PCI Award for Excellence
	Leeds Office opened

* CREST is a not-for-profit organisation that serves the needs of a technical information security marketplace that requires the services of a regulated professional services industry.

CHAIRMAN'S STATEMENT

Nigel Payne
Chairman

I am pleased to present this maiden set of results to our shareholders following the Company's admission to AIM in December 2016.

2016 was a transformational year for ECSC, which saw the Company deliver record revenues and be admitted to AIM on 14 December 2016, raising £5.0m (excluding IPO expenses). The response to our admission has been very positive. The listing has provided us with an excellent register of new shareholders and a heightened industry profile which has helped facilitate the recruitment of a first-class group of new employees. I believe this demonstrates confidence in both the Company's strategic plan, centred on strong organic growth and expansion of its business, together with the management team's ability to deliver and generate returns for shareholders in what we see as an attractive and buoyant cyber security market. The Board joins me in welcoming all our new stakeholders to the Company.

We believe there is an opportunity to substantially increase the scale of ECSC's business to meet current demand and predicted market growth within the UK cyber security sector. The UK cyber security sector was worth approximately £3.3 billion in 2016, with the global opportunity predicted to grow to US$202 billion by 2021. Our vision and strategy is to build significantly upon our organic growth to date and blue-chip client base. Our listing provides us with working capital to execute our growth strategy. In this regard, I am pleased to report that the Company is making first-class progress in scaling its business. Since admission to AIM: headcount has increased from 57 to 98; all of the new sales and delivery employees targeted for this stage of our growth plan have been employed; all new sales staff have successfully completed their training and assessments; our new Leeds facility is already operational, having opened in January 2017; our new Australian support centre to help 24-hour service provision and our new London base are both targeted to open in the summer of 2017.

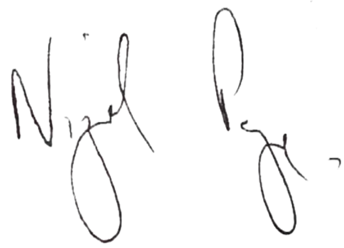
The Board continues to believe that the market opportunity is robust, with the proliferation of cyber security breaches enhancing the importance of cyber security at board level and serving to increase our growth prospects. Furthermore, new legislation under consideration by the Information Commissioner's Office will, we believe, bring cyber security prevention into even sharper focus. The European General Data Protection Regulations ("GDPR") directive (expanded upon in the Business Review) intended to harmonise data protection regulations throughout the EU and to strengthen the enforcement regime is confirmed to become law in the UK in 2018. This legislation will make breach reporting mandatory and provide for fines of up to 4% of global turnover or up to $20m (whichever is the greater) for cases of serious non-compliance.

With our expansion plans underway and with strong organic revenue growth, we believe that we are well positioned to increase our market share of the UK cyber security services market, a market which is presently somewhat fragmented. We believe that many of our peers only provide a small portion of what is required to meet clients' needs and that, in contrast, ECSC provides a wide range of cyber and information security solutions, enabling us to capitalise on a buoyant market opportunity. Our first full year as a public company will see us tackle the many tasks involved in scaling up the business and delivering very significant revenue growth. The quality of our people and established momentum are good initial indicators that ECSC is well equipped to take advantage of the opportunities available to us in our chosen market.

> "I am pleased to report that the Company is making first class progress in scaling its business.

Directors' Report pages 16 - 17

On behalf of the Board, I would like to thank all our employees and shareholders for their continued support over the last year. The Board looks forward to the forthcoming year with confidence.



Nigel Payne
Chairman
21 March 2017

CHIEF EXECUTIVE OFFICER'S STATEMENT

Ian Mann
Chief Executive Officer

Summary

- Aim to establish ECSC as the employer of choice for cyber and information security professionals
- Extensive media coverage of cyber security incidents continues to raise awareness of cyber security at board level
- Incident Response Retainers introduced
- Newly refurbished UK Security Operations Centre formally opened in March 2017

Building on its 16-year record of consistent organic growth and leveraging its reputation for quality and innovation, ECSC Group plc is transforming into a substantial cyber and information security service provider. Our strong organic revenue growth for the 15 months ended December 2016 is a further stepping stone on this journey. Our IPO facilitates the next step in our growth plan, enabling an accelerated recruitment and training plan to be put in place and a further and significant expansion of our infrastructure and facilities.

The key mission of ECSC is to help secure networks and protect sensitive information. We do this through consultancy services and outsourced managed IT security services. In this regard, people are key to the ongoing success of the Company, particularly in our market sector, which is highly specialised.

Over the past two years, ECSC has developed its own internal recruitment function, which continues to perform above our expectations. We are delighted with the volume and calibre of talented individuals, sourced by this department, who are looking to enhance their career through the training and support given to all ECSC employees. The Company's aim is to establish ECSC as the employer of choice for all cyber and information security professionals.

Strong Market for ECSC Services

Extensive media coverage of cyber security incidents, both organisational and governmental, continues to raise awareness of the need for a developed cyber security plan at board level. This brings new opportunities for established and proven providers, such as ECSC.

These opportunities are likely to be further augmented by the forthcoming EU GDPR, confirmed by the Information Commissioner's Office ("ICO") to become UK law in May 2018. GDPR significantly increases the legal backdrop concerning the security of personal data that businesses may process or store:

- The maximum fine for non-compliance with GDPR increases from the current £500,000, up to 4% of global turnover. This change is likely to elevate cyber security to a key strategic risk for all boards.
- Reporting a breach will become mandatory under GDPR as compared with the current voluntary reporting. GDPR also requires reporting to be made within 72 hours of any incident, placing significant challenges on organisations' incident detection, analysis and reporting systems.

Whilst the ICO accepts that a post-Brexit government could change this legislation, the Directors believe the continuing requirement to share personal data with the European Union as part of the United Kingdom's ongoing trading relationship would make any significant change to GDPR very unlikely. ECSC is ideally placed to support organisations of all sizes in both their preparations for GDPR and their ongoing cyber security strategic requirements, whether through incident response, testing and assessment, standards compliance, or outsourced services.

The Board believes that, as the cyber security market continues to expand, the need for businesses to focus their own internal IT resources on their own products and services will mean that organisations are likely to continue to outsource their technical requirements in this highly specialised field, and will increasingly gravitate towards outsourced managed service environments.

> I would like to pass on my thanks to the capable and loyal staff of the Company for their support, which has enabled the Company to achieve the success it has to date.

Growing Range of ECSC Services

ECSC's range of services continues to evolve to meet the changing cyber and information security threat environment. Our experience derived from 16 years of growth in the sector has demonstrated the need for ECSC to provide a broad range of cyber security services, enabling clients to migrate over time from initial consulting services to a fully outsourced managed IT security environment with recurring revenues.

Incident Response services are growing in importance and the Board believes that this may increase further still as we approach the GDPR implementation date. In 2016, ECSC introduced incident response retainers, enabling clients to benefit from a 24/7/365 guaranteed response from the ECSC Security Operations Centre (SOC), by retaining ECSC as their designated incident responder. In many cases, incident responses lead to requests for additional services.

Cyber Security Reviews are designed, using ECSC's own methodology, to give board directors a high-level overview of their current protection and detection capability from external cyber attack. This service is expanding as board members look for expert third-party assurance beyond the traditional technical testing services.

Technical Penetration Testing remains a fundamental pillar of cyber security management, with most global standards requiring at least annual third-party testing. Backed by its CREST accreditation, ECSC is a proven provider of this service.

The global standards of ISO 27001 (information security management) and the Payment Card Industry Data Security Standard (PCI DSS) (payment card security) remain key organisational compliance requirements. ECSC has an expanding team of industry experts with many years of experience in the design and implementation of effective approaches to compliance. Key elements of these global standards are directly related to other ECSC services, such as testing and the provision of technologies delivered through our managed services. We continue to see extensive cross-selling opportunities in each of these engagements.

Cyber Essentials is a UK government-led initiative to promote basic cyber security good practice into small to medium sized organisations. As a certifying organisation, ECSC supports organisations across all sectors.

2016 saw ECSC launch a new division to resell a range of vendor security solutions. Included within this portfolio are a range of solutions already integrated into the ECSC managed services support service, giving enhanced opportunities to provide fully managed services.

The newly refurbished ECSC UK Security Operations Centre ("SOC") was formally opened in March 2017; this enhanced infrastructure provides both new client-facing presentation facilities, together with significantly augmented technical capabilities. The planned opening of the Australian SOC extension in summer 2017 will further enhance our 24/7/365 capabilities, both for ongoing managed services and incident response.

Outlook

Following on from a strong 2016, our ongoing plan is to significantly scale the business in 2017. The Board assesses the readiness of our clients to buy our services and this, together with the growth in the sector generally, make scaling the business at this time the right approach for ECSC. We are mindful, however, of the degree of change being executed within the business and we are approaching these significant scale changes with appropriate care and attention. We have made a good start on our plan following the IPO, and we have well worked out plans to carry through our objectives. I would like to pass on my thanks to the capable and loyal staff of the Company for their support, which has enabled the Company to achieve the success it has to date.

Ian Mann
Chief Executive Officer
21 March 2017

FINANCIAL REVIEW

Keith Kelly
Chief Financial Officer

Summary

- Total revenue of £4.51 million
- Strong organic revenue growth across all operating divisions
- Like for like revenue growth of 35%* in Managed Services and 24%* in Consultancy and Testing
- Adjusted EBITDA was £630k (2015: £542k#)

During 2016, ECSC Group plc changed its accounting year end from 30 September to 31 December. The trading results therefore cover the period of 15 months ended 31 December 2016.

During the period, the Company delivered total revenue of £4.51m (2015: £2.65m). There was strong organic revenue growth across all operating divisions, with like for like revenue growth of 35%* in Managed Services (£1.33m) and 24%* in Consultancy and Testing (£2.80m).

Growth in operating costs, now £3.2m (2015: £1.8m), has been mainly driven by the Board continuing to invest in the future of the business through staff recruitment and associated infrastructure.

Adjusted EBITDA was £630k (2015: £542k#). Adjusted numbers are stated after excluding IPO costs of £975k.

EBITDA for the 15 months ended December 2016 shows a loss of £(345)k (2015: £542k profit#).

A reconciliation is set out below.

Earnings per share

Basic earnings per share was minus (7.72p) (2015: 9.00p), and adjusted basic earnings per share was 11.14p (2015: 9.00p), stated before charging IPO costs of £975k.

Balance sheet

As at 31 December 2016, the Company had net cash of approximately £5.0m, providing the Company with a sound financial platform to support its future investment plans.

Reconciliation

	15 months ended 31 December 2016 £k	Year ended 30 September 2015 £k#
Adjusted operating profit	453	455
Depreciation	65	32
Amortisation	112	55
Total	177	87
Adjusted EBITDA	630	542
Exceptional IPO costs	(975)	—
EBITDA	(345)	542

By order of the Board

Keith Kelly
Chief Financial Officer
21 March 2017

* like for like revenue growth has been calculated by taking 2016 revenue pro-rated for 12 months as opposed to 15 months

\# 2015 excludes £63k R&D tax credit adjustment

PRINCIPAL RISKS AND UNCERTAINTIES

The Company is exposed to a number of operational, reputational and financial risks. The Directors take a proactive approach to the identification and management of these risks.

Principal Risks and Uncertainties

The summary below lists the principal risks to the Company. They do not include all the potential risks associated with the Company's activities and are not in any order of priority.

Risk	Mitigation
Ability to recruit and retain skilled personnel	Ongoing development of a wide range of employee benefits, together with enhanced career progression and support
Reliance on key systems	ISO 27001 certification, including business continuity provision
Cyber security breach	Certifications to ISO 27001, PCI DSS and Cyber Essentials. Avoidance of technologies associated with most security breaches
Funding continued growth	IPO proceeds
Client acquisition	New sales academy training to support 2017 sales team expansion
Client retention	Expanded service delivery function and service management layer
Key client dependency	No single client representing more the 10% of revenue
Litigation following client breach	Use of ECSC terms of engagement combined with professional indemnity insurance
Dependence on key personnel	Continued expansion, particularly within the management team, reduces the risks associated with any single person

Risks specific to the Company's activities

Dependence on key executives and personnel

The Company's performance is substantially dependent on the continued services and performance of its Directors and senior management and its ability to attract and retain suitably skilled and experienced personnel.

Although certain key executives and personnel have entered into service agreements or letters of appointment with the Company, there can be no assurance that the Company will retain their services. The loss of the services of any of the key executives or personnel may have a material adverse effect on the business, operations, relationships and/or prospects of the Company. Keyman insurance has been put in place in respect of Ian Mann.

Ability to recruit and retain skilled personnel

The Company believes that it has the appropriate incentivisation structures to attract and retain the calibre of employees necessary to ensure the efficient management and development of the Company. However, any difficulties encountered in hiring appropriate employees and the failure to do so may have a detrimental effect upon the trading performance of the Company. The ability to attract new employees with the appropriate expertise and skills cannot be guaranteed.

Reliance on key systems

The Company's dependency upon technology exposes it to significant risk in the event that such technology or the Company's systems experience any form of damage, interruption or failure. Any malfunctioning of the Company's technology and systems, or those of key third parties, even for a short period of time, could result in a lack of confidence in the Company's services, the termination of customer contracts and potential claims for damages, with a consequential material adverse effect on the Company's operations and results.

The Company's systems are vulnerable to damage or interruption from events including:

- natural disasters;
- power loss;
- telecommunication failures;
- computer hacking activities; and
- acts of war or terrorism.

Any interruption in the availability of the Company's website, core cloud-based software solution, support site or telephone systems would create a business interruption and a large volume of customer complaints. The Company has a well considered, certified and regularly rehearsed business continuity plan.

The Company's products and the software on which they are based are complex and may contain undetected defects when first introduced and problems may be discovered from time to time in existing, new or enhanced products. Undetected defects could damage the Company's reputation, ultimately leading to an increase in the Company's costs or reduction in its revenues.

Cyber security breach

As with all providers in this sector, the potential embarrassment of a major cyber security breach for ECSC itself is significant. However, ECSC manages this risk in a number of ways:

- External certification to international security standards, such as ISO 27001 and PCI DSS.
- Avoidance of technologies commonly targeted for attack. ECSC makes extensive use of Linux-based technologies, including all operational desktop PCs and laptops. ECSC does not support Bring Your Own Device (BYOD) policies for any company business, including for Associate Consultants.
- Integration of ECSC security with that of our clients. The Company directs the same level of security expertise at its own security as to that of its clients, avoiding the common issue with IT companies that their own internal IT is managed by a less capable internal team than their client-facing delivery team.

Business strategy

The value of an investment in the Company is dependent, inter alia, upon the Company achieving its strategy and aims. Although the Company has a clearly defined strategy, there can be no guarantee that its objectives will be achieved or that the Company will achieve the level of success that the Directors expect. The Company's ability to implement its business strategy successfully may be adversely impacted by factors that the Company cannot currently foresee, such as unanticipated costs and expenses or technological changes. Should it be unsuccessful in implementing its strategy or should it take longer than expected to implement, the future financial results of the Company could be negatively impacted.

Future funding requirements

Although not presently anticipated by the Directors, the Company may in the future (more than twelve months hence), need to raise equity or debt to fund any future acquisitions, expansion, activity and/or business development. There can be no guarantee that the necessary funds will be available on a timely basis, on favourable terms, or at all, or that such funds, if raised, would be sufficient. Debt funding may require assets of the Company to be secured in favour of the lender, which security may be exercised if the Company were to be unable to comply with the terms of the relevant debt facility agreement. If the Company is not able to obtain additional capital on acceptable terms, or at all, it may be forced to curtail or abandon such planned acquisition opportunities, expansion, activity and/or business development. The above could have a material adverse effect on the Company.

Attracting new customers and retaining existing customers

The Company's future success depends on its ability to increase sales of its services and products to new end customers, increase sales of additional products to its existing end customers and maintain historical subscription rates. The rate at which new and existing end customers purchase products and existing customers renew subscriptions depends on a number of factors, including the efficacy of the Company's products and the utility of the Company's new offerings, as well as factors outside of the Company's control, such as end customers' perceived need for security solutions, the introduction of products by the Company's competitors that are perceived to be superior to the Company's products, end customers' IT budgets and general economic conditions. A failure to increase sales as a result of any of the above could materially adversely affect the Company's financial condition, operating results and prospects.

The Company's success depends on its ability to maintain relationships and renew contracts with existing customers and to attract and be awarded contracts with new customers. A substantial portion of the Company's future revenues will be directly or indirectly derived from existing contractual relationships as well as new contracts driven at least in part by the Company's ability to penetrate new verticals and territories. The loss of key contracts and/or an inability to successfully penetrate new verticals or deploy its skill sets into new territories could have a significant impact on the future performance of the Company.

Key customer dependency

The Company currently generates a significant proportion of its revenue from certain customers. In the 15 month period ended 31 December 2016 no single customer accounted more than 10% of total revenue. The loss of all or a substantial proportion of the business provided by one or more of the Company's top customers could have a material adverse effect on the Company's business.

Litigation

Whilst the Company has taken such precautions as it regards as appropriate to avoid or minimise the likelihood of any legal proceedings or claims, or any resulting financial loss to the Company, the Directors cannot preclude the possibility of litigation being brought against the Company.

There can be no assurance that claimants in any litigation proceedings will not be able to devote substantially greater financial resources to any litigation proceedings or that the Company will prevail in any such litigation. Any litigation, whether or not determined in the Company's favour or settled by the Company, may be costly and may divert the efforts and attention of the Company's management and other personnel from normal business operations.

Reputation

The Company's reputation, in terms of the service it provides, the way in which it conducts its business and the financial results which it achieves, are central to the Company's success.

The Company's products and the software on which they are based are complex and may contain undetected defects when first introduced, and problems may be discovered from time to time in existing, new or enhanced products. Undetected defects could damage the Company's reputation, ultimately leading to an increase in the Company's costs or reduction in its revenues.

Other issues that may give rise to reputational risk include, but are not limited to, failure to deal appropriately with legal and regulatory requirements in any jurisdiction (as may result in the issuance of a warning notice or sanction by a regulator or an offence (whether civil, criminal, regulatory or other) being committed by a member of the Company or any of its employees or directors), money-laundering, bribery and corruption, factually incorrect reporting, staff difficulties, fraud (including on the part of customers), technological delays or malfunctions, the inability to respond to a disaster, privacy, record-keeping, sales and trading practices, the credit, liquidity and market risks inherent in the Company's business.

Also, failure to meet the expectations of the customers, operators, suppliers, employees and shareholders and other business partners may have a material adverse effect on the Company's reputation.

Intellectual property

In order to maximise its competitive advantage, the Company needs to protect its intellectual property. Much of the Company's intellectual property is not of a nature that is capable of registration, so protection of intellectual property relies on maintaining the confidentiality of know-how, methodologies and processes which, in turn, are largely dependent on people. There is a risk that if the

PRINCIPAL RISKS AND UNCERTAINTIES CONTINUED

Risks specific to the Company's activities continued

Intellectual property continued

confidentiality of the Company's intellectual property were compromised, this could lead to a loss of competitive advantage.

The Company's software is largely created in house. However, some aspects of it are based on open-source licences such as the General Public Licence (a widely used form of licence within the free and open-source code software domain), which oblige ECSC to provide access to the source code of the relevant software package if a client requests it. There is a limited risk that ECSC could be pursued for enforcement action in this way, which could result in repercussions for the Company if practices are openly challenged.

Current operating results as an indication of future results

The Company's operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside its control. Factors that may affect the Company's operating results include increased competition, an increased level of expenses, technological change necessitating additional capital expenditure, slower than expected sales and changes to the statutory and regulatory regime in which it operates. It is possible that, in the future, the Company's operating results may fall below the expectations of market analysts or investors. If this occurs, the trading price of the Ordinary Shares may decline significantly.

Sales and Marketing

The Company intends to continue investing in marketing and distribution channels and its own sales functions to grow the business. Success of the Company's business will require the continuation of existing, and establishment of additional, sales channels. There is no certainty that the Company will be able to attract new channel partners and retain existing channel partners.

Penetration of new markets can be slow, expensive and subject to delays, and ultimately may not be successful. Significant delays in new contracts will result in working capital strain for the Company. The Company is likely to incur costs in these areas before anticipated benefits materialise. The return on these investments may be lower or develop more slowly than expected. There can be no guarantee that the Company will be able to maintain, or increase its sales and market share.

Technology

The markets in which the Company operates are characterised by rapid technological change, changes in use and customer requirements and preferences, frequent product and service introductions employing new technologies and the emergence of new industry standards and practices that could render the Company's existing technology and products obsolete.

In order to compete successfully, the Company will need to continue to improve its products, and to develop and market new products that keep pace with technological change. This may place excess strain on the Company's capital resources, which may adversely impact the revenues and profitability of the Company.

The success of the Company depends on its ability to anticipate and respond to technological changes and customer preferences in a timely and cost-effective manner. There can be no assurance that the Company will be able to effectively anticipate and respond to technological changes and customer preferences in the future.

Failure to develop, launch and market new products

The Company's long-term growth and profitability is dependent on its ability to develop and successfully launch and market new products. The Company's revenues and market share may suffer if it is unable to successfully introduce new products in a timely fashion or if any new or enhanced products or services are introduced by its competitors that its customers find more advanced and/or better suited to their needs.

While the Company continuously invests in research and development to develop products in line with customer demand and expectations, if it is not able to keep pace with product development and technological advances, including also shifts in technology in the markets in which it operates, or to meet customer demands, this could have a material adverse effect on the Company's business, results of operations and financial condition.

Competition

There can be no guarantee that the Company's current competitors or new entrants to the market will not bring superior technologies, products or services to the market, or equivalent products at a lower price which may have an adverse effect on the Company's business. Such companies may also have greater financial and marketing resources than the Company. Even if the Company is able to compete successfully, it may be forced to make changes in one or more of its products or services in order to respond to changes in customers' needs which may impact negatively on the Company's financial performance.

General risks

Economic conditions

The Company could be affected by unforeseen events outside its control including economic and political events and trends, inflation and deflation, terrorist attacks or currency exchange fluctuation. Any economic downturn either globally or locally in any area in which the Company operates may have an adverse effect on the demand for the Company's products. A more prolonged economic downturn may lead to an overall decline in the volume of the Company's activities and sales, restricting the Company's ability to realise a profit. The markets in which the Company offers its services are directly affected by many national and international factors that are beyond the Company's control.

Market risks

The Company may be affected by general market trends which are unrelated to the performance of the Company itself, including without limitation the general market impact of the United Kingdom's decision to leave the European Union. The Company's success will depend on market acceptance of the Company's products and there can be no guarantee that this acceptance will be forthcoming. Market opportunities targeted by the Company may change and this could lead to an adverse effect upon its revenue and earnings.

Tax risk

Any change in the Company's or its subsidiaries' tax status (including its EIS and/or VCT status) or a change in tax legislation could affect the Company's ability to provide returns to shareholders.

Enterprise investment scheme

The Company satisfies the conditions for being a qualifying company for the purposes of the EIS provisions. The actual availability of the relief under the EIS provisions will be contingent upon certain conditions being met by the Company. Circumstances may arise (which may include the sale of the company) where the Board believes that the interests of the Company are not best serviced by acting in a way that preserves EIS tax relief. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any EIS relief.

If the Company does not employ the proceeds of an EIS share issue for qualifying purposes within two years of issue, the EIS shares would cease to be eligible and all of the EIS tax reliefs of investors in respect of the EIS shares would be withdrawn.

If the Company ceases to carry on an EIS qualifying business or acquires or commences a business which is not insubstantial to the Company's activities and which is a non-qualifying trade for EIS purposes, this could prejudice the qualifying status of the Company under the EIS provisions, if this occurred during the three-year period from the last issue of shares to the EIS investors.

Venture capital trust

Company Shares are eligible for the purposes of section 258(3A) of the Income Tax Act 2007 (the "ITA") and are "qualifying holdings" for the purposes of Chapter 4, Part 6, ITA. In order for Shares to be "qualifying holdings" for VCT purposes the Company must satisfy and continue to satisfy the relevant requirements. Circumstances may arise where the Board believe that the interests of the Company are not best served by acting in a way which preserves its VCT-related status. In such circumstances, the Company cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status.

Exchange rate risk

As the Company grows and expands in both current and new territories, it will be increasingly exposed to exchange rate fluctuations which could have a material adverse effect on the Company's profitability or the price competitiveness of its products and services. In addition, the likelihood of significant exchange rate fluctuations may be increased by factors related to the United Kingdom's decision to leave the European Union. There can be no guarantee that the Company would be able to compensate or hedge against such adverse effects and therefore negative exchange rate effects could have a material adverse effect on the Company's business and prospects, and its financial performance.

Force Majeure

The Company's operations now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

Related Parties are considered to be related if one party has the ability (directly or indirectly) to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

BOARD OF DIRECTORS

The Board currently comprises a Non-Executive Chairman, three Executive Directors and two other Non-Executive Directors.

Nigel Payne
Non-Executive Chairman

Nigel has considerable experience as a director of both publicly listed and private companies. He has extensive experience of listing companies and fund raising, notably in his current roles as non-executive chairman of AIM traded Gateley plc, non-executive chairman of AIM traded Stride Gaming plc and non-executive chairman of AIM traded EG Solutions plc. Nigel was previously CEO of Sportingbet plc, one of the world's largest internet gambling companies which made a number of acquisitions whilst listed on the London Stock Exchange (both Main Market listed and AIM traded), and was later bought by GVC plc. Nigel holds an executive MBA from the IMD Business School (Lausanne, Switzerland) and a degree in Economics and Accounting from Bristol University.

Ian Mann
Chief Executive Officer

Ian has over 15 years of experience in the cyber-security sector having founded ECSC. He was previously an advisor for GCHQ, and established a Cisco Networking Academy for Dixons City Technology College. Ian's professional certifications include CISSP, PCI QSA, and ISO Lead Auditor. Ian holds a B.Eng. in Electrical and Electronic Engineering from the University of Nottingham, and an MBA from the Open University.

Lucy Sharp
Chief Operating Officer

Lucy has over 15 years of experience in the cyber-security sector, having joined ECSC at its inception. Lucy worked as an ISO 27001 consultant, leading this area prior to taking the position of Operations Director in 2012. Lucy has held a number of professional certifications, including CISSP, PCI QSA, and ISO Lead Auditor. Whilst working at ECSC, Lucy completed a Masters in Business Management at Leeds Metropolitan University.

Keith Kelly
Chief Financial Officer

Keith joined ECSC in 2012. Keith has over 30 years of experience in financial management and accounting and prior to joining ECSC, Keith was finance director at Pet Plas Packaging, part of the Alcan Group. He is an ACCA and FCCA qualified accountant.

David Mathewson
Non-Executive Director

David is a Chartered Accountant who has spent most of his career in merchant banking and as a non-executive director. He was an Executive Director of Noble Grossart Limited, Scotland's premier merchant bank, for many years. Previous non-executive roles include Chairman of Sportech plc and he was a director of Playtech Group plc. During his tenure at Playtech he was appointed chief financial officer and oversaw the company move from AIM to the Main Market of the London Stock Exchange. He is currently a non-executive director of AIM traded SEC SPA plc, an Italian company, and Chairman of Veltyco Group plc, also traded on AIM.

Steve Vaughan
Non-Executive Director

Stephen has considerable experience over the last 15 years as a director of publicly listed and private companies. He is currently a non-executive director of Progressive Equity Research Limited and was previously group chief executive of publicly listed companies Phoenix IT plc, Communisis plc and Synstar plc as well as being chairman of Charteris plc.

DIRECTORS' REPORT

for the 15 months ended 31 December 2016

The Directors present their report and financial statements for the period ended 31 December 2016.

Principal activities and review of the business

The principal activity of the company during the period continued to be the supply of information security professional services. Future developments of the Company have been reviewed as part of the Strategic Report.

Principal risks and uncertainties

For information on the principal risks and uncertainties of the Company, please see pages 9 to 13 of the strategic report.

Results and dividends

The loss for the period, after taxation, amounted to £399,006 (2015: profit of £423,197). A dividend of £253,884 was paid out in the year.

Research and development

Research and development activities are grouped into three broad areas:

- core business systems;
- technology for our managed service product lines; and
- IT tools to support our consulting activities.

Key developments for core business systems involved new functions for our CRM/Client Management system, new internal and external web sites to support marketing functions. Tools to assist consultants with the development of reports were developed. For the management services, developments range from new Web Application Firewall systems, mechanisms for automated analysis and prioritisation of security events, to innovating functions to support digital marketing functions through the development of a system to perform transparent data acquisition of mobile user browsing habits.

Corporate governance

There is no compulsory regime of corporate governance to which the directors of a UK company admitted to AIM must adhere to over and above the general duties imposed on such directors under English law. However, the Directors acknowledge the importance of the principles set out in the QCA Code. Although the QCA Code is not compulsory for AIM quoted companies, the Directors apply its principles to the Company, as far as they consider appropriate for a company of its size and nature.

The Board comprises six directors, three of whom are Executive Directors and three of whom are Non-Executive Directors, reflecting a blend of different experience and backgrounds. The Board considers Nigel Payne, David Mathewson and Stephen Vaughan to be independent Non-Executive Directors under the criteria identified in the UK Corporate Governance Code (September 2014). The Board meets regularly and is responsible for strategy, performance, approval of any major capital expenditure and the framework of internal controls.

To enable the Board to discharge its duties, all directors receive appropriate and timely information. Briefing papers are distributed to all directors in advance of Board meetings. The Board has established audit, remuneration, nomination and disclosure committees with formally delegated duties and responsibilities and with written terms of reference. Each of these committees meet regularly and at least twice a year. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Audit Committee

The duties of the Audit Committee are to consider the appointment, re-appointment and terms of engagement of, and keep under review the relationship with, the Company's auditor, to review the integrity of the Company's financial statements, to keep under review the consistency of the Company's accounting policies and to review the effectiveness and adequacy of the Company's internal financial controls. In addition, it will receive and review such reports as it from time to time requests from the Company's management and auditor.

The Audit Committee meets at least twice a year and has unrestricted access to the Company's auditor. The Audit Committee comprises David Mathewson and Steve Vaughan and is chaired by David Mathewson.

Remuneration Committee

The Remuneration Committee has responsibility for reviewing and determining, within agreed terms of reference, the Company's policy on the remuneration of senior executives, directors and other key employees and specific remuneration and benefits packages for executive directors, including pension rights and compensation payments. It is also to be responsible for making recommendations for grants of options under the New Share Option Scheme. It meets not less than twice a year. The remuneration of Non-Executive Directors is a matter for the Board and no Director may be involved in any discussions as to his or her own remuneration. The Remuneration Committee comprises Steve Vaughan and Nigel Payne and is chaired by Steve Vaughan.

Nomination Committee

The duties of the Nomination Committee are to consider the structure, size and composition of the board and make recommendations to the Board with regard to any changes. It is also responsible for identifying and nominating candidates to fill Board vacancies as and when they arise. The Nomination Committee also makes recommendations to the Board concerning, among other things, plans for succession for both executive and Non-Executive directors. It meets at least twice a year. The Nomination Committee comprises Nigel Payne and David Mathewson and is chaired by Nigel Payne.

Disclosure Committee

The Disclosure Committee is the first point of contact with the NOMAD for all routine and non-routine matters which the NOMAD wishes to discuss with the Board and shall carry out duties to ensure the Company's compliance with the AIM Rules and MAR. The Disclosure Committee meets twice a year and comprises David Mathewson and Keith Kelly, and is chaired by David Mathewson.

Directors and Directors' interests

The Directors who held office during the period were as follows:

Nigel Payne

Ian Mann

Lucy Sharp

Keith Kelly

David Mathewson

Stephen Vaughan

The following Directors at 31 December 2016 had interests in the Ordinary Shares of 1p each as follows:

Name of holder	Number of Ordinary Shares	% of Ordinary Shares
Nigel Payne	29,940	0.3%
Ian Mann	1,698,690	18.9%
Lucy Sharp	301,560	2.6%
Keith Kelly	20,068	0.2%
Stephen Vaughan	29,940	0.3%

Directors and Directors' interests continued
Substantial Interests

At 31 December 2016, the Company had been notified under the Disclosure and Transparency Rules of the following major shareholdings and the percentages of voting rights represented by such holdings, excluding the shareholdings and associated voting rights of the Directors noted above.

Name of holder	Number of Ordinary Shares	% of Ordinary Shares
Ravinder Mann	1,719,068	19.1%
Unicorn AIM VCT plc	1,526,946	17.0%
Artemis Investment Management LLP	508,983	5.7%
Phil McLear	472,290	5.3%
Hargreave Hale Limited	407,186	4.5%
Malcolm Hoare	300,300	3.3%
John Leach	282,920	3.2%

Annual General Meeting

The next Annual General Meeting will take place on 22nd June 2017.

Statement of disclosure of information to Auditors

The Directors of the Company who held office at the date of approval of this Annual Report as set out above each confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

BDO LLP has indicated its willingness to continue as auditor. Accordingly a resolution proposing its reappointment as auditor will be put to the members at the next Annual General Meeting.

By order of the Board

Nigel Payne
Chairman
21 March 2017

DIRECTORS' REMUNERATION REPORT

Directors' service agreements and letters of appointment

Nigel Payne

Mr Payne has entered into a letter of appointment with the Company dated 30 November 2016 for his appointment as a Non-Executive Director and Chairman. The appointment is terminable by either party giving three months' notice and summarily by the Company in certain limited circumstances. The letter provides for appointment as Non-Executive Director of the Company for an initial term of two years to be reviewed thereafter. The letter provides for payment of a director's fee of £40,000 per annum. Mr Payne has given certain non-compete undertakings which apply during his engagement.

Ian Mann

Mr Mann has entered into a service agreement with the Company dated 30 November 2016 for his appointment as full time Chief Executive Officer. The appointment is terminable on six months' notice given by either party and summarily by the Company in certain limited circumstances. Mr Mann's annual salary is £225,000 and he is entitled to various customary benefits. Mr Mann has given certain non-compete and non-solicitation undertakings which apply during his engagement and in respect of the period of eighteen months post termination.

Lucy Sharp

Ms Sharp has entered into a service agreement with the Company dated 30 November 2016 for her appointment as full time Executive Director. The appointment is terminable on six months' notice given by either party and summarily by the Company in certain limited circumstances. Ms Sharp's annual salary is £100,000 and she is entitled to various customary benefits. Ms Sharp has given certain non-compete and non-solicitation undertakings which apply during her engagement and in respect of the period of eighteen months post termination.

Keith Kelly

Mr Kelly has entered into a service agreement with the Company dated 30 November 2016 for his appointment as full time Executive Director. The appointment is terminable on six months' notice given by either party and summarily by the Company in certain circumstances. Mr Kelly's annual salary is £80,000 and he is entitled to various customary benefits. Mr Kelly has given certain non-compete and non-solicitation undertakings which apply during his engagement and in respect of the period of eighteen months post termination.

David Mathewson

Mr Mathewson has entered into a letter of appointment with the Company dated 30 November 2016 for his appointment as a Non-Executive Director. The appointment is terminable by either party giving three months' notice and summarily by the Company in certain limited circumstances. The letter provides for appointment as non-executive director of the Company for an initial term of two years to be reviewed annually thereafter. The letter provides for payment of a director's fee of £32,000 per annum. Mr Mathewson has given certain non-compete undertakings which apply during his engagement.

Stephen Vaughan

Mr Vaughan has entered into a letter of appointment with the Company dated 7 December 2016 for his appointment as a Non-Executive Director for an initial term of two years unless the appointment is terminated sooner by either party. The appointment is terminated by either party giving three months' notice and summarily by the Company in certain limited circumstances. The letter provides for payment of a director's fee of £32,000 per annum. Mr Vaughan has given certain non-compete undertakings which apply during his engagement.

All of the aforementioned service agreements and letters of appointment are governed by English law.

There are no existing or proposed service contracts between any Director and the Company.

There are no existing or proposed arrangements which provide for benefits or additional payment upon any Director's termination of employment.

There are no existing or proposed arrangements under which any Director has agreed to waive further emoluments nor has there been any waiver of emoluments during the financial period ended 31st December 2016.

Remuneration and share incentives in the 15 months ended 31 December 2016

Name of Director	Period ended 31 December 2016 *Salary or fees*	Period ended 31 December 2016 *Performance related bonuses*	Period ended 31 December 2016 *Total emoluments*	Year ended 30 September 2015 *Total emoluments*
Nigel Payne	2,000	—	2,000	—
Ian Mann	64,483	50,000	114,483	27,480
Lucy Sharp	130,474	17,500	147,974	61,191
Keith Kelly	111,596	49,583	161,179	41,593
David Mathewson	2,941	—	2,941	—
Steve Vaughan	2,667	—	2,667	—

DIRECTORS' RESPONSIBILITY STATEMENT

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the EU. 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial information is published on the Company's website. The maintenance and integrity of this website is the responsibility of the Directors; the work carried out by the Company's auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may occur to the financial statements after they are initially presented on the website.

It should be noted that legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

Keith Kelly
Chief Financial Officer
21 March 2017

David Mathewson
Non-Executive Director

INDEPENDENT AUDITOR'S REPORT

to the members of ECSC Group plc

We have audited the financial statements of ECSC Group plc for the 15 month period ended 31 December 2016 which comprise the statement of financial position, the statement of comprehensive income, the cash flow statement, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of 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 parent company 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 parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC'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 FRC's website at:
www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the 15 month period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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 strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the parent company 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 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

Mark Langford (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor
Leeds
United Kingdom
21 March 2017

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

STATEMENT OF COMPREHENSIVE INCOME

for the 15 months ended 31 December 2016

	Note	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Revenue	4	4,510,419	2,650,395
Cost of sales		(1,014,688)	(453,583)
Gross profit		3,495,731	2,196,812
Other income	5	157,660	89,973
Selling and distribution costs		(380,098)	(176,381)
Administrative expenses		(2,820,699)	(1,592,230)
Operating profit	6	452,594	518,174
Finance income		5,146	—
Exceptional items – IPO costs	26	(974,876)	—
(Loss)/profit before taxation		(517,136)	518,174
Taxation	8	118,130	(94,977)
(Loss)/profit for the period		(399,006)	423,197
Other comprehensive income		—	—
Total comprehensive income for the period		(399,006)	423,197
Attributable to equity holders of the Company		(399,006)	423,197
Earnings per share			
Basic earnings per share	9	(0.08)	0.09
Diluted earnings per share	9	(0.08)	0.09

STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	As at 31 December 2016 £	As at 30 September 2015 £	As at 1 October 2014 £
ASSETS				
Non-current assets				
Intangible assets	10	363,244	253,964	166,507
Property, plant and equipment	11	297,946	67,086	84,451
Total non-current assets		661,190	321,050	250,958
Current assets				
Inventory	12	304	1,038	603
Trade and other receivables	13	1,032,883	695,698	602,976
Corporation tax recoverable		181,928	35,998	—
Cash and cash equivalents	14	4,986,596	323,543	238,367
Total current assets		6,201,711	1,056,277	841,946
TOTAL ASSETS		6,862,901	1,377,327	1,092,904
Current liabilities				
Trade and other payables	15	1,262,887	620,198	517,762
Corporation tax payable		—	—	27,290
Total current liabilities		1,262,887	620,198	545,052
Non-current liabilities				
Deferred tax	16	49,342	58,293	43,301
Total non-current liabilities		49,342	58,293	43,301
TOTAL LIABILITIES		1,312,229	678,491	588,353
NET ASSETS		5,550,672	698,836	504,551
EQUITY				
Equity attributable to owners of the Parent:				
Share capital	17	89,941	22,381	22,381
Share premium account		5,512,175	75,009	75,009
Retained earnings		(51,444)	601,446	407,161
TOTAL EQUITY		5,550,672	698,836	504,551

The financial statements were approved and authorised for issue by the Board of Directors on 21 March 2017 and were signed on its behalf by:

Keith Kelly
Director
ECSC Group plc

Registered number: 03964848

STATEMENT OF CHANGES IN EQUITY

for the 15 months ended 31 December 2016

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 30 September 2014	22,381	75,009	407,161	504,551
Profit and total comprehensive income for the year	—	—	423,197	423,197
Transactions with owners:				
Dividends	—	—	(228,912)	(228,912)
Balance at 30 September 2015	22,381	75,009	601,446	698,836
Profit and total comprehensive income for the period			(399,006)	(399,006)
Transaction with owners:				
Issue of shares	1,569	83,188	—	84,757
Bonus issue	26,345	(26,345)	—	—
Issue of shares at IPO	29,940	4,970,058	—	4,999,998
Exercise of share options	9,706	723,470	—	733,176
Share issue costs	—	(313,205)	—	(313,205)
Dividends	—	—	(253,884)	(253,884)
Balance at 31 December 2016	89,941	5,512,175	(51,444)	5,550,672

CASH FLOW STATEMENT

for the 15 months ended 31 December 2016

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Cash flow from operating activities		
(Loss)/profit for the period/year before taxation	(517,136)	518,174
Exceptional items – IPO listing costs	974,876	—
Adjustment for:		
Amortisation of intangibles	112,458	54,873
Depreciation of property, plant and equipment	64,816	32,774
Cash from operating activities before changes in working capital	635,014	605,821
Change in inventory	734	(435)
Change in trade and other receivables including tax	(410,395)	(159,860)
Change in trade and other payables	642,689	102,436
Cash generated from operating activities	868,042	547,962
Income tax received/(paid)	36,459	(76,136)
Net cash flow from operations	904,501	471,826
Acquisition of property, plant and equipment	(295,676)	(15,409)
Development costs capitalised	(221,738)	(142,330)
Net cash flow used in investing activities	(517,414)	(157,739)
Dividends paid	(253,884)	(228,911)
Proceeds from issuance of shares	5,817,931	—
Exceptional items – IPO listing costs	(1,288,081)	—
Net cash used in financing activities	4,275,966	(228,911)
Net increase in cash & cash equivalents	4,663,053	85,176
Cash and equivalent at beginning of period	323,543	238,367
Cash and equivalent at end of period	4,986,596	323,543

NOTES TO THE FINANCIAL STATEMENTS

for the 15 months ended 31 December 2016

The financial statements of ECSC Group plc for the 15 months ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 21 March 2017. ECSC Group plc was incorporated in England and Wales on 5 April 2000, with the registered number 03964848. The address of the registered office is 28 Campus Road, Listerhills Science Park, Bradford, West Yorkshire, BD7 1HR.

For years up to and including 30 September 2015, the Company has prepared its financial statements under UK GAAP. These financial statements for the 15 months ended 31 December 2016 are the first that the Company has prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Note 24 explains how the Company has applied IFRS on transition. The Board made the decision to change the year end to 31 December 2016. These financial statements therefore present a fifteen month period, meaning the two periods are not entirely comparable.

The principal activity of ECSC Group plc is the supply of information security professional services.

1. Presentation of financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRSs") issued by the International Accounting Standards Board ("IASB") as adopted by the European Union ("adopted IFRSs"). Consolidated financial statements are not prepared as the subsidiary of the company, ECSC Australia Limited, is dormant and immaterial.

The financial statements have been presented in Pound Sterling (£, GBP) as this is the currency of the primary economic environment that the Company operates in.

2. Accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of Accounting

The financial statements have been prepared on the historical cost basis except as stated. The results presented are for those of the parent only. Consolidated financial statements have not been prepared on the grounds of immateriality.

New standards, amendments to and interpretations to published standards not yet effective

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and in some cases have not yet been adopted by the EU.

The Directors do not expect that the adoption of these standards will have a material impact on the financial statements of the Company in future periods, except that IFRS 9 may impact both the measurement and disclosures of financial instruments, IFRS 15 may have an impact on revenue recognition and related disclosures and IFRS 16 will have an impact on the recognition of operating leases. At this point it is not practicable for the Directors to provide a reasonable estimate of the effect of these standards as their detailed review of these standards is still ongoing.

Going concern

The financial statements have been prepared on the basis that the Company will continue as a going concern.

After making enquiries, the Directors consider that the Company has adequate resources and committed borrowing facilities to continue in operational existence for the foreseeable future. Consequently, they have adopted the going concern basis in preparing the financial statements.

Revenue

Revenue comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. Revenue from the sale of products is recognised when the significant risks and rewards of ownership have been transferred, which is considered to occur when title passes to the customer. Revenue from provision of consultancy services is recognised as services are rendered, generally based on the negotiated daily rate in the consulting arrangement and the number of days worked during the period. Revenue from management and support services is deferred and recognised on a straight line basis over the service period.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

Government grants

Government Grants are recognised in the Statement of Comprehensive Income on a systematic basis over periods in which the entity recognises expenses for the related costs for which the grants are intended to compensate.

Operating profit

Operating profit is stated after all expenses, including those considered to be exceptions, but before finance income or expenses. Exceptional items are items of income or expense which because of their nature or size require separate presentation to allow shareholders to better understand the financial performance of the period and allow comparison with prior years.

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 the transaction. Exchange differences are taken into account in arriving at the operating profit.

Employee benefits

(i) Short-term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

(ii) Defined Contribution plans

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions are charged to the Statement of Comprehensive Income. The Company also contributes to the personal pension plans of the Directors at the Company's discretion.

(iii) Employee share incentive plans

The Company issues equity-settled share-based payments to certain employees (including Directors). These payments are measured at fair value at the grant date by use of a Black-Scholes model.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the full period of the lease. Any lease incentives are spread on a straight line basis over the full period of the lease.

Property, plant and equipment

All additions are initially recorded at cost.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold property	–	20% reducing balance
Office furniture and equipment	–	20% reducing balance
Computer equipment	–	33% straight line
Motor vehicles	–	20% straight line

2. Accounting policies continued

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if all of the criteria set out in IAS 38 are met. Once the criteria are met, the development expenditure is capitalised and amortised over its useful life, included in the administrative costs in Statement of Comprehensive Income.

The useful life of development costs is considered to be five years.

Inventories

Inventories are carried at the lower of cost or net realisable value.

Net realisable value is calculated based on the revenue from sale in the normal course of business less any costs to sell. Due allowance is made for obsolete and slow moving items.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

- Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets on loans and receivables, or derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Company's financial assets include cash and cash equivalents, trade and other receivables and non-derivative financial assets. The Company's financial assets include cash and cash equivalents, trade and other receivables and non-derivative financial assets.

- Subsequent measurement

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

- Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

- Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

- Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Equity instruments are recorded at the proceeds received, net of direct issue costs.

- Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

- Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

- Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Impairment of assets

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is recognised in the profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to the statement of comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 risk specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

2. Accounting policies continued

Impairment of assets continued

Non-financial assets continued

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible.

The Company's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial period.

Credit available on eligible Research and Development expenditure and not reclaimable through other means is included within Grant income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company. Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

Share capital

Ordinary Shares are recorded at nominal value and proceeds received in excess of nominal value of shares issued, if any, are accounted for as share premium. Both Ordinary Shares and share premium are classified as equity. Costs incurred directly to the issue of shares are accounted for as a deduction from share premium, otherwise they are charged to the Statement of Comprehensive Income.

Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components.

An operating segment's operating results are reviewed regularly by the Chief Operating Decision Maker ("CODM") (which takes the form of the directors of the Company) to make decisions about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

The Board considers that the Company's activity now constitutes three operating and three reporting segments, as defined under IFRS 8.

Parties are considered to be related if one party has the ability (directly or indirectly) to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

3. Critical accounting estimates and sources of estimation uncertainty

In applying the accounting policies, the directors may at times require to make critical accounting judgements and estimates about the carrying amount of assets and liabilities. These estimates and assumptions, when made, are based on historical experience and other factors that the directors considers are relevant.

The key estimates and assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below.

Revenue recognition

Management considers the nature of the Company's contracts with customers and recognise revenue on an appropriate basis in accordance with IFRS. This process involves the use of judgements and estimates. Revenue is recognised when the service is completed or the goods delivered to the customer. Appropriate deferrals are made to revenue when services are being delivered over time.

Development costs – capitalised

Management estimate the percentage of development staff time used to enhance and improve the Company's software asset/process to capitalise a proportion of salary costs each period.

Research and development tax claim

A credit has been recognised as a result of an R&D tax credit claim being made in 2016 in respect of the FY14, FY15 and FY16 periods.

4. Revenue and segment information

The Company's principal revenue is derived from the supply of information security professional services.

During this period, the CODM received information on financial performance on a divisional basis. The Directors consider that there are three reportable operating segments: Consultancy, Managed Services, and Vendor Products. There were a small number of other transactions recorded during each period which are not considered to be part of either of the three reportable operating segments. These are presented below within the 'Other' caption and are not significant.

The CODM does not receive any information on the financial position of each segment, including information on assets and liabilities. Accordingly, such information has not been presented. The Company's revenue and gross profit by operating segment for the year ended 30 September 2015 and the 15 months ended 31 December 2016 were as follows:

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Revenue		
Consultancy	2,803,611	1,806,838
Managed services	1,330,372	787,749
Vendor products	376,136	55,808
Other	300	—
	4,510,419	2,650,395
Gross profit		
Consultancy	2,211,541	1,454,768
Managed services	1,241,187	738,161
Vendor products	42,704	3,883
Other	299	—
	3,495,731	2,196,812

For the purpose of financial reporting, certain operating expenses were allocated to cost of sales at each period end. The way that these costs are recorded is such that it was not possible to allocate them to a reporting segment, and as a result these are all shown within the

4. Revenue and segment information continued

'Other' caption above. The above presentation shows that gross margin per reportable segment was 100% in each period. Whilst gross margins are high in these segments (see 2016 information later) it should be noted that some relevant cost of sales to these reportable segments is included in the 'Other' caption as explained above.

The Company's results by segment for the period ended 31 December 2016 were as follows:

	Consultancy £	Managed services £	Vendor products £	Other £	Total £
Revenue – external	2,803,611	1,330,372	376,136	300	4,510,419
Gross profit	2,211,541	1,241,187	42,704	299	3,495,731
Operating expenses	(2,009,940)	(1,163,548)	(90,199)	220,550	(3,043,137)
Segment result – operating profit	201,601	77,639	(47,495)	220,849	452,594

The Vendor Products revenue above represents the only revenue of the sale of goods in any of the periods.

All the non-current assets of the Company are located in the United Kingdom.

The Company had the following customer who contributed more than 10% of revenue:

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Customer 1	—	256,000

Revenue by country was as follows:

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Channel Islands	15,130	13,675
Egypt	15,187	14,523
France	32,199	22,449
Ireland	58,380	102,290
USA	91,166	100,068
South Africa	64,786	—
United Kingdom	4,233,571	2,397,390
	4,510,419	2,650,395

5. Other income

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Grant income	157,660	89,973

A credit has been recognised within grant income as a result of an R&D tax credit claim being made in 2016 in respect of the FY14, FY15 and FY16 periods. A credit of £134,745 (2015: £63,404) is included within grant income in respect of these claims.

6. Operating profit

Operating profit is stated after charging:

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Depreciation of owned assets	64,816	32,774
Amortisation of intangibles – development costs	112,458	54,873
Expenditure on research activities	323,738	103,505
Allowance provision on trade receivables	5,011	8,384
Auditors' remuneration – audit services	23,000	—
– Non-audit services:		
– Taxation compliance services	5,450	—
– Other taxation services	13,650	—
– Other non-audit services	112,435	—
Operating lease charge		
– Property	56,250	40,500
– Other	78,144	39,018
Inventories expensed	234,739	—

The statutory financial statements for previous periods were unaudited. These figures have been subject to audit for the purpose of preparing these financial statements and therefore all audit fees have been incurred in the current period.

7. Employee benefit expense

Employee costs (including Directors) during the periods amounted to:

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Wages and salaries	2,385,511	1,213,697
Social security costs	249,652	143,712
Pension contributions	70,265	48,505
	2,705,428	1,405,914

Directors' and key management remuneration is as follows (and is included above also):

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Wages and salaries	596,080	306,993
Social security costs	74,250	35,590
Pension contributions	70,265	31,656
	740,595	374,239

Key Management are considered to be the directors and senior management disclosed in The Board section on pages 18 and 19. Details of total directors' remuneration can be found in the Remuneration Report on page 20. Amounts paid to the highest paid director in the period were as follows:

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Wages and salaries	155,277	60,000
Pension contributions	9,100	1,200
	164,377	61,200

7. Employee benefit expense continued

The average number of employees during the year was:

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Directors	7	7
Operational	34	27

8. Taxation

Recognised in the Statement of Comprehensive Income

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
UK corporation tax – current tax on profit for the year	(127,164)	79,999
Over/under provision in prior period	83	(14)
Deferred tax	8,951	14,992
	(118,130)	94,977

Reconciliation of effective tax rate

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
(Loss)/profit before tax	(517,136)	518,174
Tax at the UK corporation tax rate of 20.0%/20.5%	(11,687)	93,228
Expenses not deductible for tax purposes	77,245	1,581
Exercise of share options	(174,981)	—
Marginal relief and tax rate adjustment	—	(1,315)
Ineligible depreciation	—	1,070
Adjust closing deferred tax to average rate of 20%	(8,707)	—
Over/under provision in prior period	—	(14)
Other	—	427
	(118,130)	94,977

Deferred tax

	15 months ended 31 December 2016 £	Year to 30 September 2015 £
Origination and reversal of timing differences	8,951	14,992
	8,951	14,992

9. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Ordinary Shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit for the year 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 conversion of all the dilutive potential Ordinary Shares into Ordinary Shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Net profit attributable to equity holders of the Company	(399,006)	423,197
Add back exceptional items – IPO costs	974,876	—
Adjusted profit	575,870	423,197
Initial weighted average number of Ordinary Shares	22,381	22,381
Adjusted to reflect Split into 100 1p shares	2,238,100	2,238,100
Bonus Issue	2,461,910	2,461,910
Weighted average of shares issued in period	445,217	—
Adjusted weighted average number of Ordinary Shares	5,167,608	4,700,010
Basic earnings per share	(0.08)	0.09
Diluted earnings per share	(0.08)	0.09
Adjusted earnings per share	0.11	0.09

On 28 October 2016 the Company passed a resolution to re-designate all the Ordinary Shares of £1 each in issue as a single class of shares. A resolution was then passed to sub-divide every existing Ordinary Share of £1 each in issue into 100 Ordinary Shares. The Company then passed a resolution to issue 110 Ordinary Shares of £0.01 each by way of a bonus issue pro rata to the Shareholders. In accordance with IFRS this has been reflected in weighted average number of Ordinary Shares above.

The dilution arising as a result of the share options in the prior year is considered to be immaterial and so therefore no adjustment has been made.

Adjusted earnings per share are stated before charging IPO costs of £975k.

10. Intangible assets

Goodwill

The Company made an acquisition in the year ended 30 September 2003 and goodwill of £20,250 was recognised in accordance with UK GAAP at that time. The goodwill was fully amortised under UK GAAP as at 1 October 2012, the date of transition to IFRS. As permitted by IFRS 1, the carrying value of goodwill has not been restated on transition to IFRS. In addition, IFRS 3 has not been retrospectively applied to acquisitions prior to the transition date.

Development costs

	£
Cost	
As at 1 October 2014	203,201
Additions	142,330
As at 30 September 2015	345,531
As at 1 October 2015	345,531
Additions	221,738
As at 31 December 2016	567,269
Amortisation	
As at 1 October 2014	36,694
Amortisation charge for the year	54,873
As at 30 September 2015	91,567
As at 1 October 2015	91,567
Amortisation charge for the period	112,458
As at 31 December 2016	204,025
Net book value	
As at 1 October 2014	166,507
As at 30 September 2015	253,964
As at 31 December 2016	363,244

11. Property, plant and equipment

	Leasehold property £	Office furniture and equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 October 2014	45,947	19,381	79,356	—	144,684
Additions	—	—	15,409	—	15,409
At 30 September 2015	45,947	19,381	94,765	—	160,093
Additions	—	32,743	181,457	81,476	295,676
Disposals	—	—	(27,212)	—	(27,212)
At 31 December 2016	45,947	52,124	249,010	81,476	428,557
Depreciation					
At 1 October 2014	9,952	5,203	45,078	—	60,233
Charge for the year	7,199	2,836	22,739	—	32,774
At 30 September 2015	17,151	8,039	67,817	—	93,007
Charge for the period	7,199	3,767	45,313	8,537	64,816
Disposals	—	—	(27,212)	—	(27,212)
At 31 December 2016	24,350	11,806	85,918	8,537	130,611
Net book value					
At 1 October 2014	35,995	14,178	34,278	—	84,451
At 30 September 2015	28,796	11,342	26,948	—	67,086
At 31 December 2016	21,597	40,318	163,092	72,939	297,946

12. Inventory

	31 December 2016 £	30 September 2015 £	1 October 2014 £
Inventory	304	1,038	603

13. Trade and other receivables

	31 December 2016 £	30 September 2015 £	1 October 2014 £
Trade receivables	928,020	598,954	522,813
Other receivables	8,300	8,300	9,300
Prepayments and accrued income	96,563	88,444	70,863
	1,032,883	695,698	602,976

The carrying amount of trade and other receivables approximates to their fair value.

14. Cash and cash equivalents

	31 December 2016 £	30 September 2015 £	1 October 2014 £
Cash and bank balance	4,986,596	323,543	238,367

15. Trade and other payables

	31 December 2016 £	30 September 2015 £	1 October 2014 £
Trade payables	483,948	93,513	89,233
Corporation tax	—	—	27,290
Other taxation and social security	211,381	137,278	141,557
Other payables	567,558	389,407	286,972
	1,262,887	620,198	545,052

The carrying amount of trade and other payables approximates to their fair value due to their short-term nature.

16. Deferred tax

	Deferred tax £	Total £
As at 1 October 2014	43,301	43,301
Movement through income statement for the period	14,992	14,992
As at 30 September 2015	58,293	58,293
Movement through income statement for the period	(8,951)	(8,951)
As at 31 December 2016	49,342	49,342

Deferred tax

The deferred tax liabilities arose on the timing difference between the carrying values of the certain the Company's assets for financial reporting purposes and for income tax purposes. These will be released to the income statement as the fair value of the related assets are depreciated or amortised.

17. Share capital

Allotted, called up and fully paid:

Ordinary A Shares:

	Authorised number of shares	Number of shares issued and fully paid	Ordinary Share capital £	Total £
At 1 October 2014	16,178	16,178	16,178	16,178
At 30 September 2015	16,178	16,178	16,178	16,178

Ordinary B Shares:

	Authorised number of shares	Number of shares issued and fully paid	Ordinary Share capital £	Total £
At 1 October 2014	6,203	6,203	6,203	6,203
At 30 September 2015	6,203	6,203	6,203	6,203
Total A and B Shares as at 14 October 2015	22,381	22,381	22,381	22,381

The A and B Shares were split on 30 March 2011 and rank equally in all respects. Subsequently it was identified by the Company that this share split was not transacted correctly. This has subsequently been rectified in October 2016 and has been presented throughout as though this was treated correctly at the initial date.

On 14 October 2015, 1,569 shares were issued for £84,757, resulting in the recognition of share premium of £83,188.

On 28 October 2016 the Company passed a resolution to re-designate all the Ordinary Shares of £1 each in issue as a single class of shares.

Ordinary Shares

	Authorised number of shares	Number of shares issued and fully paid	Ordinary Share capital £	Total £
Issued	1,569	1,569	1,569	1,569
Ordinary Shares after re-designation as per table above	22,381	22,381	22,381	22,381
	23,950	23,950	23,950	23,950
Sub-division into 100 shares	2,395,000	2,395,000	23,950	23,950
Bonus issue	2,634,500	2,634,500	26,345	26,345
IPO issue	3,964,631	3,964,631	39,646	39,646
At 31 December 2016	8,994,131	8,994,131	89,941	89,941

The Ordinary Shares have a par value of £0.01 (2015: £1) per Ordinary Share and are fully paid. These Ordinary Shares carry no right to fixed income and have no preferences or restrictions attached to them. Consideration of £5,817,931 was received in respect of the above transactions in the period ended 31 December 2016.

On 28 October 2016 the Company passed a resolution to sub-divide every existing Ordinary Share of £1 each in issue into 100 Ordinary Shares. The Company then passed a resolution to issue 110 Ordinary Shares of £0.01 per 100 shares held each by way of a bonus issue pro rata to the shareholders.

On 14 December 2016, 970,620 new Ordinary Shares were issued immediately prior to Admission to satisfy the exercise of share options. Then, as part of the Placing (and in accordance with the terms of the Placing Agreement) 299,401 shares were allotted and issued.

Share premium account

The balance on the share premium account represents the amounts received in excess of the nominal value of Ordinary Shares.

Retained earnings

The balance held on this reserve is the accumulated retained profits of the Company.

18. Financial instruments and financial risk management

The Company's principal financial instruments comprise cash and cash equivalents, trade and other receivables and trade and other payables. The Company's accounting policies and method adopted, including the criteria for recognition, the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are set out in note 3 to the financial statements. The Company does not use financial instruments for speculative purposes.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

	31 December 2016 £	30 September 2015 £	1 October 2014 £
Financial assets			
Loans and receivables:			
Trade receivables	928,020	598,954	522,813
Other receivables	8,300	8,300	9,300
Cash and cash equivalents	4,986,596	323,543	238,367
Total financial assets	5,922,916	930,797	770,480
Financial liabilities measured at amortised cost			
Trade and other payables	663,613	350,212	231,035
Total financial liabilities	663,613	350,212	231,035

There are no fair value adjustments to assets or liabilities through profit and loss.

18. Financial instruments and financial risk management continued

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern while attempting to maximise the return to stakeholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of issued capital and retained earnings.

The Company's financial instruments, which are recognised in the statement of financial position, comprise cash and cash equivalents, receivables and payables. The accounting policies and methods adopted, including the basis of measurement applied are disclosed above, where relevant. The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes above, where applicable.

The Company does not generally enter into derivative transactions (such as interest rate swaps and forward foreign currency contracts) and it is, and has been throughout the period covered by these financial statements, the Company's policy that no trading in financial derivative instruments shall be undertaken.

Credit risk

Credit risk is the risk that a counter-party will cause a financial loss to the Company by failing to discharge its obligations to the Company. The Company manages its exposure to this risk by applying limits to the amount of credit exposure to any one counterparty and employs strict minimum credit worthiness criteria as to the choice of counterparty. The maximum exposure to credit risk for receivables and other financial assets is represented by their carrying amount. The company considers credit risk to be low due to its processes and the nature of its customers, being mainly large corporates.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The allowance comprises a provision against individually significant exposures.

Ageing analysis

The ageing analysis of the Company's trade receivables is as follows:

	31 December 2016 £	30 September 2015 £	1 October 2014 £
Current	499,479	278,510	248,239
Up to 30 days	228,256	144,689	215,290
30 to 60 days	113,492	96,469	36,495
90 days and older	91,804	79,286	45,842
Bad debt provision	(5,011)	—	(23,053)
	928,020	598,954	522,813

These receivables are not secured by any collateral or credit enhancement. Normal credit terms are 30 days.

Receivables past due total £205,296 (2015: £175,755, 2014: £82,337), of which £5,011 (2015: £Nil, 2014: £23,053) have been impaired.

The Company only holds cash at banks with a credit rating of A to mitigate the credit risk on cash deposits.

Fair values

The directors have assessed that the fair values of cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

Interest rate risk

The Company's policy is to fund its operations through the use of retained earnings and equity.

The Company's exposure to changes in interest rates relates primarily to cash at bank. Cash is held either on current or short term deposits at a floating rate of interest determined by the relevant bank's prevailing base rate.

Interest rate sensitivity

When reviewing the sensitivity to movement in interest rates it is noted that the majority of the cash as at 31 December 2016 was received as a result of listing in the year. An average taken throughout the year would be significantly lower than this and it is therefore considered that even if interest rates increased 1% there would be no material impact.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk:

- commodity price risk;
- interest rate risk; and
- foreign currency risk.

Financial instruments affected by market risk include deposits, trade receivables, trade payables and accrued liabilities.

Foreign currency exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of the changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities when revenue or expense is denominated in a foreign currency.

The Company does not hedge its foreign currencies. Transactions with customers are mainly denominated in GBP.

The Company has suppliers that invoice in US dollars. The balances exposed to credit risk at year end are as follows:

	31 December 2016 $	30 September 2015 $	1 October 2014 $
US Dollars	13,932	84,882	26,319

A sensitivity analysis has not been presented as the potential impact is not considered to be material.

Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The maturity profile of the Company's financial liabilities at the reporting dates, based on contractual undiscounted payments, are summarised below:

	31 December 2016 £	30 September 2015 £	1 October 2014 £
Due within 3 months			
Trade and other payables	1,045,339	563,756	448,742

19. Related party transactions

Directors and key management personnel compensation has been disclosed in note 7.

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions during the year/period under review and at terms and rates agreed between the parties:

19. Related party transactions

During the years, dividends were paid to directors and their close family members as follows:

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Dividends paid to Directors and their close family members	253,885	220,367
Total	253,885	220,367

Bank facilities of up to £250,000 are secured personally by one of the directors.

In October 2015, loans amounting to £84,757 were granted to two directors to enable them to exercise share options. The loans are interest free and are repayable on a sale or flotation of the Company or earlier, at the borrowers' discretion. The loans were discounted to £79,611 and were fully repaid in the period ended 31 December 2016.

An additional loan of £12,547 was made to a director in the period ended 31 December 2016. This loan is interest free and was repaid in the period ended 31 December 2016.

20. Share based payments

Equity-settled share based payments

The Company operates an Enterprise Management Incentive Share Scheme. At the end of the previous period seven employees and directors held options.

Unapproved options have also been granted to non-qualifying individuals and at the end of the previous period one employee held these options.

The options are subject to criteria set by the Board, including the option holder's continuing employment. The options are not transferable and have a life of ten years.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during each period are as follows:

	Exercise price £	2015 No.	Expired No.	Granted No.	Bonus No.*	Exercised No.	2016 No.
Expiry date							
31 October 2015	54.02	1,569	(1,569)	—	—	—	—
30 March 2018	75.24	536	—	—	590	(1,126)	—
31 March 2019	97.09	676	—	—	743	(1,419)	—
31 March 2020	103.54	134	—	—	146	(280)	—
28 February 2021	133.94	418	—	—	460	(878)	—
31 March 2021	163.06	218	—	—	240	(458)	—
31 March 2023	179.35	615	—	—	677	(1,292)	—
19 November 2025	197.00	—	—	1,400	1,540	(2,940)	—
12 September 2026	233.0	—	—	625	688	(1,313)	—
Outstanding at end of period		4,166	(1,569)	2,025	5,084	(9,706)	—

	2016 £	2015 £
Weighted average exercise price	—	97.56

* On 28 October 2016, the Company passed a resolution to issue to shareholders 110 Ordinary Shares of £0.01 each for every 100 existing Ordinary Shares of £0.01 each held by them by way of a bonus issue.

In accordance with the requirements of IFRS 2, the Company calculated the fair value of the share options at the date of grant using a Black Scholes option pricing model.

The following inputs were made into the model for each grant of options:

- Share price – estimated based on a multiple of adjusted earnings
- Risk free rate – based on 10 year UK Government Bond yields
- Volatility – estimated at 20%
- Option life and vesting period – 10 years

Based on these calculations, the fair value of the share options at each grant date was not material and therefore no share based payment charge has been recorded.

All share options were exercised on listing, with none carried forward into 2017.

21. Dividends

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Dividends paid		
A shares	166,796	205,091
B shares	87,089	23,820
Total	253,885	228,911
Dividend per share (unadjusted)		
A shares	10.31	12.68
B shares	14.04	3.84
Dividend per share (adjusted to reflect the subdivision and bonus issues described in Note 17)		
A shares	0.48	0.06
B shares	0.48	0.02

22. Commitments

The Company had not entered into any material capital commitments as at 31 December 2016.

The Company's future minimum lease payments under non-cancellable operating leases are as follows:

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
Not later than one year	140,732	110,826
Later than one year and not later than five years	207,718	346,903
More than five years	72,099	218,860
	420,549	676,589

23. Control

There is no overall controlling party.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

for the 15 months ended 31 December 2016

24. Transition to IFRS

The financial statements prepared for the period ended 31 December 2016 is the first the Company has prepared in accordance with IFRS. For periods up to and including the year ended 30 September 2015, the Company prepared its financial statements in accordance with generally accepted accounting principles in the United Kingdom (UK GAAP), and under the Financial Reporting Standard for Smaller Entities ("FRSSE").

Accordingly, the Company has prepared financial statements which complies with IFRS applicable for periods ending on or after 31 December 2016, as described in the summary of significant accounting policies. In preparing the financial statements, the Company's opening statement of financial position was prepared as at 1 October 2014, the date of transition to IFRS.

In restating its UK GAAP financial statements, the Company has made adjustments to:

- Recognise operating lease incentives over the full lease term,
- Discount interest free loans to amortised cost; and
- Capitalise and amortise development costs.

Although the date of transition to IFRS was 1 October 2014 the opening balance sheet has been restated to capitalise development costs from 1 October 2012. This is the earliest point at which reliable data on development activities was available and prior to this date development costs/effort was minimal. Software development costs have been capitalised on a consistent basis from this point onwards.

A summary of the impact of transition to the statement of financial position is as follows:

	30 September 2015 £	1 October 2014 £
Equity reported in accordance with UK GAAP and FRSSE	508,041	379,220
Transition adjustments:		
Operating lease incentives	(12,375)	(7,875)
Capitalisation of development costs	345,531	203,201
Amortisation of development costs	(91,568)	(36,694)
Capitalisation and amortisation	(50,793)	(33,301)
Equity reported in accordance with IFRS	698,836	504,551

A summary of the impact of transition to the Statement of Comprehensive Income is as follows:

	Year ended 30 September 2015 £	Year ended 30 September 2014 £
Profit after tax reported in accordance with UK GAAP	357,732	326,185
Transition adjustments:		
Operating lease incentives	(4,500)	(4,500)
Capitalisation of development costs	142,330	121,330
Amortisation of development costs	(54,874)	(28,507)
Capitalisation and amortisation	(17,491)	(18,565)
Total comprehensive income reported in accordance with IFRS	423,197	395,943

25. Adjusted profit before tax

	15 months ended 31 December 2016 £	Year ended 30 September 2015 £
(Loss)/profit before taxation	(517,136)	518,174
Exceptional IPO costs	974,876	—
Adjusted profit before taxation	457,740	518,174

26. Exceptional costs

As part of the costs of the admission to trading on AIM for the first time, costs of £1,288,081 were incurred. Costs of £313,205 have been allocated against share premium, being the costs associated with share listing. The remaining £974,876 has been expensed in the year.

27. Subsidiary undertakings

The Company currently has the following wholly-owned subsidiary, which is incorporated and registered in England and Wales, of which ECSC Group plc holds 100% of the £1 share capital:

Name of Subsidiary	Registered Office	Date of Incorporation	Principal Activity
ECSC Australia Limited	28 Campus Road Listerhills Science Park Bradford BD7 1HR	29 September 2016	Dormant

CORPORATE INFORMATION

ECSC Group plc
Registered number 03964848

Registered Office
28 Campus Road
Listerhills Science Park
Bradford
BD7 1HR

Company Secretary
Keith Kelly

Nominated Adviser & Broker
Stockdale Securities Ltd
Beaufort House
15 St Botolph Street
London
EC3A 7BB

Registrar
Equiniti Limited
Aspect House
Spencer Road
Lancing Business Park
West Sussex
BD99 6DA

Financial PR
Yellow Jersey PR
7th Floor, 22 Upper Ground
London
SE1 9PD

Auditors
BDO LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5RU

Solicitors
Freeths LLP
One Vine Street
Mayfair
London
W1J 0AH

NOTICE OF AGM

As a Board, we believe that the delivery of our strategy, particularly through the aggressive scaling of our business that we are presently embarking on, should be based on strong governance. We also believe that good governance is essential to the way in which we run our business on a day-to-day basis, and we aim to operate to the governance standards required of much larger listed companies, where appropriate.

Culture

The Board closely monitors developments in corporate governance and assesses how these can be applied to ECSC and how we can embed them within the culture of the Company. The Board believes that sound governance is essential to protecting shareholder value and the sustainable growth of the business. Strong governance is also a foundation stone for a healthy corporate culture of values, attitudes and behaviours, not only within an organisation's daily operations, but also in its relations with its all of its stakeholders. As a Board, we recognise that standards are set from the top and that the Directors must lead by example to ensure that excellent standards permeate throughout all levels of the Company.

Leadership

An effective Board is essential to a successfully run company. We have a strong group of Directors with a broad range of relevant public company, finance and information technology experience, a balance that results in effective collective decision making. The balance between Executive and Independent Directors was considered during the formation of the Board, with appointments made based on management's desire to add complementary skills and independent perspective to the Board. Brief biographies of all Directors can be found on pages 18 to 19.

Effectiveness

The Company continues to evolve and expand its scale of operations. The Board recognises that managing such growth requires clear oversight by the Board, and our evaluation of effectiveness of the Board and its Committees is rigorous to ensure that we identify those areas for continued focus and development for the year ahead.

Relations with shareholders

The Board recognises and values the importance of maintaining healthy and open communication with our shareholders to ensure mutual understanding of our strategy, objectives, governance and performance. The Board receives regular investor reports which detail the feedback from investor meetings. This helps inform Board discussion on the views of investors and analysts on strategy.

Accountability

The Board recognises its responsibility to present a fair, balanced and understandable assessment of the Company's position and prospects in this Annual Report, to assess the principal risks of the business, to ensure that reliable systems of risk management and internal control are in place, and to provide a statement as to the Company's long-term viability.

Remuneration

Whilst the Board recognises that its employees are working in a sector that demonstrates both high demand for talent and associated rising labour costs, the Board's remuneration policy will seek at all times to be within acceptable boundaries. One of the Remuneration Committee's principal areas of focus for this year will be to review the policies put in place as part of our recent admission to AIM and to engage with stakeholders to consider changes should they be required.

Annual General Meeting

This year, our Annual General Meeting will be held at 2.00pm on 22 June 2017 at the Company's Head Office; 28 Campus Road, Listerhills Science Park, Bradford, BD7 1HR. I would like to invite all our shareholders to attend; myself and the rest of the Board look forward to meeting you.

Nigel Payne

Nigel Payne
Chairman
21 March 2017

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