

ECSC GROUP PLC | DEC 2016

ADMISSION TO AIM

THE UK'S LONGEST ESTABLISHED FULL SERVICE INFORMATION
AND CYBER SECURITY SERVICE PROVIDER

NOMINATED ADVISER & BROKER

Stockdale



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about what action to take you should consult an independent financial adviser authorised under the Financial Services and Markets Act 2000 who specialises in advising on investment in shares and other securities.

This Admission Document does not comprise a prospectus within the meaning of section 85 of FSMA and does not constitute an offer of transferable securities to the public in the United Kingdom, within the meaning of section 102B of FSMA and has not been approved or examined by and will not be filed with the Financial Conduct Authority, the UK Listing Authority or the London Stock Exchange, but comprises an AIM Admission Document and has been prepared in accordance with the AIM Rules.

Application will be made for the whole of the ordinary share capital of ECSC Group plc, in issue and to be issued, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings on AIM in the Ordinary Shares will commence on 14 December 2016. **AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list of the United Kingdom Listing Authority (the "Official List"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has not itself examined or approved the contents of this Admission Document.** The AIM rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not traded on any recognised investment exchange and no such applications have been made.

The whole text of this Admission Document should be read. The attention of investors is drawn in particular to the risk factors set out in Part II of this Admission Document.

ECSC Group plc

(Incorporated and registered in England and Wales with company number 03964848)

Placing of 3,513,185 Ordinary Shares at 167 pence per share

and

Admission to trading on AIM

Nominated Adviser and Broker

Stockdale Securities Limited

It is expected that Admission will become effective and that dealings will commence in the Ordinary Shares on AIM at 8.00am on 14 December 2016. The Ordinary Shares to be issued pursuant to the Placing will, on issue, rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission and will otherwise rank *pari passu* in all respects with the Existing Ordinary Shares.

The Company and each of the Directors, whose names are set out on page 6 of this Admission Document, accept responsibility for the information contained in this Admission Document, including individual and collective responsibility for compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Admission Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Stockdale, which is authorised and regulated in the UK by the FCA, is acting exclusively as nominated adviser and broker for ECSC Group plc and for no one else in connection with the matters described herein and will not be responsible to anyone other than ECSC Group plc for providing the protections afforded to customers of Stockdale, or for advising them on the contents of this Admission Document or any matter referred to herein. The responsibilities of Stockdale as the Company's nominated adviser and broker under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or any Director or Shareholder or to any other

person, in respect of any decision to acquire Ordinary Shares in reliance on any part of this Admission Document or otherwise.

Copies of this Admission Document will be available to the public free of charge during normal business hours on any day (Saturdays, Sundays and public holidays excepted) from the offices of Freeths LLP, One Vine Street, Mayfair, London W1J 0AH from the date of this document until one month after the date of Admission. Copies will also be available for download from the Company's website at www.ecsc.co.uk.

This Admission Document does not constitute an offer to sell, or a solicitation of an offer to buy, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful. In particular, this Admission Document is not for distribution in or into the United States, Canada, Australia, South Africa, the Republic of Ireland or Japan. The Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933 (as amended) nor under the securities legislation of any state of the United States or any province or territory of Canada, Australia, South Africa, the Republic of Ireland or Japan or in any country, territory or possession where to do so may contravene local securities law or regulations. Accordingly, the Ordinary Shares may not, subject to certain exemptions, be offered or sold directly or indirectly in or into, or to any national, citizen or resident of, the United States, Canada, Australia, South Africa, the Republic of Ireland or Japan.

No securities regulatory authority has expressed an opinion about the Ordinary Shares and it is an offence to claim otherwise. While information in this Admission Document derived from third parties is obtained from sources which the Company believes to be reliable, such information is not guaranteed as to its accuracy or completeness. Prospective investors should be aware that an investment in the Company is speculative and involves a high degree of risk. Certain risks to the Company are specifically described in Part II of this Admission Document headed "Risk Factors".

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Admission Document constitute forward-looking statements. When used in this Admission Document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "seek", "propose", "estimate", "expect", and similar expressions, as they relate to the Company, are intended to identify forward-looking statements. These statements are primarily contained in Parts I and II of this Admission Document. Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the Company's actual results, performance or achievements to vary from those described in this Admission Document. Should one or more of these risks or uncertainties materialise, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this Admission Document as intended, planned, anticipated, believed, sought, proposed, estimated or expected.

The forward-looking statements in this Admission Document are based on current expectations and intentions and are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements, of which certain risks are specifically described in Part II of this Admission Document. If one or more of these risks or uncertainties materialises, or if underlying assumptions prove to be incorrect, the Company's actual results may vary materially from those expected, estimated or projected. Given these risks and uncertainties, potential investors should not place any reliance on forward-looking statements. These forward-looking statements are stated as at the date of this Admission Document. Neither the Directors nor the Company undertake any obligation to update forward-looking statements or risk factors other than as required by the AIM Rules or by the rules of any other securities regulatory authority whether as a result of new information, future events or otherwise.

GENERAL

For the purpose of section 29 of FSMA, the Admission Document constitutes a financial promotion which has been issued by the Company, but the content of which is exempt by virtue of article 67 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. Investors should rely only on the information in this Admission Document. No person has been authorised to give any information or to make any representations or warranties in connection with the Placing other than those contained in this Admission Document and, if given or made, such information,

representations or warranties must not be relied upon as having been authorised by or on behalf of the Company, the Directors or Stockdale. No representation or warranty, express or implied, is made by Stockdale or any selling agent as to the accuracy or completeness of such information, and nothing contained in this Admission Document is, or shall be relied upon as, a promise or representation by Stockdale or any selling agent as to the past, present or future. Neither the delivery of this Admission Document nor any sale made under this Admission Document shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or of the Company taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to the earlier of the date hereof and any earlier specified date with respect to such information.

The Company does not accept any responsibility for the appropriateness, accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media or any other person regarding the Placing, or the Company. The Company makes no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

The contents of this Admission Document are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial or tax advice in relation to any purchase or proposed purchase of Ordinary Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold shares under applicable legal investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of an investment in Ordinary Shares for an indefinite period of time.

No person has been authorised to give any information or make any representation other than those contained in this Admission Document and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Directors or Stockdale. This Admission Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Company, the Directors, Stockdale or any of their representatives that any recipient of this Admission Document should subscribe for or purchase any of the Placing Shares.

Prior to making any decision as to whether to subscribe for or purchase any Ordinary Shares, prospective investors should read the entirety of this Admission Document and, in particular, the section headed "Risk Factors". Investors should ensure that they read the whole of this Admission Document and not just rely on key information or information summarised within it. In making an investment decision, prospective investors must rely upon their own examination of the Company and the terms of this Admission Document, including the risks involved. Any decision to purchase Ordinary Shares should be based solely on this Admission Document.

Investors who subscribe for or purchase Placing Shares in the Placing will be deemed to have acknowledged that: (i) they have not relied on Stockdale or any person affiliated with Stockdale in connection with any investigation of the accuracy of any information contained in this Admission Document for their investment decision; and (ii) they have relied only on the information contained in this Admission Document, and no person has been authorised to give any information or to make any representation concerning the Company or the Ordinary Shares (other than as contained in this Admission Document) and, if given or made, any such other information or representation should not be relied upon as having been authorised by or on behalf of the Company, the Directors or Stockdale.

None of the Company, the Directors, Stockdale or any of their representatives is making any representation to any subscriber or purchaser of Ordinary Shares regarding the legality of an investment by such subscriber or purchaser.

In connection with the Placing, Stockdale and any of its affiliates, acting as investors for their own accounts, may acquire Ordinary Shares, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Ordinary Shares and other securities of the Company or related investments in connection with the Placing or otherwise. Accordingly, references in this Admission Document to the Ordinary Shares being offered, subscribed, acquired, placed or otherwise dealt with should be read as including any offer to, or subscription, acquisition, dealing or placing by, Stockdale and any of its affiliates acting as investors for their own accounts. Stockdale does not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so. Stockdale and any of its

respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services to the Company, for which they would have received customary fees.

Stockdale and any of its respective affiliates may provide such services to the Company and any of its affiliates in the future.

Presentation of Financial Information

The report on financial information included in Section A of Part III of this Admission Document has been prepared in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and includes the related consent to its inclusion in this Admission Document as required by the AIM Rules for Companies and solely for that purpose.

Unless otherwise indicated, financial information in this Admission Document, including ECSC Group plc's financial information for the three years ended 30 September 2013, 2014 and 2015, and the nine months ended 30 June 2016 and the notes to that financial information, has been prepared in accordance with IFRS.

Rounding

Certain figures and percentages in this Admission Document have been subject to rounding adjustments. Accordingly, any apparent discrepancies in tables between the totals and the sums of the relevant amounts are due to rounding.

Currencies

Unless otherwise indicated in this Admission Document, all references to:

- “pounds sterling” or “£” are to the lawful currency of the UK; and
- “U.S. dollars”, “dollars” or “\$” are to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this Admission Document has been expressed in pounds sterling. The functional currency of the Company is pounds sterling and the Company presents its financial statements in pounds sterling.

Market, Economic and Industry Data

This Admission Document contains information regarding the Company's business and the industry in which it operates and competes, which the Company has obtained from various third party sources. Where information contained in this Admission Document originated from a third party source, it is identified where it appears together with the name of its source. Such third party information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from information published by the relevant third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Company has obtained the third party data in this Admission Document from industry studies, forecasts, reports, surveys and other publications.

CONTENTS

DIRECTORS, SECRETARY AND ADVISERS.....	6
PLACING AND ADMISSION STATISTICS	8
EXPECTED TIMETABLE OF PRINCIPAL EVENTS.....	8
DEFINITIONS & GLOSSARY	9
PART I INFORMATION ON THE COMPANY	13
PART II RISK FACTORS.....	30
PART III FINANCIAL INFORMATION.....	38
PART IV UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP	68
PART V ADDITIONAL INFORMATION	69

DIRECTORS, SECRETARY AND ADVISERS

Directors	<u>Nigel</u> Terrence Payne (<i>Non-Executive Chairman</i>) <u>Ian</u> Charles Mann (<i>Chief Executive Officer</i>) <u>Lucy</u> Sharp (<i>Chief Operating Officer</i>) <u>Keith</u> Patrick Andrew Kelly (<i>Chief Financial Officer</i>) <u>David</u> Carr Mathewson (<i>Non-Executive Director</i>) <u>Stephen</u> William Vaughan (<i>Non-Executive Director</i>) all of: 28 Campus Road Listerhills Science Park Bradford BD7 1HR
Registered Office	28 Campus Road Listerhills Science Park Bradford BD7 1HR
Telephone Number	01274 736 233
Company Secretary	Keith Patrick Andrew Kelly
Website	www.ecsc.co.uk
Nominated Adviser & Broker to the Company	Stockdale Securities Limited Beaufort House 15 St Botolph Street London EC3A 7BB
Reporting Accountant to the Company	BDO LLP 1 Bridgewater Place Water Lane Leeds LS11 5RU
Auditors to the Company	BDO LLP 1 Bridgewater Place Water Lane Leeds LS11 5RU
Solicitors to the Company	Freeths LLP One Vine Street Mayfair London W1J 0AH
Solicitors to the Nominated Adviser & Broker to the Company	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD

Financial PR

Yellow Jersey PR
Unit GO14, Metal Box Factory
30 Great Guildford Street
Southwark
London
SE1 0HS

Registrar

Equiniti Limited
Aspect House
Spencer Road
Lancing Business Park
West Sussex
BN99 6DA

PLACING AND ADMISSION STATISTICS

Number of Existing Ordinary Shares in issue immediately prior to Admission	6,000,120
Number of New Shares being issued pursuant to the Placing	2,994,011
Number of Sale Shares being sold pursuant to the Placing	519,174
Number of Placing Shares	3,513,185
Number of Ordinary Shares in issue on Admission	8,994,131
Placing Price	167 pence
Percentage of Enlarged Share Capital represented by the New Shares	33.3 per cent
Market capitalisation of the Company at Admission at the Placing Price	£15.0 million
Gross proceeds of the Placing	£5.9 million
Estimated net proceeds of the Placing receivable by the Company	£4.2 million
Estimated net proceeds of the Placing received by the Selling Shareholders	£0.8 million
TIDM	ECSC
SEDOL	BYMJ4J9
ISIN	GB00BYMJ4J99

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of publication of this Admission Document	12 December 2016
Admission becomes effective and dealings in Ordinary Shares expected to commence on AIM	8.00 a.m. on 14 December 2016
CREST accounts to be credited (where applicable)	8.00 a.m. on 14 December 2016
Despatch of definitive share certificates	on 14 December or as soon as practical thereafter

References to time are to UK time unless otherwise stated. Each of the times and/or dates referred to in the Admission Document are subject to change at the discretion of the Company and Stockdale and if any of the above times and/or dates should change, the revised times and/or dates will be notified by an announcement on a regulatory information service. All times are UK times.

DEFINITIONS & GLOSSARY

The following definitions apply throughout this Admission Document, unless the context requires otherwise:

“Admission”	admission of the entire share capital of the Company, issued and to be issued, to trading on AIM and such admission becoming effective in accordance with the AIM Rules for Companies;
“Admission Document”	this Admission Document;
“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies and the AIM Rules for Nominated Advisers, as appropriate;
“AIM Rules for Companies”	the rules published by the London Stock Exchange entitled “AIM Rules for Companies”;
“AIM Rules for Nominated Advisers”	the rules published by the London Stock Exchange entitled “AIM Rules for Nominated Advisers”;
“Articles”	the articles of association of the Company in force on Admission, a summary of which is set out in paragraph 5 of Part V of this Admission Document;
“Audit Committee”	the audit committee of the Board, details of which are set out in paragraph 18 of Part I of this Admission Document;
“BIS”	Department for Business, Innovation and Skills;
“Board”	the board of directors of the Company, from time to time;
“CAGR”	compound annual growth rate;
“certificated” or “in certificated form”	an Ordinary Share which is not in uncertificated form (that is, not in CREST);
“Company” or “ECSC”	ECSC Group plc, a company incorporated in England and Wales (registered number 03964848) and having its registered office at 28 Campus Road, Listerhills Science Park, Bradford, BD7 1HR;
“Companies Act”	the Companies Act 2006 (as amended from time to time);
“CREST”	the relevant system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
“CREST Accreditation”	means accreditation by a not-for-profit certification body for penetration testing services demonstrating organisational knowledge, skills and competence;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755), including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
“cyber security”	the protection of information systems from theft or damage to the hardware, the software, and/or to the information on them, as well as from disruption or misdirection of the services they provide;
“Directors”	the directors of the Company as at the date of this Admission Document, whose names are set out on page 6 of this Admission Document and “Director” means any one of them;
“Disclosure Committee”	the disclosure committee of the Board, details of which are set out in paragraph 18 of Part I of this Admission Document;
“Disclosure and Transparency Rules”	the disclosure and transparency rules made by the FCA in exercise of its functions as competent authority pursuant to Part VI of FSMA;
“EIS”	Enterprise Investment Scheme;

“Enlarged Share Capital”	the issued share capital of the Company immediately following Admission assuming that all of the New Shares are issued pursuant to the Placing;
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England & Wales with registered number 2878738, being the operator of CREST;
“Existing Ordinary Shares”	the 6,000,120 Ordinary Shares in issue immediately prior to Admission;
“Existing Shareholders”	the holders of the Existing Ordinary Shares;
“FCA”	the Financial Conduct Authority of the United Kingdom;
“FSMA”	the Financial Services and Markets Act 2000 of the UK (as amended), including any regulations made pursuant thereto;
“General Public Licence”	a widely used licence in the free and open source code software domain;
“GDPR”	the General Data Protection Regulation (Regulation EU 2016/679);
“Group”	the Company and its subsidiaries from time to time;
“Hactivism”	the subversive use of computers and computer networks to promote a political agenda;
“HMRC”	Her Majesty’s Revenue and Customs;
“IFRS”	International Financial Reporting Standards (including International Accounting Standards);
“Independent Shareholders”	all Shareholders other than any member of the Mann Concert Party;
“ISIN”	international security identification number;
“Lock-In Deed”	the deed between Stockdale, certain Existing Shareholders as more particularly set out therein and the Company, restricting the ability of those shareholders to sell their Ordinary Shares, details of which are set out in paragraph 15.2 of Part V of this Admission Document;
“London Stock Exchange”	London Stock Exchange plc;
“Mann Concert Party”	the following group of individuals: Ian Mann, Ravinder Mann, Brian Mann, Wendy Mann, Harjinder Kaur Bahra, Linda Brown, Lucy Sharp;
“MAR”	Market Abuse Regulation (Regulation 596/2014/EU);
“New Shares”	the 2,994,011 new Ordinary Shares to be issued by the Company pursuant to the Placing;
“New Share Option Scheme”	the ECSC Group plc Enterprise Management Investment (EMI) Share Option Plan 2016 adopted by resolution of the Board on 30 November 2016;
“Nomination Committee”	the nomination committee of the Board, details of which are set out in paragraph 18 of Part I of this Admission Document;
“Official List”	the Official List maintained by the UK Listing Authority pursuant to Part VII of FSMA;
“Options”	the options to be granted under the New Share Option Scheme, details of which are set out in paragraph 11 of Part V of this Admission Document;
“Ordinary Shares”	ordinary shares of 1 pence each in the capital of the Company;
“Panel”	the UK Panel on Takeovers and Mergers;

“PCI DSS”	the Payment Card Industry Data Security Standard, being a proprietary information security standard for organisations that handle branded credit cards from the major card schemes including Visa, MasterCard, and American Express. This standard is mandated by card brands;
“Placing”	the conditional placing of the Placing Shares by Stockdale, at the Placing Price pursuant to and in accordance with the Placing Agreement;
“Placing Agreement”	the conditional agreement between the Company, the Directors, and Stockdale relating to the Placing, details of which are set out in paragraph 15.1 of Part V of this Admission Document;
“Placing Price”	167 pence per Placing Share;
“Placing Shares”	together, the New Shares and the Sale Shares;
“QA”	QA Limited (Company no. 2413137), a provider of training to GCHQ;
“QCA”	the Quoted Companies Alliance;
“QCA Code”	the QCA Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 (as amended);
“QSA”	Qualified Security Assessor;
“Registrar”	Equiniti Limited, a company incorporated in England and Wales (registered number 06226088) and having its registered office at Aspect House, Spencer Road, Lancing Business Park, West Sussex, BN99 6DA;
“Relationship Agreement”	the relationship agreement, further details of which are set out at paragraph 15.6 of Part V of this Admission Document;
“Remuneration Committee”	the remuneration committee of the Board, details of which are set out in paragraph 18 of Part I of this Admission Document;
“Sale Shares”	collectively the 519,174 Existing Ordinary Shares to be sold by the Selling Shareholders to placees as part of the Placing;
“SEDOL”	Stock Exchange Daily Official List security identifier;
“Selling Shareholders”	each of those persons set out in paragraph 15.4 of Part V of this Admission Document;
“Selling Shareholders Agreement”	the conditional agreement between the Company, the Selling Shareholders, and Stockdale relating to the placing of the Sale Shares, details of which are set out in paragraph 15.4 of Part V of this Admission Document;
“Share Dealing Code”	the code on dealing in the Company’s securities adopted by the Board that complies with the AIM Rules and MAR;
“source code”	the version of software as it is originally written (i.e. typed into a computer) by a human in plain text;
“Stockdale” or “Nominated Adviser” or “NOMAD”	Stockdale Securities Limited, a company incorporated in England and Wales (registered number 00762818) and having its registered office at Beaufort House, 15 St Botolph Street, London, EC3A 7BB;
“Shareholders”	holders of Ordinary Shares, from time to time;
“Takeover Code”	the UK City Code on Takeovers and Mergers (as amended from time to time);
“TIDM”	tradable investment display mnemonic;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland;
“UKLA” or “UK Listing Authority”	the FCA, acting in its capacity as the competent authority for the purposes of Part VI of FSMA;

“uncertificated” or “in uncertificated form”	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations may be transferred by means of CREST;
“VAT”	Value Added Tax;
“VCT”	Venture Capital Trust;
“Warrant”	the warrants to subscribe for 89,941 New Shares, in aggregate, to be granted by the Company to Stockdale on Admission, details of which are set out in paragraph 15.5 of Part V of this Admission Document; and
“Warrant Instrument”	the instrument constituting the Warrants, further details on which are set out in paragraph 15.5 of Part V of this Admission Document.

PART I

INFORMATION ON THE COMPANY

1. INTRODUCTION

ECSC is a proven provider of cyber security services that offers a comprehensive range of solutions to a wide variety of clients. The Company's solid blue-chip client base covers a diverse range of sectors, and includes Holland & Barrett, Virgin East Coast Trains, Domino's Pizza, Barclays and GCHQ.

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

The Company has a growing market presence and has a long track record of being a profitable, cash generative and financially stable business, with revenues of £2.7 million for the year ended 30 September 2015, and gross profit of £2.2 million for that year. The Directors believe that the Company's revenue for the current financial year will show significant further growth when compared to previous financial years on a like for like basis. The senior management team, led by Ian Mann and Lucy Sharp, is committed to taking the business forward and accelerating its growth through its new status as a public quoted company. The operational management team has a long track record, with over 60 years' collective experience in the industry, and staff retention is high, averaging 91% for the last six years. The executive management team is supplemented by a strong public company board, comprising an experienced non-executive chairman and two experienced independent non-executive directors.

The Directors believe that the Company is one of the leading innovators in the UK in this fast-growing industry. UK market demand for cyber security services and products (estimated to be £3.3 billion for 2016) has seen an estimated CAGR of 6% between 2013 and 2016, with the Company achieving 16.9% CAGR in the same period. This is in the context of a global market predicted to grow to \$202 billion by 2021, with a CAGR of 10.6%.

The recent proliferation of cyber security breaches affecting some of the world's most prominent companies, together with the accompanying media publicity, has, in the Directors' belief, made cyber security a strategic issue for company boards. Accordingly, this has created a significant opportunity for the Company to accelerate ECSC's growth, through investment in the Company's staff. In addition, the Company intends to open a second security monitoring facility in a different time zone, which will strengthen its ability to provide a true 24/7 managed service. ECSC has initiated its carefully prepared plan to scale the business to meet market demand, and has undertaken significant recruitment activity, which is already well progressed for implementation immediately following Admission.

The Company is raising approximately £5.0 million (before expenses) by means of the Placing. As part of the Placing, it is proposed that Stockdale will undertake, on behalf of the Selling Shareholders, a placing of Sale Shares to raise a further £0.9 million. Further details of the Placing are set out in paragraph 16 of this Part I.

The proceeds of the Placing receivable by the Company will assist the funding of ECSC's growth strategy, and the Directors believe that Admission will, amongst other things, increase the Company's profile and enable the Company to continue its strong track record of retaining and incentivising key employees.

2. HISTORY AND BACKGROUND

ECSC was established in 2000 by Ian Mann and Lucy Sharp, who recognised the growing market need for cyber security services. ECSC initially created the Firehat Linux-based security operating system in response to the need for secure internal systems. This then became the foundation of the wide range of remotely managed cyber security services which

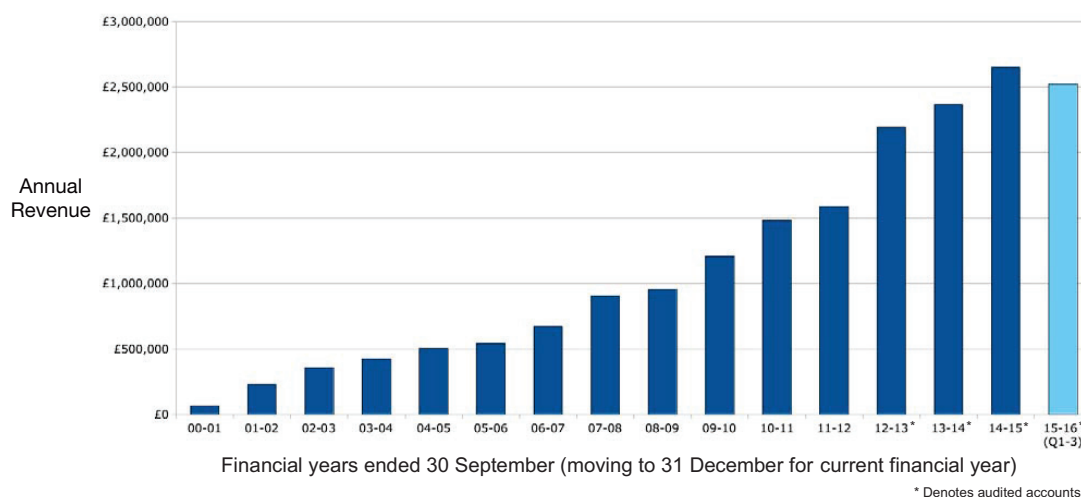
ECSC provides. In 2001, ECSC deployed its first client managed services, using ECSC's internally developed security technologies. Following this, ECSC received the 'Best New Technology' award at the Yorkshire Internet Awards in 2002.

In 2003, certification of all ECSC operations to the security international standard ISO 27001 was completed, with the subsequent roll-out of client services to help them meet this same standard. This was followed in 2007 by ECSC achieving status as a Payment Card Industry Data Security Standard (PCI DSS) Qualified Security Assessor (QSA) company. This enabled ECSC to offer services supporting retailers handling payment cards and their third-party service providers. The Company also added ISO 9001 quality certification covering the sales and operational delivery capability in the same year.

In 2009, ECSC obtained certification to ISO 20000 (IT Service Management standard), covering managed service delivery. The following year, ECSC became, so far as the Directors are aware, the first UK-based organisation to be certified as a Level 1 service provider for the PCI DSS standard, for cyber security managed services.

These major milestones in the Company's history have resulted in ECSC achieving consistent organic growth over 15 years, along with building its blue chip client-base, finding and retaining experienced staff, and developing an ability to add new service lines and product offerings, often in response to client demand.

The graph below shows the annual revenues of the Company for the 12 year period from 2000 to 2012, together with the audited Company revenues for the financial years ended 30 September 2013, 2014, 2015 and the audited 9 month revenue to June 2016. The Directors believe that this demonstrates a record of achieving consistent organic growth.



3. MARKET BACKGROUND

Organisations of all sizes are being impacted by cyber security breaches. Attacker motivation includes financial gain, hacktivism, industrial espionage and cyber warfare. Recent high-profile cyber security attacks against Tesco Bank, TalkTalk, Ashley Madison, and Yahoo (amongst others – as illustrated by the diagram on page 16) have caused major repercussions and significant reputational damage. As a result, cyber security has increasingly become a major board level concern.

The UK market for cyber security services and products was estimated to be approximately £3.3 billion with a CAGR of 6% between 2013 and 2016. (Source: 'Competitive analysis of the UK cyber security sector' published by BIS) The Company achieved 16.9% CAGR revenue growth in the same period. This is in the context of a global market predicted to grow from \$122 billion in 2015 to \$202 billion in 2021 (CAGR of 10.6%). (Source: Article 'Cyber Security Market Worth USD 202.36 Billion by 2021' published by Research and Markets. Within this, managed security services are expected to reach \$41 billion by 2022 (CAGR of 16.6%).

In ECSC's experience, most cyber security breaches occur because of poorly designed, badly configured IT systems, which are also managed inappropriately. In addition, the Directors believe that commercial pressures on providers of IT hardware, software, and services to introduce new products and services mean that cyber security weaknesses will continue to proliferate.

The Directors believe that the UK cyber security services market is fragmented, with many organisations providing only a small portion of what is required to meet clients' needs. The Directors believe that the Company, by contrast, provides a wide range of cyber and information security solutions, which means that it is well placed to pursue the market opportunity at this time.

4. GROWTH OPPORTUNITY

The Directors believe there is an opportunity to substantially increase the scale of ECSC's business to meet current demand and predicted market growth. This view is informed as regards:

ECSC as a company

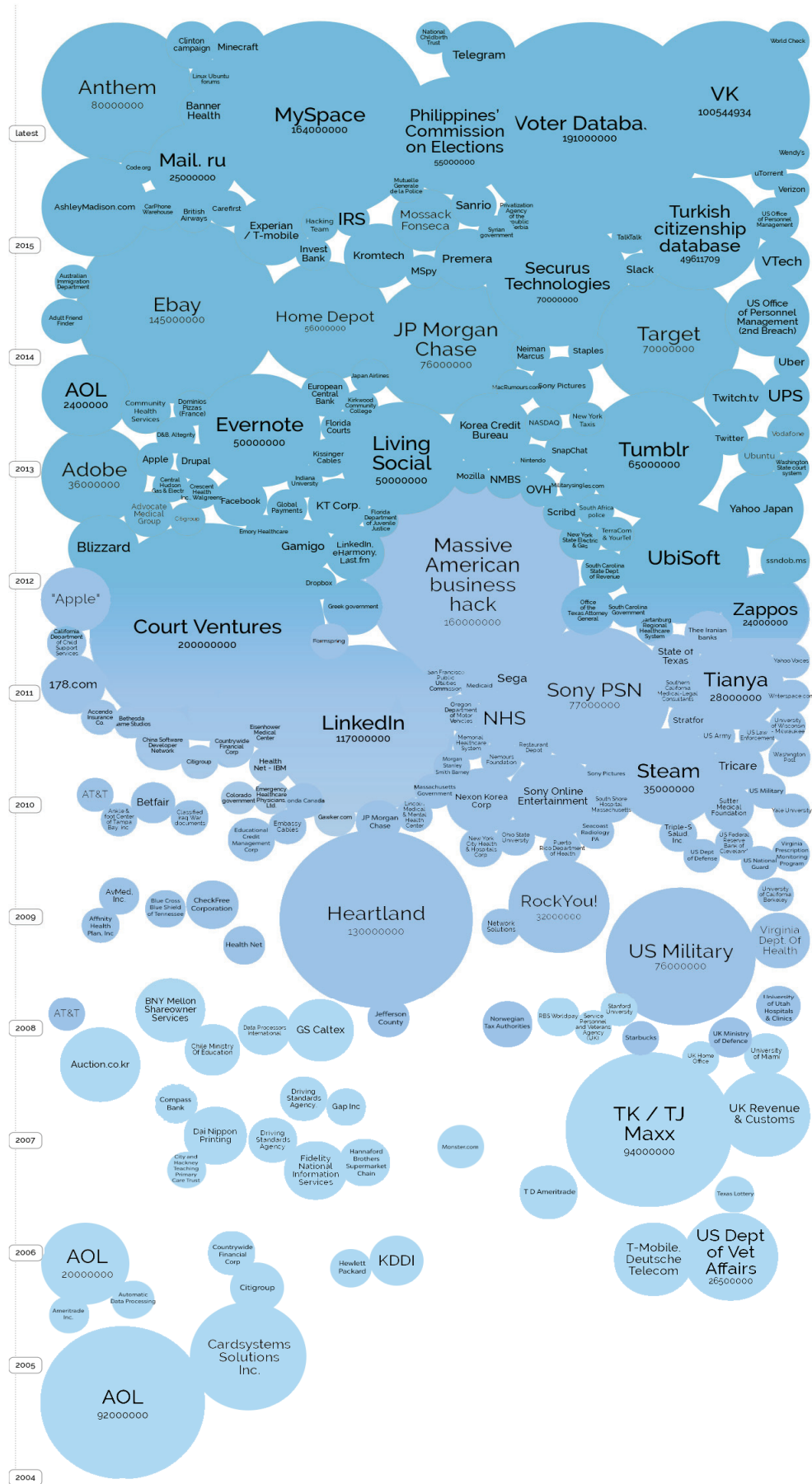
- ECSC's positioning as a proven, premium quality provider of cyber security services with a blue-chip client base
- The depth and breadth of ECSC's in-house developed technologies, methodologies and systems, specifically designed for remote managed services
- The fragmented competitor landscape, with relatively few competitors offering the wide range of cyber security services offered by ECSC

Market landscape

- The introduction of new IT products and services ahead of effective security implementation – hence the increasing frequency of data breaches
- The proliferation of breaches making cyber security a strategic governance issue for company boards
- New legislation under consideration by the Information Commissioner's Office in response to the planned coming into force in 2018 of the GDPR, an EU directive intended to harmonise data protection regulations throughout the EU and to strengthen the enforcement regime, will make breach reporting mandatory and provide for fines up to 4% of global turnover or up to €20 million (whichever is the greater) for cases of serious non-compliance. A House of Commons Select Committee Report dated June 2016 made numerous other recommendations as regards the strengthening of the legal requirements for companies in terms of preventing and responding to cyber security breaches

The rapid growth in cyber security breaches with significant organisational data loss is illustrated in the following diagram, which maps breaches since 2004 (Source: www.informationisbeautiful.net).

Each circle represents the volume of data lost, and the increasing density of incidents shows the scale of the growing problem from 2004 (at the bottom) to 2016 (at the top).



5. SERVICE OFFERING

ECSC's service offering comprises six areas:

5.1. Testing

Uncovering system weaknesses through testing, which can be summarised as 'hiring a (good) hacker'. The need to test systems and report on security vulnerabilities before they are exploited by a real attacker is now well established, with many security standards requiring at least annual testing. Testing is either carried out remotely across the Internet, or on-site, directly accessing client systems.

5.2. Cyber security review

Reviews of systems and associated processes are conducted with a view to producing a board level report on the effectiveness of current cyber security protection. This uses a ECSC developed methodology.

5.3. Incident response

The delivery of Incident Response is, in effect, a cyber security emergency service. Clients can elect (through a retainer) for 24/7/365 access to the ECSC Security Operations Centre to assist in breach identification, containment, and recovery.

5.4. Managed service solutions

This is the outsourcing of clients' cyber security activities to the ECSC Security Operations Centre. These services are often delivered through ECSC's own products; however, support for wider vendor products is also being introduced, starting in February 2016. The Directors believe that the combination of in-house developed technologies and certification as a PCI DSS Service Provider gives ECSC significant competitive advantage.

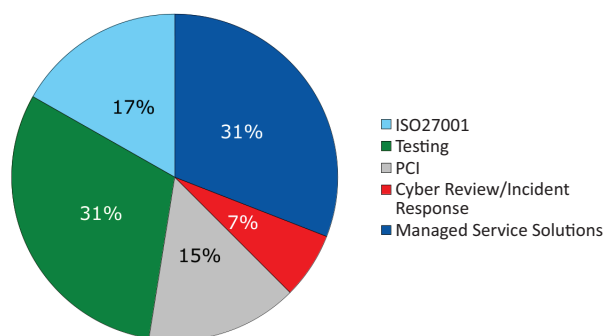
5.5. Consultancy – ISO 27001

ISO 27001 is a risk-based standard, designed to be adaptable to all organisations' information security management requirements. ECSC supports clients in their preparation for, and ongoing management of, certification to this international standard. Clients usually require this certification as part of their external customer assurance, where increasingly it is becoming a tender requirement in sectors such as government and finance. Final certification is carried out by an accredited certification body such as BSI.

5.6. Consultancy – PCI DSS

PCI DSS is a prescriptive technical standard, mandated globally for all those storing, processing, or transmitting payment card data for all cards branded by Visa, MasterCard, and American Express. Unlike ISO 27001, for the Payment Card Industry Data Security Standard (PCI DSS) the client's consultant is also their final assessor. These roles are carried out by ECSC's Qualified Security Assessors (QSAs), who assist and, where necessary, certify both retail merchants and also their third-party service providers.

The pie chart below illustrates the breakdown of the Group's gross profits in the 9 month period ending 30 June 2016 in terms of the service offerings described above:



6. BUSINESS MODEL AND COMPETITIVE ADVANTAGE

As a service-led organisation, most of ECSC's services are sold on a time and materials basis. Managed services are usually contracted for between one and three years, with clients purchasing the necessary hardware for installation on their site or a remote hosting facility. The set-up and installation of managed services is also chargeable, followed by a fixed monthly management fee for the contract duration. Additional management charges can apply for additional activities, such as out-of-hours support or incident response.

Other consultancy-type services are normally chargeable on a daily basis. ECSC also sells pre-paid consultancy time to support client projects remotely. These are tracked in 15 minute blocks, facilitating earnings for consultant time deployed outside of on-site days.

Recently, ECSC has introduced a retainer for clients wishing to guarantee an incident response if required. Additional charges apply when a response is initiated.

ECSC has developed a cyber security service model using a consultancy-led approach, which is summarised by the philosophy of 'listen, understand, and deliver'. ECSC's client development strategy is to build strong client trust relationships by demonstrating ECSC's technical capabilities and effective management communication.

The Company's business model is to provide a 'full service' of cyber security solutions to meet the client's security needs, ranging from testing and incident response through to outsourcing and certifications.

In the Directors' experience, over the medium to long-term, clients tend to gravitate towards ECSC's outsourced managed security services rather than build their own in-house capabilities. This benefits clients, as they will be required to recruit and retain fewer specialist staff, and benefits the Company with longer-term revenues and economies of scale. The Directors believe that the trend towards outsourcing will continue and that 'full service' providers will be better placed to benefit from this. Rapid adoption of full outsourced services has historically proven to be more likely following a breach and an associated ECSC incident response.

7. MISSION AND VISION

ECSC's mission is 'to find, and develop, the best people, technology, and methodologies to help our clients meet the challenge of making their use of information and communications technologies more secure'.

ECSC's organisational vision is to 'attract and develop talented, motivated individuals, inspired and empowered to deliver excellence in all aspects of our internal and client relationships'.

Staff retention has averaged 91% annually for the last six years, which the management team believes is due to the internal focus on ECSC's core values of:

- Integrity – always trying to do the right thing
- Collaboration – supporting each other to exceed our individual capabilities
- Commitment – a professional dedication and focus on learning and development

8. RESEARCH, DEVELOPMENT AND INTELLECTUAL PROPERTY

Central to ECSC's capabilities is the understanding of current threats to, and emerging vulnerabilities within, existing IT systems. Therefore, ECSC undertakes threat intelligence research that enables both product development and also risk and consulting methodologies.

The Company has developed a comprehensive range of proprietary security solutions over its 15 years since inception. Each solution comprises open source elements, combined with ECSC-owned technologies. Currently, ECSC's chosen hardware is provided by Dell, branded as ECSC – providing a low cost, reliable and high-performance platform.

All development is copyrighted to the Company and all employee developed intellectual property is Company owned. ECSC's intellectual property falls into two broad categories:

(I) Software development and systems architecture

Source code for Managed Service products and associated Security Operation Centre monitoring, alerting and management systems. At the core of this capability is the ECSC Firehat Secure Platform Linux, which delivers a feature rich and flexible security environment, designed to build effective and responsive solutions, including:

1. Titan – Enterprise Security Gateway
2. Europa – SME Internet Protection
3. Ariel – Log Analysis and Incident Response
4. Titania – Intrusion Prevention (IPS)
5. Ganymede/Rhea – Intrusion Detection (IDS)
6. Oberon – Email Security Protection
7. Umbriel – PCI DSS Authentication and Access Control
8. Omega – Dedicated PCI Payment Terminals
9. Centaurus – Multi-function PCI Payment Desktops
10. Deimos – SME/Small Office Gateway Security
11. Prometheus – Incident Response Traffic Monitoring and Recording

(II) Cyber security methodologies and know-how

These are the methodologies and techniques that are used in the delivery of ECSC's services. ECSC's long track record means that the Company has a wealth of experience and project examples to draw upon when solving any client challenge.

ECSC also has internal organisational sales information gathered over more than ten years.

All current intellectual property is tracked, documented and reported regularly by the CTO. The Company is diligent in ensuring it meets any licensing obligations regarding the use of, and or modification of, open source software.

9. CLIENTS

The Directors believe that ECSC's proven track record in acquiring blue-chip clients demonstrates the quality of the Company's service-led offering, and positions it well to deliver rapid growth in this dynamic market.

ECSC places a high value on its client relationships, and takes great care not to share details of specific services provided to each client. Services may include Incident Response, where no information can be made public, or managed services, which includes specific monitoring and detection information that needs to remain secret, even within the client organisation itself.

ECSC provides services to a wide range of clients across the major sectors of industry. The clients listed below are a sample of currently active* clients:

Virgin East Coast Trains	Holland & Barrett
Domino's Pizza	Barclays
TUI	Odeon Cinemas
EMC	London Overground Rail
Rentokil	Hastings Insurance
Newcastle Building Society	2 Sisters Food Group
Comic Relief	Cofunds
Yorkshire Water	Willis Towers Watson
Aberdeen Asset Management	South West Water
The Institute of Engineering & Technology	Aegis
GCHQ (delivered through QA)	Slimming World

* active defined as invoiced in 2016.

10. SALES & MARKETING

Current marketing involves a number of activities, all aimed at the identification of new prospective clients, or new projects for existing clients.

At the heart of ECSC's marketing strategy is the publication of trusted thought leadership content to build brand reputation and drive new client acquisitions. These publications are delivered through a number of mechanisms, including:

- Regular email publications to over 11,000 contacts aligned to the Company's service offerings
- Major presence at Infosecurity Europe each year, with the 2016 show being attended by 18,000 people
- The Company website, where all publications can be obtained, along with a cyber security news page summarising important industry news that is updated weekly
- Google Adwords, which targets specific service lines and offers related publications

The Directors believe that the excellent reputation built by ECSC results in regular client referrals and expanding business opportunities when client contacts move on in this fluid skills market.

The external sales team is responsible for the identification and scoping of client opportunities, and the delivery and closing of sales proposals. The internal delivery teams retain final approval authority for all sales proposals and specifications, as a critical quality control.

The internal sales team is responsible for booking meetings resulting from marketing leads or previous contact follow-up, and providing account management support to the external sales team.

ECSC has developed its own dedicated internal custom CRM system (customer relationship management). This system gives enhanced data security over shared 'Cloud' systems, and allows more customisation for the ECSC sales process. As of 31 August 2016, this system held internally generated data on over 37,000 contacts across more than 12,000 organisations.

This CRM system is also integrated with ECSC's custom managed services client ticketing and reporting systems.

11. COMPETITION, COMPETITIVE ADVANTAGES AND BARRIERS TO ENTRY

The Directors believe the competitive environment in this sector is fragmented and nascent, with a high variability in the quality of service. As such, clients are keen to select providers on the basis of demonstrable technical competence and with an established reputation for such potentially sensitive services:

- An incident response may require the containment of a breach to avoid the need for public disclosure
- Testing services are expected to uncover weaknesses that, if not addressed, could provide an entry route for a real attacker

This presents a significant barrier to entry for new providers without that track record, particularly in targeting blue-chip organisations. ECSC has a long track record of delivery across a wide range of clients and sectors, providing a strong case to prospective clients.

In addition, certain industry certifications, such as PCI DSS and *CREST* Accreditation, require a trading history in the sector as a pre-requisite for entry.

Thus, the Directors believe that ECSC's history and blue-chip client list offer a significant competitive advantage. In addition, the Directors believe that quality of service is an important factor in terms of maintaining long-term relationships with clients and generating more services.

The consulting approach of the ECSC team is built on a customised approach for every client. For example, ECSC uses highly personalised cyber security review methodology, to present an easy-to-understand picture of an organisation's current cyber security risks and capabilities, to the client's senior management and executive directors.

ECSC's managed services and custom technologies, which have been developed in-house over more than 15 years, give a significant cost advantage compared with the alternative of vendor products managed by a client's own personnel.

ECSC's cyber security technologies usually involve less capital investment in equipment for the client, avoid the need to recruit and retain expensive in-house staff, and bypass layers of vendor support in respect of third-party software.

12. USE OF PROCEEDS, REASONS FOR ADMISSION, AND GROWTH STRATEGY

The Directors' primary reason for seeking Admission is the provision of working capital to execute ECSC's growth strategy outlined below. Additional benefits from Admission will include raising ECSC's profile and further enhancing its credibility with potential clients and employees.

The proposed growth strategy, building on the existing proven organic growth to date, takes advantage of the current market opportunities for a provider of cyber security services such as ECSC. To execute this strategy, the Directors have prepared detailed plans to scale up the existing successful Company processes, both for client acquisition and delivery. This is a natural evolution of the success to date, and does not require the addition of significant new skills.

Planned developments to be facilitated by the proceeds of the IPO include:

- Investment in accelerated recruitment, to take the current headcount of 50 to circa 200 by the end of 2018 (subject to certain sales revenue milestones). Development of cyber security sales and consulting 'academies', giving industry-leading training and career development
- The opening of an Australian Security Operations Centre (SOC) to facilitate 24/7/365 global manned operations, opening wider market opportunities with UK-based global enterprises who expect 24/7 monitoring and response

This location has been chosen as it gives:

- a 'trusted' regulatory and government environment, with historical intelligence links to the UK and USA
- a highly skilled work force
- an appropriate time-zone to facilitate round-the-clock working with the UK
- A permanently manned London sales and incident response centre, giving enhanced penetration in this key client region
- An enhanced marketing and PR function, supporting new products and services
- Strengthened balance sheet

The Company's current financial plan does not include any projections for direct sales within Australia or internationally, although the Directors expect to establish an initial small international sales operation in Australia following the successful execution of the key elements of the UK plan.

The Directors have a detailed implementation plan to manage the growth strategy. Extensive work has already been carried out throughout 2016 on the implementation of the long prepared plan, including:

- Extensive recruitment activities to facilitate rapid appointments post-Admission. Following in-depth competitor analysis, the Company has created an industry target list of over 1,300 individuals. Advertising and direct approaches have resulted in over 400 applicants, leading to over 130 interviews, for a target of approximately 22 initial post-IPO positions. A number of final interviews have already been completed, with 19 offers being made to date, in preparation for contracts to be signed shortly after Admission.
- New appointments, including building out the management team, have been progressing since 2015:
 - The finance team was expanded by two appointments in September 2015 in anticipation of the IPO and post IPO requirements

- Sales management has been split between two Sales Directors, to allow more focus on managed services
- The position of “consulting service manager” has been created with the first position already filled at this level
- Additional management support has been put in place, supporting the functioning of the PLC board
- The marketing function has been expanded, and external PR support initiated
- Engagement with advisers regarding the Australian operation in order to facilitate a rapid operational initiation following IPO
- Detailed financial planning has been carried out to the end of 2021

13. SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The historical financial information of the Company for each of the three years ended 30 September 2013, 2014 and 2015 and for the nine months ended 30 June 2016 is set out in Part III of this Admission Document.

The following summary financial information on the Company has been extracted without material adjustment from the financial information contained in Part III of this Admission Document and should be read in conjunction with the full text of this Admission Document. Investors should not rely solely on this summarised financial information.

	Year ended 30 September 2013 Audited £	Year ended 30 September 2014 Audited £	Year ended 30 September 2015 Audited £	9 months ended 30 June 2016 Audited £
Summary of Income Statement				
Revenue	2,192,589	2,366,587	2,650,395	2,522,937
Operating profit	521,810	441,369	454,770	297,133
Profit before tax	521,810	441,369	454,770	298,949
Profit after tax	409,722	395,943	423,197	278,531
Summary of Cash Flow Statement				
Net cash flow from operations	525,384	266,132	471,826	280,097
Net cash flow used in investing activities	(175,841)	(145,575)	(157,739)	(236,465)
Net cash flow from financing activities	(197,354)	(252,187)	(228,911)	(109,558)
Net increase/(decrease) in cash and cash equivalents	152,189	(131,630)	85,176	(65,926)
	As at 30 September 2013 Audited £	As at 30 September 2014 Audited £	As at 30 September 2015 Audited £	As at 30 July 2016 Audited £
Summary of Statement of Financial Position				
Total assets	1,030,773	1,092,904	1,377,327	1,670,284
Total liabilities	669,979	588,353	678,491	802,475
Total equity attributable to the owners of the Company	360,794	504,551	698,836	867,809

14. CURRENT TRADING AND PROSPECTS

The historical financial information of the Company for each of the three years ended 30 September 2013, 2014 and 2015 and for the nine months ended 30 June 2016 is set out in Part III of this Admission Document.

The Directors are pleased with the Company's performance during the current year to date, which is in line with expectations and shows continued new business wins and increasing demand for the Company's products and services.

The historical financial information for the nine months ending 30 June 2016 indicates turnover growth in excess of 25% by comparison with the same period in the 2015 financial year. In future periods, ECSC will prepare financial statements in respect of periods ending 31 December, starting with the period ending 31 December 2016.

The Directors expect growth in trading to accelerate following Admission, as the proceeds are used to scale up the operation to meet market demand. Although the results for the first year following Admission are expected to reflect the planned capacity investments, the Directors then expect the year ending 31 December 2018 to reflect the benefits of that greater capacity.

15. DIRECTORS AND SENIOR MANAGEMENT

On Admission, the Board will consist of three executive directors and three non-executive directors. The Directors will be responsible for the management and operations of the Group.

Directors

Nigel Terrence Payne (age 56) – 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 (age 49) – 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 (age 36) – 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 Patrick Andrew Kelly (age 59) – 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 Carr Mathewson (age 69) – 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, an Italian company and Chairman of Veltco Group Plc, also traded on AIM.

Stephen William Vaughan (age 56) – 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 Mobica 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.

Senior Management

Paul Lambsdown (age 57) – Sales Director

Paul joined ECSC in 2007 having previously been sales director of the Elonex PC computer business.

Ian Castle (age 52) – Chief Technical Officer

Ian joined ECSC in 2003 and is responsible for the development of ECSC's security technologies. Ian has previously worked as both a PCI QSA and penetration tester.

16. DETAILS OF THE PLACING

The Company is proposing to raise approximately £5.0 million (before expenses) through a placing by Stockdale of 2,994,011 New Shares at a price of 167 pence per share. In addition, 519,174 Sale Shares held by the Selling Shareholders will be sold at the Placing Price.

Stockdale has entered into the Placing Agreement with the Company and the Directors. Under the Placing Agreement, Stockdale has conditionally agreed to use its reasonable endeavours, as agent for the Company, to procure subscribers for the New Shares at the Placing Price. Stockdale has, in addition, entered into the Selling Shareholders Agreement with the Selling Shareholders, pursuant to which Stockdale has conditionally agreed to use its reasonable endeavours, as agent for the Selling Shareholders, to procure purchasers for the Sale Shares at the Placing Price. The majority of the Placing Shares are being placed with institutional investors.

The Placing, which has not been underwritten or guaranteed, is conditional, *inter alia*, on Admission taking place on or before 8.00 am on 14 December 2016 (or such later date as the Company and Stockdale may agree, but in any event being not later than 30 December 2016), and on the Placing Agreement becoming unconditional and not being terminated prior to Admission.

The New Shares will be issued credited as fully paid and will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after Admission. The Sale Shares are already credited as fully paid. The New Shares will represent approximately 33.3% of the Enlarged Share Capital. On Admission, at the Placing Price, the Company will have a market capitalisation of approximately £15.0 million.

Pursuant to the terms of the Selling Shareholders Agreement, the Selling Shareholders have agreed to sell the Sale Shares at the Placing Price, having provided customary warranties to Stockdale in respect of, *inter alia*, their title and ability to sell the Sale Shares.

Application will be made to the London Stock Exchange for the admission of the Enlarged Share Capital to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 14 December 2016.

Warrants over 89,941 new Ordinary Shares with an exercise price of 167 pence per Ordinary Share have been granted to Stockdale. The Warrants have an exercise period from Admission to the date falling on the third anniversary of Admission on the terms of the Warrant Instrument.

Further details of the Placing Agreement, Selling Shareholders Agreement and the Warrant Instrument are set out in paragraph 15 of Part V of this Admission Document.

17. ACCOUNTING PERIODS AND DIVIDEND POLICY

The Company has historically prepared its financial statements on the basis of a financial year ending 30 September. On 2 December 2016, the directors of the Company passed a resolution to change the Company's accounting reference date to 31 December, by extending the current financial period so as to end on 31 December 2016.

The declaration and payment by the Company of any future dividends on the Ordinary Shares will depend on the results of the Company's operations, its financial condition, cash requirements, future prospects, profits available for distribution and other factors deemed to be relevant at the time.

The Board recognises the importance of dividend income to shareholders and intends to adopt, at the appropriate time, a progressive dividend policy to reflect the expectation of future cash flow generation and long term earnings potential of the Company. However, the Board does not currently expect to pay a dividend in the immediately foreseeable future.

18. 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 intend to apply its principles to the Company, as far as they consider appropriate for a company of its size and nature.

Following Admission, the Board will comprise six directors, three of whom shall be executive directors and three of whom shall be 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 intends to meet regularly following Admission and will be 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 will receive appropriate and timely information. Briefing papers will be 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 will 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 auditors, 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 auditors. The Audit Committee will meet at least twice a year and will have unrestricted access to the Company's auditors. The Audit Committee comprises David Mathewson and Stephen Vaughan and will be chaired initially 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 is expected to meet 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 Stephen Vaughan and Nigel Payne and will be chaired initially by Stephen 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 will also be responsible for identifying and nominating candidates to fill Board vacancies as and when they arise. The Nomination Committee will also make recommendations to the Board concerning, among other things, plans for succession for both executive and non-executive directors. It is expected to meet at least twice a year. The Nomination Committee comprises Nigel Payne and David Mathewson and will be chaired initially by Nigel Payne.

Disclosure Committee

The Disclosure Committee shall be 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 is expected to meet twice a year and comprises of David Mathewson and Keith Kelly and will be chaired initially by David Mathewson.

19. WORKING CAPITAL

The Directors are of the opinion that, having made due and careful enquiry and taking into account the net proceeds of the Placing receivable by the Company, the working capital available to the Company and its Group will be sufficient for their present requirements, that is, for at least 12 months from the date of Admission.

20. SHARE DEALING CODE

The Board has adopted a share dealing code which governs dealings by the Directors and employees (as well as certain relevant persons) in the Company's securities and which is appropriate for a company whose shares are admitted to trading on AIM (in order to, *inter alia*, ensure compliance with Rule 21 of the AIM Rules and with MAR).

21. SHARE INCENTIVE ARRANGEMENTS

The Board recognises the importance of ensuring that the management and employees of the Group are effectively and appropriately incentivised and their interests aligned with those of the Company and that the ongoing success of the Company depends to a high degree on retaining and incentivising the performance of key members of senior management.

To that end, the Company has adopted the New Share Option Scheme. No grants under the New Share Option Scheme have been made or will be made prior to Admission. The remuneration committee of the Board will prepare and review proposals for the grant of Options following Admission. A summary of the New Share Option Scheme is set out in paragraph 11 of Part V of this Admission Document.

Following Admission, it is the intention of the Board, in due course, to grant Options to certain senior employees under the New Share Option Scheme. The grant of Options shall be subject to appropriate terms set by the Remuneration Committee.

Of the senior employees in the Company, Lucy Sharp (Chief Operating Officer) is expected to be granted Options under the New Share Option Scheme (the "LS Options"). Lucy Sharp is a member of the Mann Concert Party. Whilst the grant of the LS Options will not in itself require a member (or members) of the Mann Concert Party to make a Rule 9 offer pursuant to the Takeover Code, the future exercise of the LS Options and consequent issue and allotment of Ordinary Shares to Lucy Sharp may trigger a requirement for a member (or members) of the Mann Concert Party to make a Rule 9 offer under the Takeover Code.

The Panel may agree to waive the obligation on the members of the Mann Concert Party to make a general offer that would otherwise arise as a result of the increased holding of Ordinary Shares following the exercise of the LS Options. Any such waiver would, however, be conditional on the approval of the Independent Shareholders at a general meeting of the Company to be decided on a poll.

22. LOCK-IN AND ORDERLY MARKETING ARRANGEMENTS

Under the terms of the Lock-In Deed, each of those Existing Shareholders who will hold shares after Admission (including the Directors), representing, in aggregate, approximately 61.6% of the Company's issued share capital on Admission, has agreed not to dispose of any interests owned by him or any connected person prior to the date which is 12 months from the date of Admission. In addition, for a further 12 month period following the end of the original lock-in period, they will only dispose of their shares through Stockdale during that period in such a way as to maintain an orderly market. Further details of these arrangements are set out in paragraph 15.2 of Part V of this Admission Document.

23. ADMISSION, SETTLEMENT AND DEALINGS

Application will be made to the London Stock Exchange for the Ordinary Shares, including those issued and to be issued pursuant to the Placing, to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Enlarged Share Capital will commence on 14 December 2016.

The Articles permit the Company to issue Ordinary Shares in uncertificated form in accordance with the CREST Regulations. CREST is a computerised share transfer and settlement system. The system allows shares and other securities to be held in electronic form rather than paper form, although a Shareholder can continue dealing based on share certificates and written forms of transfer. For private investors who do not trade frequently, this latter course is likely to be more cost-effective. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in Ordinary Shares held in uncertificated form following Admission will take place within the CREST system.

24. RELATIONSHIP AGREEMENT

The Company, certain covenantors and Stockdale have entered into the Relationship Agreement, pursuant to which those covenantors have given undertakings to the Company and to Stockdale in relation to their conduct with the Company and with respect to their shareholdings in the Company. Further details of these arrangements are set out in paragraph 15.6 of Part V of this Admission Document.

25. THE TAKEOVER CODE

The Company is a public company incorporated in England and Wales, and application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. The Takeover Code applies to all companies who have their registered office in the UK, Channel Islands or Isle of Man and whose securities are traded on a regulated market in the UK or a stock exchange in the Channel Islands or Isle of Man or a multi-lateral trading facility (such as AIM). Accordingly, the Company is subject to the Takeover Code and therefore all Shareholders are entitled to the protections afforded by it. Further information on the key provisions of the Takeover Code is set out in paragraph 6 of Part V of this Admission Document.

The Takeover Code governs, *inter alia*, transactions which may result in a change of control of a public company to which the Takeover Code applies. Rule 9 of the Takeover Code states that any person who acquires, whether by a series of transactions over a period of time or not, an interest (as defined in the Takeover Code) in shares which (taken together with shares in which that person is already interested or in which persons acting with him are interested), carry 30% or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all the remaining shareholders to acquire their shares.

Similarly, Rule 9 of the Takeover Code also provides that when any person, together with persons acting in concert with him, is interested in shares which, in aggregate, carry more than 30% of the voting rights of such company but does not hold shares carrying more than 50% of such voting rights, a general offer will normally be required if any further interest in shares is acquired which increases the percentage of shares carrying voting rights in which he, together with persons acting in concert with him, are interested.

Rule 9 of the Takeover Code further provides, among other things, that where any person who, together with persons acting in concert with him, holds over 50% of the voting rights of a company, acquires any further shares carrying voting rights, they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares, though Rule 9 of the Takeover Code would remain applicable to individual members of a concert party who would not be able to increase their percentage interest in the voting rights of such company through or between Rule 9 thresholds without complying with the requirements of Rule 9 or first obtaining a waiver from the Takeover Panel.

Under the Takeover Code, there is a non-exhaustive list of persons who will be presumed to be acting in concert with other persons in the same category unless the contrary is established. This list includes:

- (a) the close relatives of a founder of a company to which the Takeover Code applies and the related trusts of any of them, all with each other; and
- (b) shareholders in a private company who, following a re-registration of the company as a public company in connection with an initial public offering or otherwise, become interested in shares in a company to which the Takeover Code applies.

Accordingly, all Shareholders who were Shareholders in the Company prior to its re-registration as a public company and Admission, could be deemed to be acting in concert due to the rebuttable presumption referred to in (b) above.

The Panel has confirmed that it views a concert party to exist which comprises of the following persons: Ian Mann, Ravinder Mann, Brian Mann, Wendy Mann, Harjinder Kaur Bahra, Linda Brown and Lucy Sharp (the "Mann Concert Party")

Immediately following Admission, the Mann Concert Party will directly or indirectly hold 3,718,317 Ordinary Shares representing 41.3% of the Enlarged Share Capital.

As the holding of the Mann Concert Party exceeds 30% of the Enlarged Share Capital, the Company may be required to seek the approval of the Panel and the Independent Shareholders for waiver of the provisions of Rule 9 of the Takeover Code in the event of (i) further acquisitions of Ordinary Shares by any member of the Mann Concert Party, or (ii) awards of Options to the executive Directors and other employees who are members of the Mann Concert Party or the award of the LS Options (to allow such Options or the LS Options to be exercised without an obligation to make a Rule 9 offer).

26. ANTI-BRIBERY POLICY

The Company currently has an anti-bribery policy in place and all employees of the Company are made aware of the policy and the process for reporting any instances of bribery by virtue of its inclusion in the staff handbook.

27. TAXATION

Information regarding the tax position of UK resident Shareholders under United Kingdom law and HMRC practice as at the date of this Admission Document is set out in paragraph 14 of Part V of this Admission Document. That information is intended only as a general guide. **If you are in any doubt as to your tax position, you should contact your independent professional adviser.**

28. VCT/EIS

The Company has obtained advance assurance from HM Revenue & Customs that it should be a qualifying company for EIS purposes and the New Shares should be eligible shares under the VCT provisions. However, investors should be aware that, whilst advance assurance has been obtained from HM Revenue & Customs, the Directors cannot guarantee that the New Ordinary Shares of the Company will satisfy, and will continue to satisfy, the requirements for tax relief under the EIS and/or VCT rules.

The continuing status of the New Shares as qualifying for EIS and/or VCT purposes will be conditional on the qualifying conditions being satisfied throughout the relevant period of ownership.

By the issue of this document, none of the Company, the Directors, or Stockdale gives any warranty, representation or undertaking that any investment in the Company by way of New Shares will be or will continue to be a qualifying investment for EIS and/or VCT purposes. EIS and VCT eligibility is also dependent on the Shareholder's own position and not just that of the Company. Accordingly, investors should take their own advice in this regard. Investors are also referred to the risk factors set out in Part II of this Admission Document.

29. RISK FACTORS

Prospective investors should consider carefully the risk factors described in the section headed "Risk Factors" and set out in Part II of this Admission Document, in addition to the other information set out in this Admission Document and their own circumstances, before deciding to invest in Ordinary Shares.

30. FURTHER INFORMATION

You should read the whole of this Admission Document and not just rely on the information contained in this Part I. Your attention is drawn to the information set out in Parts II to V (inclusive) of this Admission Document which contain further information on the Company.

In particular, your attention is drawn to the risk factors set out in Part II of this Admission Document. In addition to all other information set out in this Admission Document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

PART II

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Accordingly, prospective investors should carefully consider the risks and uncertainties described below, together with all other information contained in this Admission Document, before making any decision to invest in the Ordinary Shares. The Company's business, financial condition, results of operations and prospects could be materially and adversely affected by any or a combination of the risks described below. Additional risks and uncertainties relating to the Company's business that are not currently known to the Directors, or that the Directors currently deem immaterial, could also have a material adverse effect on the Company's business, financial condition, results of operations or prospects. If any such circumstances were to occur, the market price of the Ordinary Shares could decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Ordinary Shares is suitable for them in light of the information in this Admission Document and their personal circumstances. If investors are in any doubt about any action they should take, they should consult a competent independent professional adviser who specialises in advising on the acquisition of quoted securities.

Prospective investors should be aware that an investment in the Company is speculative and involves a high degree of risk. In addition to the other information contained in this Admission Document, the Directors believe that the following risk factors are the most significant for potential investors and should be considered carefully in evaluating whether to make an investment in the Company. If any of the risks described in this Admission Document actually occur, the Company may not be able to conduct its business as currently planned and its financial condition, operating results and cash flows could be seriously harmed. In that case, the market price of the Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost. However, the risks listed do not necessarily comprise all those associated with an investment in the Company. In particular, the Company's performance may be affected by changes in market or economic conditions and in legal, regulatory and tax requirements. The risks listed below are not set out in any particular order of priority.

1. RISKS SPECIFIC TO THE COMPANY'S ACTIVITIES

Dependence on key executives and personnel

The Company's future 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, or will, subject to Admission, enter, 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 the Company 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 the aims set out in this Admission Document. 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. Furthermore, the Company may decide to change aspects of its strategy described in this Admission Document. 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.

Further funding requirements

Although not presently anticipated by the Directors, the Company may, in the future (that is, more than twelve months from the date of Admission), need to raise further 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 9 month period to 30 June 2016, the Company's top customers accounted for a significant proportion 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, and intends to continue to take, 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 future 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 (including 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 confidentiality of the Company's intellectual property were comprised, 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 obliges 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. Accordingly, investors should not rely on comparisons with the Company's results to date as an indication of future performance. 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.

2. 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. Statements in this Admission Document in relation to tax and concerning the taxation of investors in Ordinary Shares are based on current tax law and practice which is subject to change. The taxation of an investment in the Company depends on the specific circumstances of the relevant investor.

The nature and amount of tax which members of the Company expect to pay and the reliefs expected to be available to any member of the Company are each dependent upon a number of assumptions, any one of which may change and which would, if so changed, affect the nature and amount of tax payable and reliefs available.

Enterprise Investment Scheme

Advance assurance has been received from HM Revenue & Customs that the Company satisfies the conditions for being a qualifying company and the New Shares are eligible for the purposes of the EIS provisions. The actual availability of the relief under the EIS provisions will be contingent, *inter alia*, upon certain conditions being met by both the

Company and the relevant investors. Neither the Company, the Board nor the Company's advisers give any warranties, representations or undertakings that EIS relief will be available or that, if initially available, such relief or status will not be withdrawn. Should the law regarding EIS change then any reliefs or qualifying status previously obtained may be lost. Circumstances may arise (which may include the sale of the company) where the Board believes that the interests of the Group are not best serviced by acting in a way that preserves EIS tax relief (including capital gains tax reliefs). In such circumstances, the Group cannot undertake to conduct its activities in a way designed to secure or preserve any such relief or status claims by any Shareholder. If the Group 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 the business outlined in this Admission Document or acquires or commences a business which is not insubstantial to the Group's activities and which is a non-qualifying trade for EIS purposes, this could prejudice the qualifying status of the company (as referred to above) 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

Advanced assurance has been received from HM Revenue & Customs that the New Shares will be eligible for the purposes of section 258(3A) of the Income Tax Act 2007 (the "ITA") and that certain of such shares will be "qualifying holdings" for the purposes of Chapter 4, Part 6, ITA. In order for the New Shares to be "qualifying holdings" for VCT purposes, *inter alia*, the Company must satisfy and continue to satisfy the relevant requirements. There is no guarantee that any particular VCT will qualify for relief in respect of an acquisition of the New Shares. The conditions for relief are complex and depend not only upon the qualifying status of the Company, but upon certain factors and characteristics of the VCT concerned. VCTs who believe they may qualify for VCT relief should consult their own tax advisers regarding this. By the issue of this document, neither the Company, the Board nor the Company's advisers give any warranties, representations or undertakings that the Company will meet or continue to meet any conditions relating to VCT relief. Should the law regarding VCTs change then any reliefs or qualifying status previously obtained may be lost. 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 claimed by any Shareholder. Investors considering making a qualifying VCT investment are recommended to seek their own professional advice in order that they may fully understand how the reliefs may apply to their individual circumstances.

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.

3. RISKS ASSOCIATED WITH THE ORDINARY SHARES

General investment

A number of factors outside the Company's control could impact on its performance and the price of its Ordinary Shares, including investor sentiment and local and international stock market conditions.

Shareholders should recognise that the price of shares may fall as well as rise and that the market price of the Ordinary Shares may not reflect the underlying value of the Company.

AIM

Application will be made for the Ordinary Shares to be admitted to AIM, a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. An investment in shares quoted on AIM may carry a higher risk than an investment in shares quoted on the Official List. AIM has been in existence since June 1995 but its future success, and liquidity in the market for the Company's securities, cannot be guaranteed.

Volatility

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Company's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company's performance.

Therefore, investors should be aware that, following Admission, the market price of the Ordinary Shares may be volatile and may go down as well as up and investors may therefore be unable to recover their original investment and could even lose their entire investment.

Illiquidity

There will have been no public trading market for the Ordinary Shares prior to Admission. As a consequence, there can be no assurance that an active trading market will develop after Admission or, if developed, that an active trading market will be sustained. Therefore, the Ordinary Shares may be illiquid in the short to medium term and, accordingly, investors may find it difficult to sell their Ordinary Shares, either at all or at an acceptable price.

The Company cannot predict the extent to which investor interest in the Ordinary Shares will lead to the development of a trading market or how liquid such a market might become. Investors may experience greater price volatility and less efficient execution of buy and sell orders than expected. The Company cannot guarantee that it will always retain a quotation on AIM. If the Company fails to do so, certain investors may decide to sell their Ordinary Shares, which could have an adverse impact on the share price. Additionally, if in the future the Company decides to obtain a listing on another exchange, in addition to AIM or as an alternative, this may affect the liquidity of the Ordinary Shares traded on AIM.

Finally, the free float of the Company following Admission will be limited in light of the Lock-In Deed and this may also have an impact on liquidity.

The future performance of the Company cannot be guaranteed

There is no certainty and no representation or warranty is given by any person that the Company will be able to achieve any returns referred to in this Admission Document. The financial operations of the Company may be adversely affected by general economic conditions, by conditions within the UK stock market generally or by the particular financial condition of other parties doing business with the Company.

If the Company's revenues do not grow, or grow more slowly than anticipated, or if its operating or capital expenditures exceed expectations and cannot be adjusted sufficiently, the market price of its Ordinary Shares may decline. In addition, if the market for securities of companies in the same sector or the stock market in general experiences a loss in investor confidence or otherwise falls, the market price of the Ordinary Shares may fall for reasons unrelated to the Company's business, results of operations or financial condition.

Dilution of existing Shareholders' interests

The Company may need to raise additional funds in the future to finance the expansion of the Company's operations and/or the Company may elect to issue Ordinary Shares as consideration for acquisitions. If additional funds are raised through the issuance of new equity of the Company other than on a *pro rata* basis to existing Shareholders, the percentage ownership of the existing Shareholders may be reduced, and/or any new securities issued may have preferred rights, options and pre-emption rights senior to the Ordinary Shares.

Control Risks

As at the date of Admission the members of the Mann Concert Party are expected to control the majority of the Ordinary Shares. This means that the members of the Mann Concert Party will have the power to exercise significant influence over all matters requiring Shareholder approval, including the election and removal of the Directors, amendment to the Articles, approval of final dividends and share buybacks, compromises and schemes of arrangement under English law and mergers. This could have the effect of preventing the Company from entering into transactions that could be beneficial to it or its Shareholders.

The Relationship Agreement entered into and as described at paragraph 24 of Part I of this Admission Document regulates aspects of the continuing relationship between the Company and the members of the Mann Concert Party, with a view to ensuring that the Company is capable at all times of carrying on its business independently of the Mann Concert Party and that future transactions between the Company and the various members of the Mann Concert Party are on arm's length terms and on a normal commercial basis. The Relationship Agreement is described in more detail in paragraph 15.6 of Part V of this Admission Document.

Dividend policy

There can be no assurance as to the level of future dividends (if any). The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Board, and will depend on, among other things, the Company's earnings, financial position, cash requirements and availability of profits. A dividend may never be paid. The Company's current dividend policy is set out in paragraph 17 of Part I of this Admission Document.

Prospective investors should therefore consider carefully whether an investment in the Company is suitable for them, in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

PART III

FINANCIAL INFORMATION

SECTION A: ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF ECSC GROUP PLC

Set out below is the text of a report by the reporting accountant, BDO LLP, covering the three financial years ended 30 September 2013, 2014 and 2015 and the nine months ended 30 June 2016.



BDO LLP
1 Bridgewater Place
Water Lane
Leeds
LS11 5RU

12 December 2016

The Directors
ECSC Group plc
28 Campus Road
Listerhills Science Park
Bradford
West Yorkshire
BD7 1HR

The Directors
Stockdale Securities Limited
Beaufort House
15 St. Botolph Street
London
EC3A 7BB

Dear Sirs

ECSC Group plc (the “Company”) and its subsidiary undertaking (together, the “Group”)

Introduction

We report on the financial information set out in Section B of Part III. This financial information has been prepared for inclusion in the Admission Document dated 12 December 2016 of the Company (the “Admission Document”) on the basis of the accounting policies set out in note 3 to the financial information. This report is required by paragraph (a) of Schedule Two of the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose. We have not audited or reviewed the financial information for the nine months ended 30 June 2015 which has been included for comparative purposes only and accordingly do not express an opinion thereon.

Responsibilities

The Directors of the Company are responsible for preparing the financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with

Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America or other jurisdictions outside the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Company as at 30 September 2013, 2014 and 2015 and 30 June 2016 and of its profits, cash flows and changes in equity for the three years ended 30 September 2013, 2014 and 2015 and the nine months ended 30 June 2016 in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

BDO LLP

Chartered Accountants

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

SECTION B: HISTORICAL FINANCIAL INFORMATION OF ECSC

1. STATEMENT OF COMPREHENSIVE INCOME

		Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited Nine months ended 30 June 2016 £	Unaudited Nine months ended 30 June 2015 £
	Note					
Revenue	5	2,192,589	2,366,587	2,650,395	2,522,937	1,978,447
Cost of sales		(358,773)	(371,133)	(453,583)	(448,696)	(342,804)
Gross profit		1,833,816	1,995,454	2,196,812	2,074,241	1,635,643
Other income	6	—	19,801	26,569	20,206	19,802
Distribution Costs		(122,764)	(159,557)	(176,381)	(207,062)	(132,396)
Exceptional items – proposed IPO costs		—	—	—	(5,937)	—
Administrative expenses		(1,189,242)	(1,414,329)	(1,592,230)	(1,584,315)	(1,205,133)
Operating profit	7	521,810	441,369	454,770	297,133	317,916
Finance income		—	—	—	1,816	—
Profit before taxation		521,810	441,369	454,770	298,949	317,916
Taxation	9	(112,088)	(45,426)	(31,573)	(20,418)	(36,586)
Profit for the period		409,722	395,943	423,197	278,531	281,330
Other comprehensive income		—	—	—	—	—
Total comprehensive income for the period		409,722	395,943	423,197	278,531	281,330
Attributable to equity holders of the Company		409,722	395,943	423,197	278,531	281,330
Earnings per share for profit attributable to the ordinary equity holders of the Company:						
Basic EPS	10	0.09	0.08	0.09	0.06	0.06
Diluted EPS	10	0.09	0.08	0.09	0.06	0.06

2. STATEMENT OF FINANCIAL POSITION

		Audited As at 30 September 2013 £	Audited As at 30 September 2014 £	Audited As at 30 September 2015 £	Audited As at 30 June 2016 £
	Note				
ASSETS					
Non-current assets					
Intangible assets	11	73,684	166,507	253,964	309,358
Property, plant and equipment	12	94,751	84,451	67,086	156,060
Trade and other receivables	14	—	—	—	79,611
Total non-current assets		168,435	250,958	321,050	545,029
Current assets					
Inventory	13	1,637	603	1,038	446
Trade and other receivables	14	490,704	602,976	731,696	867,192
Cash and cash equivalents	15	369,997	238,367	323,543	257,617
Total current assets		862,338	841,946	1,056,277	1,125,255
TOTAL ASSETS		1,030,773	1,092,904	1,377,327	1,670,284
Current liabilities					
Trade and other payables	16	535,132	517,762	620,198	717,459
Corporation tax payable	16	87,110	27,290	—	—
Total current liabilities		622,242	545,052	620,198	717,459
Non-current Liabilities					
Provisions	17	47,737	43,301	58,293	85,016
Total non-current liabilities		47,737	43,301	58,293	85,016
TOTAL LIABILITIES		669,979	588,353	678,491	802,475
NET ASSETS		360,794	504,551	698,836	867,809
EQUITY					
Equity attributable to owners of the parent:					
Share capital	18	22,381	22,381	22,381	23,950
Share premium account		75,009	75,009	75,009	158,197
Retained earnings		263,404	407,161	601,446	685,662
TOTAL EQUITY		360,794	504,551	698,836	867,809

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

3. STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium £	Retained earnings £	Total £
Balance at 1 October 2012	22,381	75,009	51,036	148,426
Profit and total comprehensive income for the year	—	—	409,722	409,722
Transaction with owners:				
Dividends	—	—	(197,354)	(197,354)
Balance at 30 September 2013	22,381	75,009	263,404	360,794
Profit and total comprehensive income for the year	—	—	395,943	395,943
Transaction with owners:				
Dividends	—	—	(252,186)	(252,186)
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
Transaction 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	—	—	278,531	278,531
Transaction with owners:				
Issue of shares	1,569	83,188	—	84,757
Dividends	—	—	(194,315)	(194,315)
Balance at 30 June 2016	23,950	158,197	685,662	867,809

4. STATEMENT OF CASH FLOWS

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited Nine months ended 30 June 2016 £	Unaudited Nine months ended 30 June 2015 £
Cash flow from operating activities					
Profit for the period/year before taxation	521,810	441,369	454,770	298,949	317,916
Adjustment for:					
Amortisation of intangibles	8,187	28,507	54,873	60,524	41,155
Depreciation of property, plant and equipment	21,182	34,545	32,774	31,573	24,653
Cash from operating activities before changes in working capital	551,179	504,421	542,417	391,046	383,724
Change in inventory	4,038	1,034	(435)	592	263
Change in trade and other receivables	(126,027)	(112,272)	(92,722)	(225,176)	75,263
Change in trade and other payables	165,535	(40,370)	102,436	115,491	56,436
Cash generated from operating activities	594,725	352,813	551,696	281,953	515,686
Income tax paid	(69,341)	(86,681)	(79,870)	(1,857)	(4,162)
Net cash flow from operations	525,384	266,132	471,826	280,098	511,524
Acquisition of property, plant and equipment	(93,970)	(24,245)	(15,409)	(120,547)	(11,813)
Development costs capitalised	(81,871)	(121,330)	(142,330)	(115,918)	(106,748)
Net cash flow used in investing activities	(175,841)	(145,575)	(157,739)	(236,465)	(118,561)
Dividends paid	(197,354)	(252,187)	(228,911)	(194,315)	(193,169)
Proceeds from issuance of shares	—	—	—	84,757	—
Net cash used in financing activities	(197,354)	(252,187)	(228,911)	(109,558)	(193,169)
Net increase/(decrease) in cash & cash equivalents	152,189	(131,630)	85,176	(65,926)	199,794
Cash and equivalent at beginning of period	217,808	369,997	238,367	323,543	238,367
Cash and equivalent at end of period	369,997	238,367	323,543	257,617	438,161

NOTES TO THE FINANCIAL INFORMATION

1. General information

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.

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

2. Presentation of financial information

The financial information has 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").

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

3. Accounting policies

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

Basis of accounting

The financial information has been prepared on the historical cost basis except as stated.

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 information has 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 information.

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 year and allow comparison with prior periods.

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.

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.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. Acquisition related costs are expensed as incurred and included in administrative expenses.

When the Company acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for the non-controlling interest over the fair value of the identifiable net assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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.

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

Inventories

Inventories are carried at the lower of cost and 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 at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, 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.

- **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. For assets that have indefinite lives, the recoverable amount is estimated at each reporting date.

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.

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.

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.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Events after the balance sheet date

Post period-end events that provide additional information about the Company's position are reflected in the financial information. Post period-end events that are not adjusting events are disclosed in the notes when material.

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 (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.

Related parties

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.

4. 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 reviewed as stated below.

Revenue recognition

Management considers the nature of the Company's contracts with customers and recognises 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.

Trade receivables – recoverability

Using information at the Statement of Financial Position date, management makes judgements based on experience regarding the level of provision required to account for potentially uncollectible receivables.

Development costs – capitalised

Management estimates 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.

5. Revenue and segment information

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

For the three years ended 30 September 2015, the Directors consider that there were two reportable operating segments: Consulting & Assessment and Management & Support. There were a small number of other transactions recorded during each period which are not considered to be part of either of the two reportable operating segments. These are presented below within the 'Other' caption and are not significant.

For the 9 months ended 30 June 2016, the Directors consider that there were three operating segments (three divisions) Consulting & Assessment, Management & Support and Vendor Products.

During this period, the Chief Operating Decision Maker ("CODM") received information on financial performance on this divisional basis. There were a small number of other transactions recorded during the period which are not considered to be part of the three reportable operating segments. These are presented below within the 'Other' caption and are not significant. It is not possible to re-allocate the 2013-2015 results to show what the results would have looked like on the basis of the current three reportable segments, as sufficient information is not available, and any such allocation would be on an arbitrary basis inconsistent with how the business operated and was managed.

In the period from 1 October 2012 to 30 June 2016, the CODM did 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 three years ended 30 September 2015 and the 9 months ended 30 June 2015 was as follows:

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Unaudited 9 months ended 30 June 2015 £
Revenue				
Consulting and Assessment	1,251,261	1,499,729	1,722,544	1,269,712
Management and Support	777,662	678,370	702,217	534,105
Other	163,666	188,488	225,634	174,630
	2,192,589	2,366,587	2,650,395	1,978,447
Gross profit				
Consulting and Assessment	1,251,261	1,499,729	1,722,544	1,269,712
Management and Support	777,662	678,370	702,217	534,105
Other	(195,107)	(182,645)	(227,949)	(168,174)
	1,833,816	1,995,454	2,196,812	1,635,643

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 '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 30 June 2016 were as follows:

	Consultancy and Assessment £	Management and Support £	Vendor Products £	Other £	Total £
Revenue – external	1,692,943	690,795	138,898	301	2,522,937
Gross profit	1,416,406	647,834	9,702	299	2,074,241
Operating expenses	1,106,707	645,924	52,182	(27,705)	1,777,108
Segment result – operating profit	309,699	1,910	(42,480)	28,004	297,133

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 customers who contributed more than 10% of revenue:

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
Customer 1	313,000	251,000	256,000	116,000	206,000
Customer 2	—	—	—	134,000	—

Revenue by country was as follows:

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
Channel Islands	25,716	4,053	13,675	3,013	3,532
Egypt	13,585	—	14,523	8,697	14,523
France	—	10,431	22,449	15,449	22,449
Ireland	29,243	24,743	102,290	22,782	113,817
Netherlands	26,868	—	—	—	—
South Africa	—	—	—	52,264	—
UAE	6,706	—	—	—	—
USA	31,555	54,750	100,068	40,186	78,398
United Kingdom	2,058,916	2,272,610	2,397,390	2,380,546	1,745,728
	2,192,589	2,366,587	2,650,395	2,522,937	1,978,447

6. Other income

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
Grant income	—	19,801	26,569	20,206	19,802

7. Operating profit

Operating profit is stated after charging:

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
Depreciation of owned assets	21,182	34,545	32,774	31,573	24,653
Amortisation of intangibles – development costs	8,187	28,507	54,873	60,524	41,155
Allowance provision on trade receivables	—	23,053	8,384	5,011	8,384
Auditors' remuneration	—	—	—	25,000	—
Operating lease charge – Property	30,375	40,500	40,500	30,375	30,375
Inventories expensed	—	—	—	22,780	—

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.

8. Employee benefit expense

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

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
Wages and salaries	850,051	1,043,398	1,213,697	1,207,922	909,474
Social security costs	103,618	119,724	143,712	140,397	106,901
	953,669	1,163,122	1,357,409	1,348,319	1,016,375

8. Employee benefit expense – continued

Directors' and key management remuneration – included above

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
Wages and salaries	257,666	302,434	306,993	289,122	187,144
Social security costs	28,150	33,976	35,590	34,759	25,733
Pension contributions	24,640	29,592	31,656	24,994	23,742
	310,456	366,002	374,239	348,875	236,619

No individuals have been identified other than directors of the Company who are considered to be part of key management.

Amounts paid to the highest paid director in the period were as follows:

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
Wages and salaries	50,000	60,000	60,000	45,000	45,000
Pension contributions	1,200	1,200	1,200	900	900
	51,200	61,200	61,200	45,900	45,900

The average number of employees during the year was:

	Audited Year ended 30 September 2013 No.	Audited Year ended 30 September 2014 No.	Audited Year ended 30 September 2015 No.	Audited 9 months ended 30 June 2016 No.	Unaudited 9 months ended 30 June 2015 No.
Directors	7	7	7	7	7
Operational	19	23	27	36	27

9. Taxation

Recognised in the Statement of Comprehensive Income

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
UK corporation tax – current tax on profit for the year	91,000	27,291	16,595	(6,401)	23,467
Over/under provision in prior period	(49)	(429)	(14)	96	—
Deferred tax	21,137	18,564	14,992	26,723	13,119
	112,088	45,426	31,573	20,418	36,586

A credit has been recognised as a result of an R&D tax credit claim being made in 2016 in respect of the FY14 and FY15 periods, in addition to an estimated figure for the 9 months to June 16.

Reconciliation of effective tax rate

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
Profit/(loss) before tax	521,810	441,369	454,770	298,949	317,916
Tax at the UK Corporation tax rate of 23.5%/22%/20.5%/20%/20.67%	122,625	97,101	93,228	59,790	65,713
Expenses not deductible for tax purposes	1,738	1,951	1,581	1,766	1,845
Marginal relief and tax rate adjustment	(11,221)	(5,551)	(1,315)	—	—
Ineligible depreciation	1,580	1,558	1,070	627	—
Research and Development Tax Credit	—	(48,860)	(63,404)	(40,710)	(30,533)
Deferred tax not recognised	(863)	845	—	—	—
Over/under provision in prior period	(49)	(429)	(14)	96	—
Other	(1,722)	(1,189)	427	(1,151)	(439)
	112,088	45,426	31,573	20,418	36,586

Deferred tax

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
Origination and reversal of timing differences	21,137	18,564	14,992	26,723	13,119
	<u>21,137</u>	<u>18,564</u>	<u>14,992</u>	<u>26,723</u>	<u>13,119</u>

10. 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:

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
Net profit attributable to equity holders of the Company	<u>409,722</u>	<u>395,943</u>	<u>423,197</u>	<u>278,531</u>	<u>281,330</u>
	<u>No.</u>	<u>No.</u>	<u>No.</u>	<u>No.</u>	<u>No.</u>
Initial weighted average number of ordinary shares	22,381	22,381	22,381	23,807	22,381
Adjusted to reflect:					
Split into 100 1p shares	2,238,100	2,238,100	2,238,100	2,380,684	2,238,100
Bonus Issue	2,461,910	2,461,910	2,461,910	2,618,753	2,461,910
Adjusted weighted average number of ordinary shares	<u>4,700,010</u>	<u>4,700,010</u>	<u>4,700,010</u>	<u>4,999,437</u>	<u>4,700,010</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Basic earnings per share	0.09	0.08	0.09	0.06	0.06
Diluted earnings per share	<u>0.09</u>	<u>0.08</u>	<u>0.09</u>	<u>0.06</u>	<u>0.06</u>

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 for each period presented.

11. 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 2012	—
Additions	81,871
As at 30 September 2013	81,871
As at 1 October 2013	81,871
Additions	121,330
As at 30 September 2014	203,201
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	115,918
As at 30 June 2016	461,449
Amortisation	
As at 1 October 2012	—
Amortisation charge for the year	8,187
As at 30 September 2013	8,187
As at 1 October 2013	8,187
Amortisation charge for the year	28,507
As at 30 September 2014	36,694
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	60,524
As at 30 June 2016	152,091
Net book value	
As at 1 October 2012	—
As at 30 September 2013	73,684
As at 30 September 2014	166,507
As at 30 September 2015	253,963
As at 30 June 2016	309,358

12. Property, plant and equipment

	Leasehold Property £	Office Furniture and Equipment £	Computer Equipment £	Motor Vehicles £	Total £
Cost					
As at 1 October 2012	—	26,369	72,000	—	98,369
Additions	42,163	4,729	47,078	—	93,970
Disposals	—	(22,809)	(49,091)	—	(71,900)
As at 30 September 2013	42,163	8,289	69,987	—	120,439
Additions	3,784	11,092	9,369	—	24,245
Disposals	—	—	—	—	—
As at 30 September 2014	45,947	19,381	79,356	—	144,684
Additions	—	—	15,409	—	15,409
Disposals	—	—	—	—	—
As at 30 September 2015	45,947	19,381	94,765	—	160,093
Additions	—	—	72,871	47,676	120,547
Disposals	—	—	—	—	—
As at 30 June 2016	45,947	19,381	167,636	47,676	280,640
Depreciation and impairment					
As at 1 October 2012	—	18,998	57,408	—	76,406
Charge for the year	953	5,773	14,456	—	21,182
On Disposals	—	(22,809)	(49,091)	—	(71,900)
As at 30 September 2013	953	1,962	22,773	—	25,688
Charge for the year	8,999	3,241	22,305	—	34,545
As at 30 September 2014	9,952	5,203	45,078	—	60,233
Charge for the year	7,199	2,836	22,739	—	32,774
As at 30 September 2015	17,151	8,039	67,817	—	93,007
Charge for the period	4,320	1,593	23,580	2,080	31,573
As at 30 June 2016	21,471	9,632	91,397	2,080	124,580
Net book value					
As at 1 October 2012	—	7,371	14,592	—	21,963
As at 30 September 2013	41,210	6,327	47,214	—	94,751
As at 30 September 2014	35,995	14,178	34,278	—	84,451
As at 30 September 2015	28,796	11,342	26,948	—	67,086
As at 30 June 2016	24,476	9,747	76,239	45,596	156,060

13. Inventory

	Audited As at 30 September 2013 £	Audited As at 30 September 2014 £	Audited As at 30 September 2015 £	Audited As at 30 June 2016 £
Inventory	1,637	603	1,038	446

14. Trade and other receivables

	Audited As at 30 September 2013 £	Audited As at 30 September 2014 £	Audited As at 30 September 2015 £	Audited As at 30 June 2016 £
Trade receivables	419,603	522,813	598,954	741,706
Other receivables	8,300	9,300	8,300	102,274
Prepayments and accrued income	62,801	70,863	88,444	76,894
Corporation tax recoverable	—	—	35,998	25,929
	490,704	602,976	731,696	946,803

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

Other receivables at 30 June 2016 includes an amount of £79,611 due from certain directors which is stated at amortised cost. This is estimated to be repayable in December 2017 and has been discounted using a market rate of interest, and is included in non-current assets in the Statement of Financial Position.

15. Cash and cash equivalents

	Audited As at 30 September 2013 £	Audited As at 30 September 2014 £	Audited As at 30 September 2015 £	Audited As at 30 June 2016 £
Cash and bank balance	369,997	238,367	323,543	257,617

A bank overdraft of up to £250,000 is secured personally by one of the directors. Interest is charged at 5.5% above the bank's base rate.

16. Trade and other payables

	Audited As at 30 September 2013 £	Audited As at 30 September 2014 £	Audited As at 30 September 2015 £	Audited As at 30 June 2016 £
Trade payables	99,217	89,233	93,513	97,965
Corporation tax	87,110	27,290	—	—
Other taxation and social security	107,204	141,557	137,278	175,995
Other payables	328,711	286,972	389,407	443,499
	622,242	545,052	620,198	717,459

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

17. Provisions for liabilities

	Deferred tax £	Dilapidation Provision £	Total £
As at 1 October 2012	3,600	—	3,600
Movement through income statement for the period	21,137	23,000	44,137
As at 30 September 2013	24,737	23,000	47,737
Movement through income statement for the period	18,564	(23,000)	(4,436)
As at 30 September 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	26,723	—	26,723
As at 30 June 2016	85,016	—	85,016

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.

18. 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 30 September 2013	16,178	16,178	16,178	16,178
At 30 September 2014	16,178	16,178	16,178	16,178
At 30 September 2015	16,178	16,178	16,178	16,178
At 30 June 2016	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 30 September 2013	6,203	6,203	6,203	6,203
At 30 September 2014	6,203	6,203	6,203	6,203
At 30 September 2015	6,203	6,203	6,203	6,203
At 30 June 2016	7,772	7,772	7,772	7,772

The ordinary shares have a par value of £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. The A and B shares rank equally in all respects.

1,569 shares were issued in the period ended 30 June 2016 for £84,757, resulting in the recognition of share premium of £83,188.

The A and B shares were split on 30 March 2011. 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 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.

19. 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 information. 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:

	Audited As at 30 September 2013 £	Audited As at 30 September 2014 £	Audited As at 30 September 2015 £	Audited As at 30 June 2016 £
Financial assets				
<i>Loans and receivables:</i>				
Trade receivables	419,603	522,813	598,954	741,706
Other receivables	8,300	9,300	8,300	102,274
Cash and cash equivalents	369,997	238,367	323,543	257,617
Total financial assets	797,900	770,480	930,797	1,101,597
Financial liabilities measured at amortised cost				
Trade and other payables	279,396	231,035	350,212	369,546
Total financial liabilities	279,396	231,035	350,212	369,546

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

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 this financial information, 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:

	Audited As at 30 September 2013 £	Audited As at 30 September 2014 £	Audited As at 30 September 2015 £	Audited As at 30 June 2016 £
Current	244,757	248,239	278,483	385,593
Up to 30 days	141,538	215,290	144,689	170,919
30 to 60 days	13,563	36,495	96,496	149,706
90 days and older	19,745	45,842	79,286	40,499
Bad debt provision	—	(23,053)	—	(5,011)
	419,603	522,813	598,954	741,706

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

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

There would be no material impact resulting from a change in interest rates.

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 risks

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 Sterling.

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

	Audited As at 30 September 2013 \$	Audited As at 30 September 2014 \$	Audited As at 30 September 2015 \$	Audited As at 30 June 2016 \$
US Dollars	—	26,319	84,882	10,105
	—	26,319	84,882	10,105

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

Liquidity risks

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:

	Audited As at 30 September 2013 £	Audited As at 30 September 2014 £	Audited As at 30 September 2015 £	Audited As at 30 June 2016 £
Trade and other payables	473,710	448,742	563,756	527,311

20. Related party transactions

Key management personnel compensation has been disclosed in note 8.

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

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

	Audited As at 30 September 2013 £	Audited As at 30 September 2014 £	Audited As at 30 September 2015 £	Audited As at 30 June 2016 £
Dividends paid to Directors and their close family members	191,947	241,328	220,367	186,238
Total	191,947	241,328	220,367	186,238

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 are included in the financial information at £79,611, being their amortised cost.

An additional loan of £12,547 was made to a director in the period ended 30 June 2016. This loan is interest free and repayable on demand but remained outstanding as at 30 June 2016. This loan is shown within trade and other receivables.

21. Share based payments

Equity-settled share based payments

The Company operates an Enterprise Management Incentive Share Scheme. At each statement of financial position date seven employees and directors held options.

Unapproved options have also been granted to non-qualifying individuals and at each statement of financial position date 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 transferrable and have a life of 10 years.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during each period are as follows. These represent share options issued prior to the subdivision of share capital disclosed in note 18:

Expiry date	Exercise Price £	2016 No.	2015 No.	2014 No.	2013 No.
31 October 2015 **	54.02	—	1,569	1,569	1,569
30 March 2018	75.24	536	536	536	536
31 March 2019	97.09	676	676	676	676
31 March 2020	103.54	134	134	134	134
28 February 2021	133.94	418	418	418	418
31 March 2021	163.06	218	218	218	218
31 March 2023	179.35	615	615	615	615
19 November 2025*	197.00	1,400	—	—	—
		3,997	4,166	4,166	4,166
		2016 £	2015 £	2014 £	2013 £
Weighted average exercise price		149.48	97.56	97.56	97.56

* Options granted in the period ended 30 June 2016

** Options exercised in the period ended 30 June 2016

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 is not material and therefore no share based payment charge has been included in this historical financial information.

22. Dividends

	Audited Year ended 30 Sept 2013 £	Audited Year ended 30 Sept 2014 £	Audited Year ended 30 Sept 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
Dividends paid					
A shares	182,281	221,916	205,091	166,103	169,349
B shares	15,073	30,271	23,820	28,212	23,820
Total	197,354	252,187	228,911	194,315	193,169
	£	£	£	£	£
Dividend per share (unadjusted)					
A shares	11.27	13.72	12.68	10.27	10.47
B shares	2.43	4.88	3.84	3.63	3.84
	£	£	£	£	£
Dividend per share (adjusted to reflect the subdivision and bonus issue described in Note 25)					
A shares	0.05	0.07	0.06	0.05	0.05
B shares	0.01	0.02	0.02	0.02	0.02

23. Commitments

The Company had not entered into any material capital commitments as at 30 June 2016.

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

	Audited As at 30 September 2013 £	Audited As at 30 September 2014 £	Audited As at 30 September 2015 £	Audited As at 30 June 2016 £
Not later than one year	85,099	104,356	110,826	125,970
Later than one year and not later than five years	349,780	348,008	346,903	389,899
More than five years	387,296	306,296	218,860	162,746
	822,175	758,660	676,589	678,615

24. Control

There is no overall controlling party.

25. Subsequent events

On 30 November 2016, the Company announced its intention to seek a placing and admission to trading on AIM of its share capital.

The A and B shares were split on 30 March 2011. 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 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.

On 22 September 2016 the Company increased its bank overdraft facility from £80,000 to £250,000. As disclosed in notes 15 and 20, the bank overdraft facility is guaranteed personally by one of the directors.

26. Transition to IFRS

The historical financial information prepared for the period ended 30 June 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 information which complies with IFRS applicable for periods ending on or after 30 June 2016, as described in the summary of significant accounting policies. In preparing the financial information, the Company's opening statement of financial position was prepared as at 1 October 2012, 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.

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

	Audited As at 30 September 2012 £	Audited As at 30 September 2013 £	Audited As at 30 September 2014 £	Audited As at 30 September 2015 £	Audited As at 30 June 2016 £
Equity reported in accordance with UK GAAP and FRSSE	148,426	305,222	379,220	508,041	639,403
Transition adjustments					
Operating lease incentives	—	(3,375)	(7,875)	(12,375)	(15,750)
Capitalisation of development costs	—	81,871	203,201	345,531	461,449
Amortisation of development costs	—	(8,187)	(36,694)	(91,568)	(152,091)
Initial loan discount to amortised cost	—	—	—	—	(5,146)
Deferred tax on amortisation of development costs	—	(14,737)	(33,301)	(50,793)	(61,872)
Notional interest on interest free loan	—	—	—	—	1,816
Equity reported in accordance with IFRS	148,426	360,794	504,551	698,836	867,809

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

	Audited Year ended 30 September 2013 £	Audited Year ended 30 September 2014 £	Audited Year ended 30 September 2015 £	Audited 9 months ended 30 June 2016 £	Unaudited 9 months ended 30 June 2015 £
Profit after tax reported in accordance with UK GAAP	354,150	326,185	357,732	240,920	232,231
Transition adjustments					
Operating lease incentives	(3,375)	(4,500)	(4,500)	(3,375)	(3,375)
Capitalisation of development costs	81,871	121,330	142,330	115,918	106,748
Amortisation of development costs	(8,187)	(28,507)	(54,874)	(60,523)	(41,155)
Initial loan discount to amortised cost	—	—	—	(5,146)	—
Deferred tax on capitalisation of development costs	(14,737)	(18,565)	(17,491)	(11,079)	(13,119)
Notional interest on interest free loan	—	—	—	1,816	—
Total comprehensive income reported in accordance with IFRS	409,722	395,943	423,197	278,531	281,330

PART IV

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE GROUP

The following unaudited *pro forma* statement of net assets of the Group (the “*pro forma* financial information”) has been prepared to illustrate the effect on the consolidated net assets of the Group as if the Placing had taken place on 30 June 2016.

The *pro forma* financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and does not, therefore, represent the Group’s actual financial position or results.

The *pro forma* financial information is based on the net assets of the Company as at 30 June 2016, set out in the financial information on the Company included in Section B of Part III of this Admission Document, and has been prepared in a manner consistent with the accounting policies adopted by the Company in preparing such information and on the basis set out in the notes set out below.

	The Company as at 30 June 2016 (note 1) £	Adjustments		Pro forma net assets of the Group £
		Net placing proceeds (note 2) £	Other adjustments (note 3) £	
Assets				
Non-current assets				
Intangible assets	309,358	—	—	309,358
Property, plant and equipment	156,060	—	—	156,060
Trade and other receivables	79,611	—	—	79,611
	545,029	—	—	545,029
Current assets				
Inventory	446			446
Trade and other receivables	867,192			867,192
Cash and cash equivalents	257,617	4,200,000	743,095	5,200,712
	1,125,255	4,200,000	743,095	6,068,350
Total assets	1,670,284	4,200,000	743,095	6,613,379
Liabilities				
Current liabilities				
Trade and other payables	(717,459)	—	—	(717,459)
	(717,459)	—	—	(717,459)
Non-current liabilities				
Provisions	(85,016)	—	—	(85,016)
	(85,016)	—	—	(85,016)
Total liabilities	(802,475)	—	—	(802,475)
Net assets	867,809	4,200,000	743,095	5,810,904

Notes:

1. The net assets of the Company at 30 June 2016 have been extracted without material adjustment from the financial information on the Company for the period ended 30 June 2016 set out in Section B of Part III of this Admission Document.

Adjustments:

- The placing is estimated to raise net proceeds of £4.2 million for the Company (£5.0 million gross proceeds less estimated expenses of £0.8 million).
- The Company raised net proceeds of £743,095 from the issue of shares to satisfy the exercise of share options on 14 December 2016.
- No account has been taken of the financial performance of the Company since 30 June 2016 nor of any other event save as disclosed above.

PART V

ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

The Company and each of the Directors accept full responsibility for the information contained in this Admission Document, including individual and collective responsibility for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Admission Document is in accordance with the facts and contains no omission likely to affect the import of such information.

2. THE COMPANY

- 2.1. The Company was incorporated with the name Firefly Limited in England and Wales under the Companies Act 1985 on 5 April 2000 with company number 03964848. The Company changed its name to ECSC Limited on 3 May 2000. On 28 October 2016 the Company changed its name to ECSC Group Limited. On 6 December 2016 the Company was re-registered as a public limited company.
- 2.2. The Company's is domiciled in the United Kingdom and its principal place of business is at its registered office which is at 28 Campus Road, Listerhills Science Park, Bradford, West Yorkshire, BD7 1HR. The Company's website, which discloses the information required by Rule 26 of the AIM Rules for Companies, is www.ecsc.co.uk. The Company's telephone number is 01274 736 223. The principal activity of the Company is as a provider of information security services. The Company's principal activities are described more fully in Part I of this Admission Document.
- 2.3. The Company has no administrative, management or supervisory bodies other than the Board, the Remuneration Committee, the Disclosure Committee, the Nomination Committee and the Audit Committee. The Company is governed by its Articles and the principal legislation under which the Company operates is the Companies Act and the regulations made thereunder.
- 2.4. The ISIN of the Ordinary Shares is 'ECSC' and the Ordinary Shares are in registered form and capable of being held either on a certificated or an uncertificated basis.
- 2.5. The Company's auditor is BDO LLP which is regulated to carry on audit work by the Institute of Chartered Accountants in England and Wales.
- 2.6. The accounting reference date of the Company is 31 December. In respect of prior financial periods, the Company's accounting reference date was 30 September. This was changed on 2 December 2016 by a resolution of the directors to extend the current financial period to end on 31 December 2016.
- 2.7. The liability of the Shareholders is limited.

3. SHARE CAPITAL OF THE COMPANY

- 3.1. The issued fully paid up share capital of the Company as at the date of this Admission Document and as it is expected to be immediately prior to, and immediately following, Admission, is as set out in the table below. This represents an immediate percentage dilution following Admission of 33.3%.

Ordinary Shares	Aggregate nominal value £	Number of Ordinary Shares
Before Admission	60,001.20	6,000,120
Immediately following Admission	89,941.31	8,994,131

- 3.2. The Company was incorporated with an issued share capital of £1 consisting of 1 ordinary share of £1, which was issued to York Place Company Nominees Limited.

- 3.3. Since the Company's incorporation, the following changes have taken place to the Company's issued share capital:
- 3.3.1. on 25 April 2000, the Company issued a further ordinary share of £1, resulting in a total issued share capital of 2 ordinary shares of £1 each;
 - 3.3.2. on 25 September 2000, the Company issued a further 98 ordinary shares of £1 each, resulting in a total issued share capital of 100 ordinary shares of £1 each;
 - 3.3.3. also on 20 March 2001, the Company issued a further 21,278 ordinary shares of £1 each, resulting in a total issued share capital of 21,378 ordinary shares of £1 each;
 - 3.3.4. on 10 December 2002, the Company issued a further 299 ordinary shares of £1 each, resulting in a total issued share capital of 21,677 ordinary shares of £1 each;
 - 3.3.5. on 1 May 2003, the Company issued a further 444 ordinary shares of £1 each, resulting in a total issued share capital of 22,121 ordinary shares of £1 each;
 - 3.3.6. on 30 March 2011, the Company circulated a resolution that they intended to re-designate the ordinary shares of the Company, stating that the ordinary shares of £1 each held by Ian Mann (8,050) and Ravinder Mann (8,050) would be re-designated as "A" ordinary shares ("**A Shares**") and the remaining ordinary shares would be re-designated as "B" ordinary shares ("**B Shares**"). There is no record of this special resolution being passed, and nothing was filed with the registrar of Companies to this effect. Also, the number of shares held by Ravinder Mann and Ian Mann as at 30 March 2011 was 8,089 each, therefore 39 shares each remain designated as B Shares. On 28 October 2016, the Company passed a confirmatory resolution and reconstituted its statutory books confirming that all 16,178 ordinary shares of £1 each held by Ian Mann and Ravinder Mann were designated as A Shares, with the remaining share capital designated as B Shares;
 - 3.3.7. on 20 June 2011, the Company issued a further 260 B Shares of £1 each, resulting in a total issued share capital of £22,381;
 - 3.3.8. on 14 October 2015, the Company issued a further 1,569 B Shares of £1 each, resulting in a total issued share capital of £23,950;
 - 3.3.9. on 28 October 2016 the Company passed a resolution to re-designate all the A and B ordinary shares of £1 each in issue as a single class of shares;
 - 3.3.10. 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;
 - 3.3.11. on 28 October 2016 the Company issued a further 2,634,500 Ordinary Shares by way of a bonus issue *pro rata* to all Shareholders, resulting in a total issued share capital of £50,295; and
 - 3.3.12. on 14 December 2016, 970,620 new Ordinary Shares are being issued immediately prior to Admission to satisfy the exercise of share options, resulting in a total issued share capital of 6,000,120 ordinary shares of £0.01 each.
- 3.4. No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 3.5. On 2 May 2014, the Company passed a resolution that the articles of association be amended by the deletion of all provisions of the Company's Memorandum of Association which, by virtue of section 28 of the Companies Act 2006, are to be treated as provisions of the Company's articles of association, thereby removing any restriction on the maximum authorised share capital of the Company.

- 3.6. By a special resolution passed on 2 December 2016:
- 3.6.1. the Directors were authorised, until the date falling at the conclusion of the next Annual General Meeting of the Company or, if earlier, on the date falling 15 months after the passing of the resolution, to allot Ordinary Shares up to an aggregate nominal amount of (a) £29,940.11 in connection with the Placing; (b) £13,491.19 in connection with small non-pre emptive cash issues; and (c) £8,994.13 in connection with the grant of Options pursuant to the New Share Option Scheme.
- 3.6.2. the pre-emption rights contained in section 561(1) of the Companies Act were disapplied so that the Directors were authorised to allot equity securities for cash pursuant to the authorities described in paragraph 3.6.1 above as if section 561 of the Companies Act did not apply to such allotments; and
- 3.7. By a special resolution passed on 5 December 2016 the Company adopted the Articles setting out the rights and restrictions attaching to the Ordinary Shares in substitution for and to the exclusion of its existing articles. For further details on the Articles, please see paragraph 5 of this Part V.
- 3.8. Except for the obligation to allot Ordinary Shares pursuant to the Placing and the Warrants, there are no acquisition rights and/or obligations requiring share capital to be issued nor is there any undertaking to increase the share capital.
- 3.9. No Director nor any member of his family or any person connected with him has a Related Financial Product (as defined in the AIM Rules) referenced to Ordinary Shares.
- 3.10. The number of Existing Ordinary Shares is 6,000,120. The Company will, pursuant to the authorities granted to the Directors as summarised at paragraph 3.6 above, as part of the Placing (and in accordance with the terms of the Placing Agreement) allot and issue £29,940.11 New Shares on 14 December 2016. Accordingly, immediately following Admission and issue of the New Shares, the issued share capital of the Company will increase to £89,941.31 divided into 8,994,131 Ordinary Shares.
- 3.11. Save as disclosed in this Part V, as at the date of this Admission Document:
- 3.11.1. no shares in the capital of the Company or of any member of the Group is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
- 3.11.2. no shares in the capital of the Company have been issued, or are now proposed to be issued, otherwise than fully paid;
- 3.11.3. there are no shares in the capital of the Company which do not represent capital;
- 3.11.4. no person has any preferential subscription rights for any share capital of the Company;
- 3.11.5. no commissions, discounts, brokerages or other special terms have been granted by the Company in connection with the issue or sale of any shares in the capital of the Company;
- 3.11.6. the Company does not hold any of its own Ordinary Shares as treasury shares and no shares in the capital of the Company are held by or on behalf of the Company or by any subsidiary;
- 3.11.7. none of the Company's subsidiaries hold any Ordinary Shares;
- 3.11.8. the Company has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue; and
- 3.11.9. there are no acquisition rights or obligations over the unissued share capital of the Company and there is no undertaking to increase the share capital of the Company.
- 3.12. The Ordinary Shares have been created under the Companies Act.

4. SUBSIDIARY UNDERTAKINGS

- 4.1. The Company currently has the following wholly-owned subsidiary, which is incorporated and registered in England and Wales:

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

5. ARTICLES OF ASSOCIATION

- 5.1. The intention of the Company is to carry on business as a trading company.
- 5.2. Pursuant to section 31 of the Companies Act, the objects for which the Company is established are unrestricted and the Company has full power and authority to carry out any object not prohibited by law.
- 5.3. The Articles contain the following provisions:

5.3.1. ***Objects***

The Articles contain no restriction on the objects of the Company.

5.3.2. ***Capital structure***

The authorised share capital of the Company is represented by an unlimited number of Ordinary Shares having the rights described in the Articles. Subject to the Companies Act, the Articles and to any relevant authority of the Company in general meeting required by the Companies Act, the Board may offer, allot (with or without conferring rights of renunciation), grant options over or otherwise deal with or dispose of shares or grant rights to subscribe for or convert any security into shares to such persons, at such times and upon such terms as the Board may decide.

5.3.3. ***Variation of class rights***

Whenever the capital of the Company is divided into different classes of shares, the rights attached to any class of the shares in issue may from time to time be varied or abrogated, whether or not the Company is being wound up, either with the consent in writing of the holders of not less than three-quarters in nominal amount of the issued shares of the affected class, or with the sanction of a special resolution passed at a separate general meeting of the holders of shares of that class (but not otherwise).

5.3.4. ***Alteration of share capital***

The Company may by ordinary resolution alter its share capital in accordance with the Companies Act. Any resolution authorising the Company to sub-divide its shares or any of them may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage or be subject to any restriction as compared with the others.

5.3.5. ***Purchase of own shares***

On any purchase by the Company of its own shares, neither the Company nor the Board shall be required to select the shares to be purchased rateably or in any manner as between the holders of shares of the same class or as between them and the holders of shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of shares.

5.3.6. ***Voting rights***

At any general meeting every member who is present in person (or by proxy) shall on a show of hands have one vote and every member present in

person (or by proxy) shall on a poll have one vote for each share of which he is the holder.

5.3.7. Dividends

Subject to the Companies Act and the Articles, the Company may by ordinary resolution declare dividends to be paid to members according to their respective rights and interests in the profits of the Company. However, no dividend shall exceed the amount recommended by the Board. Subject to the Companies Act, the Board may declare and pay interim dividends (including any dividend at a fixed rate) as appears to the Board to be justified by the profits of the Company available for distribution. If the Board acts in good faith, it shall not incur any liability to the holders of shares for any loss that they may suffer by the lawful payment of any interim dividend on any other class of shares ranking with or after those shares. Every dividend shall belong and be paid to those members who are on the register at the date fixed by the Directors for the purpose of determining the persons entitled to such dividend (whether the date of payment or some other date) notwithstanding any subsequent transfer or transmission of shares.

Except as provided otherwise by the rights attached to shares, all dividends:

- (a) shall be declared and paid accordingly to the amounts paid up (otherwise than in advance of calls) on the shares on which the dividend is paid;
- (b) shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly; and
- (c) may be declared or paid in any currency. The Board may decide the rate of exchange for any currency conversions that may be required and how any costs involved are to be met.

The Board may deduct from any dividend or other money payable to any person on or in respect of a share all such sums as may be due from him to the Company on account of calls or otherwise in relation to the shares of the Company. Sums so deducted can be used to pay amounts owing to the Company in respect of the shares. The Board may, by ordinary resolution of the Company direct, or in the case of an interim dividend may without the authority of an ordinary resolution direct, that payment of any dividend declared may be satisfied wholly or partly by the distribution of assets, and in particular of paid up shares or debentures of any other company, or in any one or more of such ways. Where any difficulty arises regarding such distribution, the Board may settle it as it thinks fit. In particular, the Board may:

- (a) issue fractional certificates (or ignore fractions);
- (b) fix the value for distribution of such assets or any part of them and determine that cash payments may be made to any members on the footing of the values so fixed, in order to adjust the rights of members; and
- (c) vest any such assets in trustees on trust for the person entitled to the dividend.

Unless otherwise provided by the rights attached to the share, no dividend or other monies payable by the Company or in respect of a share shall bear interest as against the Company.

The Company may pay any dividend or other sum payable in respect of a share in cash or by direct debit, bank transfer, cheque, dividend warrant, or money order or by any other method, including by electronic means, as the Board may consider appropriate. For uncertificated shares, any payment may

be made by means of the relevant system (subject always to the facilities and requirements of the relevant system) and such payment may be made by the Company or any person on its behalf by sending an instruction to the operator of the relevant system to credit the cash memorandum account of the holder or joint holders of such shares or, if permitted by the Company, of such person as the holder or joint holders may in writing direct.

All dividends, interest or other sums payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. The Company shall not be a trustee in respect of such unclaimed dividends and will not be liable to pay interest on it. All dividends that remain unclaimed for 12 years after they were first declared or became due for payment shall (if the Board so resolves) be forfeited and shall cease to remain owing by the Company.

If cheques, warrants or orders for dividends or other sums payable in respect of a share sent by the Company to the person entitled to them are returned to the Company or left uncashed on two consecutive occasions or, following one occasion, reasonable enquiries have failed to establish any new address to be used for the purpose, the Company does not have to send any dividends or other monies payable in respect of that share due to that person until he notifies the Company of an address to be used for the purpose.

All dividends, interest or other sums payable and unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. The Company shall not be a trustee in respect of such unclaimed dividends and will not be liable to pay interest on it. All dividends that remain unclaimed for 12 years after they were first declared or became due for payment shall (if the Board so resolves) be forfeited and shall cease to remain owing by the Company.

5.3.8. ***Redemption***

The Company may issue shares which can be redeemed or are liable to be redeemed at the option of the Company or the holder. The Existing Ordinary Shares do not and the Ordinary Shares will not carry a right to redemption by Shareholders.

5.3.9. ***Form and transfer of shares***

The Board may issue shares as certificated or uncertificated shares, subject to any restrictions on transfers described below:

A share held in certificated form may be transferred by an instrument of transfer in any usual form or in any other form which the Board may approve, which shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. A share held in uncertificated form may be transferred by means of a relevant system. The transferor shall be deemed to remain the holder of the share until the transferee is entered on the Register as its holder.

The Board may, in the case of shares held in certificated form, in its absolute discretion refuse to register the transfer of a share which is not fully paid provided that, where any such shares are admitted to the Official List of the UKLA or to trading on AIM, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis.

The Board may also refuse to register a transfer of shares held in certificated form unless the instrument of transfer is:

- (a) duly stamped or duly certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty;
- (b) lodged at the transfer office or at such other place as the Board may appoint and (save in the case of a transfer by a person to whom no

certificate was issued in respect of the shares in question) accompanied by the certificate for the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do;

- (c) in respect of only one class of shares; and
- (d) in favour of not more than four transferees.

If the Board refuses to register a transfer of shares held in certificated form, it shall as soon as practicable and in any event within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal together with its reasons for the refusal.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share or for making any entry in the register affecting the title to any share.

The Company shall be entitled to retain any instrument of transfer which is registered, but (except in the case of suspected or actual fraud) any instrument of transfer which the Board refuses to register shall be returned to the person lodging it when notice of the refusal is given.

If a member dies, the survivor or survivors where he was a joint holder, and his personal representatives where he was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his interest but nothing contained in the Articles shall release the estate of a deceased member from any liability in respect of any share which had been held (whether solely or jointly) by him

5.3.10. ***Directors, expenses and benefits***

Unless otherwise determined by the Board, the number of Directors shall be not less than two, but shall not be subject to any maximum number.

The Directors may be paid reasonable travelling, hotel and other expenses as they may incur in connection with their attendance at meetings of the Board or of committees of the Board or general meetings or separate meetings of the holders of any class of shares or debentures of the Company.

The Board may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (whether by insurance or otherwise) for any person who is or has at any time been a Director or employee of the Company or any company which is a holding company or a subsidiary undertaking of or allied to or associated with the Company or any such holding company or subsidiary undertaking or any predecessor in business of the Company or of any such holding company or subsidiary undertaking, and for any member of his family (including a spouse or former spouse) and any person who is or was dependent on him.

5.3.11. ***Appointment and Retirement of Directors***

Subject to the Articles, the Company may by ordinary resolution appoint a person who is willing to act to be a Director either to fill a vacancy or as an additional Director.

The Board may appoint a person who is willing to act to be a Director, either to fill a vacancy or as an additional Director provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with these Articles as the maximum number of Directors.

At each annual general meeting, one third of the Directors or, if their number is not a multiple of three, then the number nearest to but not exceeding one third, shall retire from office by rotation. Any Director previously appointed to

fulfil a casual vacancy shall retire at the next annual general meeting of the Company following such appointment and shall be eligible for reappointment, but is not taken in to account when deciding how many Directors should retire by rotation at such meeting.

5.3.12. *Directors' interests*

Subject to the Companies Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the UK Companies Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company may:

- (a) be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;
- (b) act by himself or through his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- (c) be or become a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any corporate body in which the Company is otherwise (directly or indirectly) interested; and
- (d) hold any office or place of profit with the Company (except as auditor) in conjunction with his office of Director for such period and upon such terms, including as to remuneration as the Board may decide.

A Director shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Companies Act.

A Director may not vote (or be counted in the quorum) in respect of any resolution of the Directors or committee of the Directors concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by his interest in Ordinary Shares or debentures or other securities of or otherwise in or through the Company). This is subject to certain exceptions including (i) where the contract, arrangements, transaction or proposal concerns general employee privileges or insurance policies for the benefit of Directors or (ii) in circumstances where a Director acts in a personal capacity in the giving of a guarantee, security or indemnity for the benefit of the Company or any of its subsidiary undertakings.

5.3.13. *Annual General Meetings and General Meetings*

The Company shall hold an annual general meeting which shall be convened by the Board in accordance with the Companies Act.

An annual general meeting shall be called by at least 21 days' clear notice in writing. A meeting of the Company other than an annual general meeting shall be called by not less than 14 days' clear notice. The notice shall specify the place, the day and the time of the meeting and the general nature of the business to be transacted. A notice calling an annual general meeting shall specify the meeting as such and a notice for the passing of a

special resolution shall specify the intention to propose the resolution as a special resolution.

Notice of any general meeting shall be given to all members, the Directors and (in the case of an annual general meeting) the auditors. The accidental omission to send a notice of any meeting, or notice of a resolution to be moved at a meeting or (where forms of proxy are sent out with notices) to send a form of proxy with a notice to any person entitled to receive the same, or the non-receipt of a notice of any meeting or a form of proxy by such a person, shall not invalidate the proceedings at the meeting. The Company shall not be required to give notice of a general meeting to a member for whom the Company no longer has a valid address.

5.3.14. *Winding Up*

On any voluntary winding-up of the Company, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act or the Insolvency Act 1986 (as amended) or the rights of any other class of shares, divide among the members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members. Any such division shall be in accordance with the existing rights of the members. The liquidator may, with the like sanction, vest the whole or any part of the assets of the Company in trustees on such trusts for the benefit of the members as he, with the like sanction, shall determine, but no member shall be compelled to accept any assets on which there is a liability.

5.3.15. *Untraceable Shareholders*

The Articles contain a procedure whereby the Company shall be entitled to sell at the best price reasonably obtainable any member's shares or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or otherwise by operation of law if, broadly, a member remains untraced after a period of 12 years has elapsed during which no communication has been received from the member.

5.3.16. *Pre-emption rights*

There are no pre-emption rights incorporated into the Articles in relation to the allotment and/or issue of New Shares. However, the Company has passed resolutions (please refer to paragraph 3 of Part V of this Document) relating to, *inter alia*, the Directors' authorities to issue shares and disapplication of pre-emption rights on new share issues.

5.3.17. *Applicability of the Articles*

The provisions of the Articles applying to the Existing Ordinary Shares will apply to the Enlarged Share Capital (including the New Shares) following their creation to the same extent.

6. OTHER REGULATORY MATTERS

6.1. Disclosure of interests in shares

A shareholder in a public company incorporated in the UK whose shares are admitted to trading on AIM is required pursuant to Rule 5 of the Disclosure and Transparency Rules to notify the Company of the percentage of his voting rights if the percentage of voting rights which he holds as a shareholder or through his direct or indirect holding of financial instruments reaches, exceeds or falls below certain thresholds.

Pursuant to Part 22 of the Companies Act and the Articles, the Company is empowered by notice in writing to require any person whom the Company knows, or has reasonable cause to believe to be interested in, or, at any time during the three years immediately preceding the date on which the notice is issued, to have been so interested in, the Company's shares, within a reasonable time to disclose to the

Company particulars of any interests, rights, agreements or arrangements affecting any of the shares held by that person or in which such other person as aforesaid is interested. Where the Company has issued such a notice and the recipient has failed to give the Company the information so required, the recipient shall not be entitled to be presented or vote at any general meeting of the Company and, if the shares held by such recipient represent at least 0.25% of the Company's issued share capital, the Company can withhold any dividend payments to him.

6.2. Takeover Code, squeeze-out and sell-out provisions

6.2.1. *Takeover Code*

The Takeover Code applies to all companies which have their registered office in the UK, Channel Islands or Isle of Man, and whose securities are traded on a regulated market in the UK or a stock exchange in the Channel Islands or Isle of Man or a multilateral trading facility (such as AIM). Accordingly, the Takeover Code applies to the Company.

Under Rule 9 of the Takeover Code, if an acquisition (whether by a series of transactions over a period of time or not) of Ordinary Shares were to increase the aggregate holding of the acquirer and its concert parties to Ordinary Shares carrying 30% or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties, if any) would be required, except with the consent of the Panel, to make a general offer for the Ordinary Shares not already owned by the acquirer and its concert parties.

Similarly, this requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties, if any) Ordinary Shares carrying between 30% and 50% of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by that person and its concert parties.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in Ordinary Shares during the 12 months prior to the announcement of the offer.

Under the Takeover Code, a concert party arises where persons, pursuant to an agreement or understanding (whether informal or formal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. "Control" means a holding, or aggregate holdings, of shares carrying 30% or more of the voting rights of a company, irrespective of whether the holding or holdings give de facto control.

6.2.2. *Squeeze-out*

Under the Companies Act, if an offeror were to acquire 90% of the Ordinary Shares to which an offer relates, within four months of making its offer it could then compulsorily acquire the remaining 10%. It would do so by sending a notice to outstanding Shareholders telling them that it will compulsorily acquire their shares and then, six weeks later, it would execute a transfer of the outstanding shares in favour of the offeror and pay the consideration to the Company, which would hold the consideration on trust for outstanding Shareholders.

The consideration offered to the Shareholders whose shares are compulsorily acquired under the Companies Act must, in general, be the same as the consideration that was available under the takeover offer unless the Shareholders can show that the offer value is unfair.

6.2.3. *Sell-out*

The Companies Act also gives minority shareholders a right to be bought out in certain circumstances by an offeror who had made a takeover offer. If a takeover offer related to all the Ordinary Shares and at any time before the

end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the Ordinary Shares, any holder of shares to which the offer relates who has not accepted the offer can by a written communication to the offeror require it to acquire those shares. The offeror would be required to give any shareholder notice of his right to be bought out within one month of that right arising.

The offeror may impose a time limit on the rights of minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period. If a Shareholder exercises its rights, the offeror is bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

7. SIGNIFICANT SHAREHOLDERS

- 7.1. Except for the interests of certain Directors which are set out in paragraph 8.2 of this Part V, the Company is aware of the following persons who will, immediately following Admission, hold, directly or indirectly, voting rights representing 3% or more of the Enlarged Share Capital of the Company to which voting rights are attached:

Name	Number of Existing Ordinary Shares	Percentage of Existing Share Capital	Number of Ordinary Shares immediately following Admission	Percentage of Enlarged Share Capital
Unicorn AIM VCT plc	—	—	1,526,946	17.0
Artemis Investment Management LLP	—	—	508,983	5.7
Phil Mclear	472,290	7.9	472,290	5.3
Hargreave Hale Limited	—	—	407,186	4.5
Malcolm Hoare	300,300	5.0	300,300	3.3
John Leach	283,920	4.7	283,920	3.2

8. DIRECTORS' SHAREHOLDINGS AND OTHER INTERESTS

- 8.1. Details of the Directors and their functions in the Company are set out on page 6 of this Admission Document under the heading "Directors, Secretary and Advisers". Each of the Directors can be contacted at the principal place of business of the Company at 28 Campus Road, Listerhills Science Park, Bradford, BD7 1HR.
- 8.2. The interests of the Directors and their immediate families (all of which are beneficial) in the share capital of the Company immediately prior to Admission and immediately following Admission are as follows:

Director	Number of Existing Ordinary Shares	Percentage of Existing Share Capital	Number of Ordinary Shares immediately following Admission	Percentage of Enlarged Share Capital
Ian Mann*	1,698,690	28.3	1,698,690	18.9
Lucy Sharp	301,560	5.0	230,419	2.6
Keith Kelly	51,240	0.9	20,068	0.2
Nigel Payne	—	—	29,940	0.3
David Mathewson	—	—	—	—
Stephen Vaughan	—	—	29,940	0.3

* Ian Mann is married to Ravinder Mann. Ravinder Mann holds 1,719,068 Ordinary Shares representing 19.1% of the Enlarged Share Capital.

- 8.3. So far as the Directors are aware, save as disclosed in paragraphs 7.1 and 8.2 above, there are no persons who, immediately following Admission, will, directly or indirectly, be interested in three per cent or more of the capital of the Company or who, directly or indirectly, jointly or severally, exercise or could exercise control over the Company.
- 8.4. The Ordinary Shares held by the Shareholders set out in paragraphs 7.1 and 8.2 above rank *pari passu* with all other existing Ordinary Shares and, in particular, have no different voting rights to other existing Shareholders. Neither the Directors nor any major Shareholders have different voting rights to other Shareholders.
- 8.5. Save as disclosed in this Admission Document, there are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors, nor are there any outstanding loans or guarantees provided by the Directors to or for the benefit of the Company.
- 8.6. Save as otherwise disclosed in this Admission Document, none of the Directors or any members of their respective families, or any person connected with the Directors (within the meaning of section 252 to 254 of the Companies Act) has any holding, whether beneficial or otherwise, in the share capital of the Company or any of its subsidiaries.

9. FURTHER INFORMATION ABOUT THE DIRECTORS

- 9.1. The full names, ages, functions and dates of appointment of the Directors are as follows:

Name	Age	Function	Date of Appointment
Nigel Terrence Payne	56	Chairman	30 November 2016
Ian Charles Mann	49	CEO	25 April 2000
Lucy Sharp	36	Executive Director	2 November 2012
Keith Patrick Andrew Kelly	59	Executive Director	28 March 2013
David Carr Mathewson	69	Non-Executive Director	30 November 2016
Stephen William Vaughan	56	Non-Executive Director	30 November 2016

- 9.2. In addition to being directors of the Company, the Directors hold or have held directorships of the companies and/or are or were partners of the partnerships specified opposite their respective names below within the five years prior to the date of this Admission Document:

Name	Current directorships/ partnerships	Previous directorships/ partnerships
Nigel Terrence Payne	Bubble Stuff Limited Gateley (Holdings) PLC Idiaz Consultancy Limited Merlin Consultancy Limited EG Solutions Plc Stride Gaming Plc Merlin Financial Advisors LLP	Perpetuus Advanced Materials PLC Mucky Pups Childcare Limited K&C REIT PLC Flexwork Limited Sportingbet Limited Gametech PLC SEC SPA Gama Aviation PLC
Ian Charles Mann	The Information Security Association ECSC Australia Limited	None
Keith Patrick Andrew Kelly	None	Abacus 152 Limited
Lucy Sharp	None	None
David Carr Mathewson	China Kiosk Network Limited Melchbourne Park Management Limited Veltco Group plc	GFED International Limited Imperial Client Limited Brave Bison Group Plc Genuity Services Limited

Name	Current directorships/ partnerships	Previous directorships/ partnerships
	SEC SPA	Macromac plc Playtech plc Playtech Limited Playtech Mobile (Cyprus) Limited Playtech Services (Cyprus) Limited Technology Trading IOM Limited Video B Holdings Limited
Stephen William Vaughan	Mobica Bidco Limited Progressive Equity Research Limited Blackford Media LLP The Invicta Film Partnership No.14, LLP The Invicta Film Partnership No.4, LLP The Invicta Film Partnership No.6, LLP The Invicta Film Partnership, LLP	Netnames Limited Daisy IT Managed Services Limited (formerly Phoenix IT Group plc) Daisy IT Services Limited (formerly Phoenix IT Services Limited) Daisy IT Group Limited (formerly Phoenix IT Group Limited) Daisy Computer Group Limited (formerly ICM Computer Group Limited) Daisy IT Continuity Consulting Limited (formerly Phoenix IT Continuity Consulting Limited) Daisy IT Continuity and Resilience LTD (formerly Phoenix IT Continuity and Resilience LTD) Daisy IT Computer Group (Scotland) Limited (formerly Phoenix IT Computer Group (Scotland) Limited) Daisy IT Managed Services Limited (formerly Phoenix IT Managed Services Limited) Sword Charteris Limited (formerly Charteris plc) Lurgashall Recreation Association Nuthatch Consulting Limited

9.3. Save as disclosed in paragraphs 9.4 below, as at the date of this Admission Document, no Director has:

- 9.3.1. any unspent convictions in relation to indictable offences (other than an offence under road traffic legislation in respect of which a custodial sentence was not implied);
- 9.3.2. been declared bankrupt or been subject to any individual voluntary arrangement;
- 9.3.3. been a director of any company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within 12 months after he ceased to be a director of that company;
- 9.3.4. been a partner in any partnership which has been placed in compulsory liquidation, administration or partnership voluntary arrangement whilst he was a partner of that partnership or within 12 months after he ceased to be a partner in that partnership;

- 9.3.5. been the owner of any asset or been a partner in any partnership which had an asset placed in receivership whilst he was a partner of that partnership or within the 12 months after he ceased to be a partner of that partnership; or
- 9.3.6. been subject to any public criticisms by any statutory or regulatory authorities (including recognised professional bodies) or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.
- 9.4. With reference to paragraph 9.3 above, the following disclosures are made:
 - 9.4.1. David Mathewson was appointed a director of Corsie Group Plc on 1 March 2006, a position from which he resigned on 29 April 2008. Corsie Group Plc entered administration on 9 May 2008. On 9 November 2009 Corsie Group Plc exited administration and was dissolved on 22 October 2010;
 - 9.4.2. Nigel Payne was appointed a director of Redweb Security (UK) Limited on 12 June 2008. Nigel Payne left that company in September 2009. Redweb Security (UK) Limited subsequently entered administration and was dissolved on 9 December 2010.
 - 9.4.3. Nigel Payne was appointed a director of Foreteller Limited on 30 April 2008. Nigel Payne left that company on April 2010. Foreteller Limited commenced a creditors' voluntary winding up on 9 November 2012 and was dissolved on 23 October 2013.
- 9.5. It is disclosed that Stephen Vaughan is a current director of a Company, Progressive Equity Research Limited, that is a supplier of equity research to Stockdale Securities Limited.

10. DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

10.1. 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 effective from and conditional on Admission. 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 £40,000 per annum. Mr Payne has given certain non-compete undertakings which apply during his engagement.

10.2. Ian Mann

Mr Mann has entered into a service agreement with the Company (which replaced any existing services agreement with the Company) dated 30 November 2016 for his appointment as full time Chief Executive Officer effective from and conditional on Admission. 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.

10.3. Lucy Sharp

Ms Sharp has entered into a service agreement with the Company (which replaced any existing services agreement with the Company) dated 30 November 2016 for her appointment as full time Executive Director effective from and conditional on Admission. 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.

10.4. Keith Kelly

Mr Kelly has entered into a service agreement with the Company (which replaced any existing services agreement with the Company) dated 30 November 2016 for his appointment as full time Executive Director effective from and conditional on Admission. The appointment is terminable on six months' notice given by either party and summarily by the Company in certain limited 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. In addition, Mr Kelly will receive, subject to Admission, a one-off transaction bonus of £40,000 which shall be payable on Admission.

10.5. 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 effective from and conditional on Admission. 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.

10.6. 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 effective from and conditional on Admission for an initial term of 2 years unless the appointment is terminated sooner by either party. The appointment is terminable 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.

- 10.7. All of the aforementioned service agreements and letters of appointment are governed by English Law.
- 10.8. The aggregate remuneration (excluding dividends but including benefits in kind) paid or payable by the Company to the Directors during the year ended 30 September 2015 was £124,034. The aggregate estimated remuneration (excluding dividends but including benefits in kind) paid or payable to the Directors by the Company for the current financial period under the arrangements in force from Admission is expected to amount to £362,276 (also excluding any discretionary payments which may be made under these arrangements).
- 10.9. Save as disclosed in this Admission Document:
- 10.9.1. there are no existing or proposed service contracts between any Director and the Company or any other company in the Group;
 - 10.9.2. there are no existing or proposed arrangements which provide for benefits or additional payment upon any Director's termination of employment; and
 - 10.9.3. there are no existing or proposed arrangements under which any Director has agreed to waive future emoluments nor has there been any waiver or emoluments during the financial year preceding the date of this Admission Document.
- 10.10. Save as set out in the Placing Agreement, the Lock-In Deed, the Selling Shareholders Agreement and the Relationship Agreement (which are summarised in paragraphs 15.1, 15.2, 15.4 and 15.6 of this Part V), there are no agreements, arrangements or understandings (including compensations agreements) between any of the Directors, recent directors, Shareholders, or recent shareholders of the Company connected with or dependent upon Admission or the Placing.

11. NEW SHARE OPTION SCHEME

11.1. Overview

On 30 November 2016 the Company adopted the New Share Option Scheme to incentivise certain of its employees and directors.

The New Share Option Scheme provides for the grant of tax approved Enterprise Management Incentives (EMI).

No Options have yet been granted pursuant to the New Share Option Scheme and none are proposed to be made at, or shortly following Admission. It is intended that the Remuneration Committee will consider making Option grants in due course.

11.2. Administration

The New Share Option Scheme will be administered in accordance with its rules. The Board has constituted the Remuneration Committee to approve option grants and to determine applicable performance targets.

11.3. Types of award and satisfaction of awards

The Remuneration Committee may grant share options over Ordinary Shares (each an “**Award**”) to eligible employees under the New Share Option Scheme.

It is intended that Awards under the New Share Option Scheme will be satisfied by the new issue of Ordinary Shares with the exercise price determined by the Remuneration Committee (but such exercise price shall not be lower than the nominal value of the Ordinary Shares in the case of an option to subscribe for New Shares).

11.4. Eligibility

The Remuneration Committee will have the discretion to select the participants in the New Share Option Scheme from the directors or eligible employees of the Company.

11.5. Timing of Awards

It is intended that Awards may be issued at any time the Remuneration Committee may determine following Admission.

11.6. Limits on the grant of Awards

An Award may not be made under the New Share Option Scheme if the result of making the Award would be that the aggregate number of Ordinary Shares issued or committed to be issued under Awards under the New Share Option Scheme or under option or awards made in the preceding ten year period under all other share incentive schemes adopted by the Company would exceed 10% of the Company's issued ordinary share capital at that time. This limit includes any Awards which have been exercised but excludes any Awards which have lapsed.

11.7. Regulatory and tax issues on vesting

The option holders are liable to pay all income tax and employee national insurance (or overseas equivalent) that would arise on the exercise of any Awards.

An Award shall not vest unless the issue of Ordinary Shares on such vesting is lawful and in compliance with the AIM Rules, the Company's share dealing code and all other relevant regulations and enactments.

11.8. Leavers

An Award will lapse immediately on cessation of employment unless the participant is a “good leaver”. A good leaver is defined as an individual who ceases employment due to:

- death;
- disability, injury, ill health;
- redundancy (within the meaning of the Employment Rights Act 1996);

- retirement (at or beyond the age at which the individual is bound or entitled to retire under the terms of his employment); or
- any other reason at the discretion of the Remuneration Committee.

Where a participant is a good leaver any vested Award will continue to be exercisable for a period of 90 days and will lapse at the end of that period. The Remuneration Committee may extend this period at its discretion.

The Remuneration Committee may also determine that an unvested Award which has been granted to an individual who become a leaver may vest and be exercised prior to the lapse date, either in whole or in part to the extent that they determine this is appropriate.

11.9. Corporate events

In the event of any person becoming bound or entitled to acquire Ordinary Shares by exercising rights of compulsory acquisition under section 974 to 991 of the Companies Act, the option holder shall be entitled to exercise his option at any time while that person remains bound or entitled and upon the date upon which such person ceases to be bound or entitled all the option if unexercised shall cease to be exercisable and shall lapse.

In addition in the event of a resolution being passed for the winding up of the Company, the option holder shall be entitled at any time prior to the commencement of and conditional upon such winding up to exercise his option in whole or in part.

11.10. Adjustments of Awards

If there is a variation of the share capital of the Company (including any capitalisation or rights issue, sub-division, consolidation or reduction of share capital), the Remuneration Committee may make such adjustments as it considers appropriate to the exercise price or number of shares in an Award.

11.11. Awards not pensionable

No Awards or benefits under the New Share Option Scheme are pensionable.

12. SIGNIFICANT INVESTMENTS

Save as disclosed in this Admission Document, there have been no significant investments by the Company or its subsidiary since 30 June 2016 (being the date to which the financial information set out in Part III of this Admission Document has been drawn up) and there are no significant authorised or capital commitments of principal investments that are in progress and no future investments in respect of which the Directors have already made firm commitments which are significant to the Company.

13. EMPLOYEES

13.1. ECSC employed on average 43 people in the nine month period ended 30 June 2016, 34 people during the financial year ended 30 September 2015, 30 people during the financial year ended 30 September 2014 and 26 people during the financial year ended 30 September 2013.

13.2. As at 10 November 2016, ECSC had 56 employees as follows:

Activity	No of employees
Executive and Non-Executive Directors and Senior Managers	6
Delivery	25
Sales and Marketing	12
Accounts and Finance	4
Student Placements and Apprentices	5
Central Administration	4

14. TAXATION

The comments in this paragraph 14 are intended as a general guide for UK resident Shareholders as to their tax position under United Kingdom law and HMRC practice in force as at the date of this Admission Document. Such law and practice (including, without limitation, rates of tax) is in principle subject to change at any time (in some cases with retrospective effect). The comments apply to Shareholders who are resident and domiciled for tax purposes in the UK (except in so far as express reference is made to the treatments of non-UK residents) who will hold Ordinary Shares as an investment and will be the absolute beneficial owners of them.

Non-UK resident and non-UK domiciled shareholders should consult their own tax advisers.

The position of Shareholders who are officers or employees of the Company is not considered in this paragraph 14; such Shareholders may be subject to an alternative tax regime and should therefore seek tax advice specific to their individual circumstances. The position of UK resident but non-domiciled individuals claiming the remittance basis of taxation is not considered in this paragraph 14.

The tax position of certain Shareholders who are subject to special rules, such as dealers in securities, broker-dealers, insurance companies and collective investment schemes is not considered in this paragraph 14. Any shareholder who has any doubt as to his or her tax position or who is subject to tax in a jurisdiction other than the United Kingdom should consult a professional adviser without delay.

14.1. Inheritance Tax

The Ordinary Shares are treated as unquoted shares for UK inheritance tax (IHT) purposes. Individuals and trustees subject to IHT may be entitled to claim business property relief of up to 100% after a holding period of two years, providing all the relevant conditions for relief are satisfied at the appropriate time.

Shareholders who are concerned with the potential IHT implications of their shares in the Company should consult their personal tax advisers.

14.2. Taxation of chargeable gains

For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing will be regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a shareholder acquires Ordinary Shares allotted to him, the Ordinary Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Ordinary Shares may, depending on the circumstances of the relevant shareholder give rise to a liability to UK taxation on chargeable gains. Shareholders will normally be subject to UK taxation of chargeable gains, unless such holders are not resident in the UK.

Individuals – Current Position

Where an individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption and after taking account of any capital losses available to the individual. In computing the gain, the Shareholder is entitled to deduct from proceeds the cost to him of the shares (together with incidental costs of acquisition and disposal).

From 6 April 2016, for individuals disposing of assets other than residential property, capital gains tax will be charged at 10% on any chargeable gains to the extent that they do not exceed the amount of the individual's unused basic rate income tax band for the relevant tax year. To the extent that any chargeable gains, or part of any chargeable gain exceed the individual's unused basic rate income tax band, capital gains tax will be charged at 20%.

For trustees and personal representatives of deceased persons, capital gains tax on gains on disposals of assets other than residential property in excess of the current annual exempt amount will be charged at a flat rate of 20%.

Companies

Where a Shareholder is within the charge to corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss) for the purposes of UK corporation tax, depending on the circumstances and subject to any available exemption or relief. Corporation tax is charged on chargeable gains at the rate applicable to that company (currently 20% for chargeable accounting periods commencing on/after 1 April 2015). Indexation allowance may reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

14.3. Taxation of dividends

Under current United Kingdom legislation, no tax is required to be withheld from dividend payments by the Company.

Individuals – Current Position

Individual Shareholders receiving a dividend from the Company will be liable to UK income tax on the amount of any such dividend. Dividend income is generally treated as the top slice of the Shareholder's total income (subject to certain exceptions for specific types of income, such as termination payments) for UK tax purposes. From 6 April 2016, the dividend tax credit has been abolished and a new system for taxing dividends introduced. Under the new system, there is no income tax payable in respect of the first £5,000 of dividend income received in the tax year by a UK resident individual (although such income still counts towards the basic, higher and additional rate thresholds) regardless of the level of non-dividend income received. Dividend income received above £5,000 in a tax year is taxable at 7.5%, 32.5% and 38.1% for basic rate, higher rate and additional rate taxpayers, respectively. Shareholders should therefore seek appropriate tax advice on how the new changes may impact their tax affairs.

Dividends payable to trustees of discretionary trusts will be subject to dividend income tax at the dividend trust rate, currently 38.1%. Dividends payable to trustees of interest in possession trusts or personal representatives will be subject to income tax at 7.5%. Trustees do not qualify for the £5,000 dividend allowance available to individuals.

Companies

With certain exceptions (e.g. for traders in securities), Shareholders within the charge to UK corporation tax which are "small companies" (for the purposes of UK taxation of dividends) will generally not be subject to tax on dividends from the Company under the Distribution Exemption rules. The exemption is only available if certain conditions are met (including an anti-avoidance condition).

Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met.

To the extent that dividends are not exempt, they will be subject to corporation tax. The current rate of U.K. corporation tax is 20%. This rate is due to fall to 19% and then 17% with effect from April 2017 and 2020, respectively.

14.4. Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

The following comments are intended as a general guide to the UK stamp duty and SDRT position and do not relate to persons such as market makers, brokers, dealers, intermediaries and persons connected with depository arrangements or clearance services, to whom special rules may apply.

No stamp duty or SDRT will should generally be payable on the issue of shares. Nor should there be any liability to stamp duty/SDRT on subsequent transactions involving eligible shares admitted to trading on AIM (where the shares are not also listed on a recognised stock exchange), since the abolition of such tax on transfers post April 2014.

14.5. EIS and VCT Tax Relief – Individuals

The Company has received advance assurance from HMRC that its shares will qualify for Enterprise Investment Scheme (EIS) relief and that the Company will be a qualifying company for the purposes of Venture Capital Trust (VCT) relief. However, this does not mean that an individual Shareholder will be able to claim EIS or VCT tax relief; various additional conditions must be met by the Shareholders themselves.

EIS Relief

Certain reliefs apply to investments in EIS-qualifying shares. The main reliefs are income tax and capital gains tax relief.

An individual subscribing for qualifying EIS shares in the Company may, subject to the Company and the individual meeting the requisite conditions, claim relief against his income tax liability for the tax year of investment equal to 30% of the amount invested up to a maximum of £1,000,000 (so the maximum income tax reduction in any one tax year is £300,000). A carry-back facility is also available so that all or part of the investment can be treated as taking place in the preceding tax year, giving relief against income tax for that earlier year.

The shares must be held by the investor and continue to be EIS-qualifying shares for a minimum period (generally three years from the date the shares were issued, or if later, three years from when the Company's qualifying trade started), otherwise the income tax relief will be withdrawn.

Capital gains on the disposal of shares on which EIS income tax relief has been claimed and not withdrawn and which have been held throughout the requisite period are exempt from capital gains tax.

VCT Relief

VCTs are companies whose shares are traded on a regulated market. A VCT must meet certain conditions, such as investing at least 70% of its investments in shares in qualifying companies, in order to become HMRC approved and for investors in the VCT to qualify for certain tax reliefs. The Company has received advance assurance from HMRC that it is a qualifying company in which a qualifying VCT can invest.

An investor subscribing for eligible shares in a qualifying VCT may claim relief against his income tax liability for the tax year of investment equal to 30% of the amount invested up to a maximum of £200,000 (so the maximum income tax reduction in any one tax year is £60,000). There is no carry-back facility for VCT income tax relief.

The income tax relief will be withdrawn if the investor disposes of his shares in the VCT, or the VCT loses its HMRC approved status, within five years of issue.

Dividends received by an investor on the first £200,000 of shares invested (either by way of subscription or share transfer) in a qualifying VCT in a tax year are exempt from income tax. This exemption does not apply to dividends received on qualifying EIS shares, which are taxable in full.

Capital gains on qualifying disposals of VCT Shares are exempt from capital gains tax and capital losses on such disposals are not allowable. Various conditions have to be met for there to be a qualifying disposal, such as the shares must be ordinary shares in a company which was an approved VCT throughout the period from acquisition to disposal, the market value of the shares on acquisition must not have exceeded the permitted maximum for the tax year (currently £200,000), the disposal must be made by an individual who is 18 or over and the shares must have been acquired for *bona fide* commercial purposes and not tax avoidance.

14.6. Summary

The above is a general summary of certain aspects of current law and practice in the UK and should in no circumstances be construed as constituting advice. It is not intended as a complete and exhaustive analysis of all potential UK tax consequences for investors in Ordinary Shares. A Shareholder who is in any doubt as to his or her tax position and/or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser.

15. MATERIAL CONTRACTS

15.1. Placing Agreement

Under the Placing Agreement dated 12 December 2016 and made between the Company, the Directors and Stockdale, Stockdale has agreed as agent for the Company to procure subscribers for the Placing Shares at the Placing Price.

The Placing Agreement is conditional upon:

- (a) the Placing Shares being admitted as participating securities within CREST upon or immediately following Admission;
- (b) Admission occurring not later than 8.00 a.m. on 14 December 2016 or such later time and/or date, being no later than 5.00 p.m. on 30 December 2016, as the Company may agree with Stockdale.

Under the Placing Agreement and subject to its becoming unconditional, the Company has agreed to pay Stockdale, in aggregate, approximately £472,750 (excluding VAT) in respect of advisory fees and commission relating to the Placing.

It is expected that the Selling Shareholders will pay, in aggregate £34,810.58 in commission to Stockdale pursuant to the Selling Shareholders' Agreement (further details of which are set out at paragraph 15.4 of this Part V of this Admission Document).

The Company will pay certain other costs and expenses (including any applicable VAT) of, or incidental to, the Placing including all fees and expenses payable in connection with Admission, expenses of the registrars, printing, and advertising expenses, postage and all other legal, accounting and other professional fees and expenses.

Certain warranties and undertakings as to the accuracy of the information contained in this Admission Document and other matters relating to the Group and its business are given in favour of Stockdale by the Company and the Directors. The liability of the Directors in respect of any breach of warranties and undertakings is limited as to time and amount. The liability of the Company in respect of any breach of warranties and undertakings is not limited as to time or amount. In addition, the Company has given an indemnity covering certain customary matters to Stockdale. The liability under the indemnity is not limited as to time or amount.

Stockdale is entitled to terminate the Placing Agreement prior to Admission in certain specific circumstances, including:

- (a) in the event of certain force majeure events or other events involving certain material adverse changes relating to the Group; and
- (b) in the event of a material breach by the Company or the Directors of their obligations or warranties contained in the Placing Agreement.

15.2. Lock-in Deed

All Directors and those Existing Shareholders who have elected to retain shares in the Company post Admission have undertaken to the Company and to Stockdale not to dispose of the Ordinary Shares held by them and their connected persons (which taken together represent approximately 61.6% of the Enlarged Share Capital of the Company immediately following Admission) at any time prior to the date falling 12 months from the date of Admission (the "**12 month Lock-in Period**"), subject to certain exceptions. They have further undertaken to the Company and Stockdale that,

for a period 12 months following the end of the 12 Month Lock-in Period, they will only dispose of Ordinary Shares held by them or their connected persons through Stockdale (or such other broker to the Company at the time) although Stockdale may impose reasonable restrictions on any such disposal of Ordinary Shares held by them in order to maintain an orderly market in the Ordinary Shares.

The Existing Shareholders who are party to the Lock-In Deed are as follows:

Name		Number of Ordinary Shares immediately following Admission
Harjinder Kaur	Bahra	27,300
Gemma	Bahsharan	4,214
Graham	Boler	16,379
Aurelie	Bourdaire	2,214
Fabian	Bourdaire	57,216
Linda	Brown	24,150
Ian	Castle	205,029
Janice	Hoare	13,650
Malcolm	Hoare	300,300
Alexander	Innes	4,514
David	Johnson	16,179
Keith	Kelly	21,215
Paul	Lambsdown	183,852
Angiolina	Leach	10,920
Christopher	Leach	5,460
John	Leach	283,920
Clare	Macdonald	2,681
Brian	Mann	13,230
Ian	Mann	1,698,690
Ravinder	Mann	1,719,068
Wendy	Mann	5,460
Phil	McClear	472,290
Richard	Nelms	11,624
James	Noel	31,638
Luke	Pigott	1,371
Felix	Ryan	7,195
Lucy	Sharp	230,419
Adam	Shore	2,681
Andrew	Turnbull	2,681
Darryl Shaun	Wakefield	2,681
Rebecca	Walker	5,460
Andrew	Whillance	8,942
Paul	Wild	5,885
Andrew	Wilson	77,700
Anoushka	Wilson	1,371
Lois	Wilson	4,514

15.3. Nominated Adviser and Broker Agreement

Under a nominated adviser and broker agreement dated 7 December 2016 between Stockdale and the Company, Stockdale agreed to act as nominated adviser and broker to the Company, for the purposes of the AIM rules for an initial period of 12 months and thereafter subject to 90 days' written notice by either party. The agreement contains customary undertakings from the Company in favour of Stockdale relating to the Company's position as a company whose shares are admitted to trading on AIM and other matters relating to its financial and trading position.

15.4. Selling Shareholders Agreement

Under the Selling Shareholders Agreement dated 12 December 2016 made between the Company, the Selling Shareholders and Stockdale, Stockdale has agreed (conditionally, *inter alia*, on Admission taking place not later than 30 December 2016) as placing agent for the Selling Shareholders to procure purchases for the Sale Shares at the Placing Price.

The Selling Shareholders Agreement is conditional upon *inter alia*:

- (a) the Placing Agreement not having been terminated; and
- (b) Admission occurring not later than 8 a.m. on 14 December 2016 or such later time and/or date, being no later than 5 p.m. on 30 December 2016, as the Company may agree with Stockdale.

Certain warranties and undertakings as to the Selling Shareholders' title, right, power and authority to sell their respective Sale Shares are given in favour of Stockdale by the Selling Shareholders.

Stockdale is entitled to terminate the Selling Shareholder Agreement prior to Admission in certain specific circumstances, including:

- (a) in the event of certain force majeure events or other events involving certain material adverse changes relating to the Group; and
- (b) in the event of a material breach of the obligations or warranties contained in the Selling Shareholders Agreement.

The Selling Shareholders are:

Name	Relationship to Company	Number of Existing Ordinary Shares	Number of Sale Shares	Number of Ordinary Shares immediately following Admission
Gemma Bahsharan	Employee	12,810	8,596	4,214
Graham Boler	Employee	39,060	22,681	16,379
Aurelie Bourdaire	Employee	5,460	3,246	2,214
Fabian Bourdaire	Employee	96,180	38,964	57,216
Ian Castle	Employee	249,480	44,451	205,029
Alexander Innes	Employee	11,130	6,616	4,514
David Johnson	Employee	44,730	28,551	16,179
Keith Kelly	Director	51,240	31,172	20,068
Paul Lambsdorn	Employee	308,700	124,848	183,852
Clare Macdonald	Employee	9,030	6,349	2,681
Ravinder Mann	Employee	1,728,510	9,442	1,719,068
Richard Nelms	Employee	31,080	19,456	11,624
James Noel	Employee	67,200	35,562	31,638
Luke Pigott	Employee	4,620	3,249	1,371
Felix Ryan	Employee	20,160	12,965	7,195
Lucy Sharp	Director	301,560	71,141	230,419
Adam Shore	Employee	9,030	6,349	2,681
Andrew Turnbull	Employee	9,030	6,349	2,681
Darryl Shaun Wakefield	Employee	9,030	6,349	2,681
Andrew Whillance	Employee	22,050	13,108	8,942
Paul Wild	Employee	15,750	9,865	5,885
Lois Wilson	Employee	11,130	6,616	4,514
Anoushka Wilson	Employee	4,620	3,249	1,371

Equiniti Financial Services Limited has been appointed by the Company to perform certain administrative and settlement services in relation to the Sales Shares.

15.5. Warrant Instrument

The Warrant Instrument constitutes the Warrants, which confer the right on the holder of the Warrant to subscribe for 89,941 Ordinary Shares at the price of 167 pence per Ordinary Share. The exercise period of the Warrant will commence from the date

of Admission and will expire on the date falling on the third anniversary of Admission or on the date that no further subscription rights are exercisable (whichever is earlier). Each Warrant will be cancelled once the subscription right attaching to it has been exercised and the Ordinary Share has been allotted to the warrant holder pursuant to the Warrant.

15.6. Relationship Agreement

Pursuant to a relationship agreement dated 12 December 2016 and made between the Company, the Mann Concert Party and Stockdale, the parties agreed, effective from Admission, to regulate the on-going relationship between the Company and the Mann Concert Party to ensure that the Company is capable of carrying on its business independently of the Mann Concert Party and any of its members.

Pursuant to the Relationship Agreement, the members of the Mann Concert Party each undertake, among other things, that they will (and, in relation to their associates, will procure that each of their associates will):

- (i) conduct all transactions, agreements and arrangements with the Group on an arm's length basis and on normal commercial terms;
- (ii) ensure that no contract or arrangements between it and any member of the Group is entered into or varied without prior approval of a majority of Independent Directors;
- (iii) exercise its voting rights to procure in so far as it is able that the Company may at all times carry on its business for the benefit of the Shareholders as a whole and independently of the members of the Mann Concert Party; and
- (iv) not, and will procure that its associates will not, seek to de-list the Ordinary Shares from trading on AIM (except in certain circumstances).

The Relationship Agreement is governed by English law and is subject to the exclusive jurisdiction of the English courts.

16. RELATED PARTY TRANSACTIONS

Save as disclosed at paragraph 20 of Section B Part III of this Admission Document in respect of certain dividend payments made to Directors and their family members and certain loans to Directors (which will be repaid on Admission from the proceeds of the sale of certain Sale Shares), the Company has not entered into any related party transactions of the type set out in the standards adopted according to the Regulation (EC) No. 1606/2002 during the period covered by the historical financial information set out in Part III and up to the date of this Admission Document.

17. WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry and after taking into account the net proceeds of the Placing receivable by the Company, the working capital available to the Company and its Group will be sufficient for their present requirements that is for at least twelve months from the date of Admission.

18. LITIGATION

The Company is not or has not been engaged in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which have had or may have a significant effect on the Company's financial position or profitability during the twelve months preceding the date of this Admission Document and, so far as the Directors are aware, there are no such proceedings pending or threatened by or against the Company.



19. NO SIGNIFICANT CHANGE IN FINANCIAL OR TRADING POSITION

Save as otherwise disclosed in this Admission Document, there has been no significant change in the financial or trading position of the Company since 30 June 2016, being the date to which the financial information set out in Part III of this Admission Document was prepared.

20. INTELLECTUAL PROPERTY

20.1. ECSC is the registered proprietor of the following trademarks:

Trademarks

Territory	Trademark No.	Mark
UK	UK00002245511	
UK	UK00002431004	

20.2. ECSC owns all intellectual property arising from any software internally developed by ECSC employees. This makes up the key component of the software used to provide the cyber security solutions to clients and the Company's chief technical officer tracks, documents and reports regularly on the intellectual property being developed and used by the Company.

21. PROPERTY AND EQUIPMENT

21.1. The Company occupies offices at 28 Campus Road, Listerhills Science Park, Bradford, West Yorkshire BD7 1HR under a full repairing and insuring lease for a term expiring on 2 January 2023 at a current annual rent of £45,000 per annum. The Company does not own or occupy any other property.

21.2. The Company is not aware of any environmental issues or risks affecting the utilisation of the Company's tangible fixed assets or its operations.

22. CONSENTS

22.1. Stockdale, the nominated adviser of the Company, is a member of the London Stock Exchange and is authorised and regulated by the FCA. Stockdale has given and not withdrawn its written consent to the issue of this Admission Document with the inclusion in it of references to its name in the form and context in which they appear.

22.2. BDO LLP, in its capacity as Reporting Accountant, has given and has not withdrawn its written consent to the inclusion in this Admission Document of its report set out in Section A of Part III of this Admission Document in the form and context in which it is included.

23. FINANCIAL INFORMATION

23.1. The financial information contained in this Admission Document does not constitute full statutory accounts within the meaning of section 434 of the Companies Act. Statutory accounts of the Company in respect of the three accounting years ended 30 September 2013, 2014 and 2015 have been delivered to the Registrar of Companies in England and Wales. These statutory accounts were exempt from audit. BDO LLP was appointed statutory auditor to the Company on 28 October 2016. BDO LLP is a member firm of the Institute of Chartered Accountants in England & Wales.

24. EXPENSES AND NET PROCEEDS

- 24.1. The total costs and expenses payable by the Company in connection with the Admission (including professional fees, commissions, the costs of printing and registrars fees) are estimated to amount to approximately £0.8 million excluding VAT.
- 24.2. The total net proceeds receivable by the Company in connection with the Placing of the New Shares are estimated to be approximately £4.2 million.

25. MISCELLANEOUS

- 25.1. Save as otherwise disclosed in this Admission Document, there have been no significant authorised or contracted capital commitments of the Company at the date of publication of this Admission Document.
- 25.2. No environmental issues have arisen in the past 12 months which would have had a significant effect on the Company's financial position or profitability.
- 25.3. Except for the advisers named on page 4 of this Admission Document, the transaction bonus arrangement for Keith Kelly as disclosed at paragraph 10.4 of this Part V, and trade suppliers, no person has received, directly or indirectly, from the Company within the twelve months preceding the date of this Admission Document, or entered into any contractual arrangements (not otherwise disclosed in this Admission Document) to receive, directly or indirectly, from the Company on or after Admission, any of the following:
 - 25.3.1. fees totalling either £10,000 or more;
 - 25.3.2. securities in the Company with a value of either £10,000 or more calculated by reference to the expected price of an Ordinary Share at Admission; or
 - 25.3.3. any other benefit with a value of either £10,000 or more or more at the date of Admission.
- 25.4. Where information contained in this Admission Document has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, so far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 25.5. Ordinary Shares are allotted and issued in registered form under the laws of England and Wales and their currency is pounds sterling. No admission to listing or trading of the Ordinary Shares is being sought on any stock exchange other than AIM. The Ordinary Shares are capable of being transferred by means of the CREST system in certificated and uncertificated form. The share register of the Company will be maintained by the Registrar, Equiniti Limited.
- 25.6. It is expected that in respect of uncertificated Ordinary Shares, Shareholders' CREST accounts will be credited as applicable on the date of Admission. Share certificates (where applicable) will be despatched by first class post within 14 days of the date of Admission.
- 25.7. The Directors intend to comply with Rule 21 of the AIM Rules for Companies relating to Directors' and applicable employees' dealings in Ordinary Shares and, to this end, the Board has adopted an appropriate Share Dealing Code.
- 25.8. Save as disclosed in Part I of this Admission Document, the Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 25.9. The arrangements for payment of the Placing Shares are set out in the placing letters referred to in the Placing Agreement. All monies received from applicants will be held by Stockdale prior to delivery of the Ordinary Shares. If any application is unsuccessful or scaled down, any monies returned will be sent by cheque crossed "A/C Payee" in favour of the first named applicant. Any monies returned will be sent by first class post at the risk of the addressee within three days of the completion of the Placing.
- 25.10. The Placing Price of 167 pence per Ordinary Share represents a premium of 166 pence over the nominal value of £0.01 per Ordinary Share.

- 25.11. There are no provisions in the Articles which would have the effect of delaying, deferring or preventing a change of control of the Company.
- 25.12. Save as disclosed in this Admission Document, the Directors are unaware of:
- 25.12.1. any significant trends in production, sales and inventory and costs and selling prices from 30 June 2016 (being the date to which the financial information set out in Part III of this Admission Document was prepared) to the date of this Admission Document; and
- 25.12.2. any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the current financial year.
- 25.13. The Company has made statements in Parts I and II of this Admission Document regarding the Company's competitive position on the basis of the status of the Company's technology and products and its relationships as at the date of this Admission Document.
- 25.14. There are no mandatory takeover bids outstanding in respect of the Company and no public takeover bids have been made by third parties either in the last financial year or the current financial year of the Company.
- 25.15. There are no arrangements known to the Company, the operation of which may at a subsequent date result in a change of control of the Company.

26. AVAILABILITY OF ADMISSION DOCUMENT

Copies of this Admission Document will be available from the offices of Freeths LLP, One Vine Street, Mayfair, London W1J 0AH during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for a period of one month from the date of Admission. A copy of this Admission Document is also available for download at the Company's website at www.ecsc.co.uk.

12 December 2016

