Final results for the year ended 31 March 2018

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This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014.

GRC International Group plc

Final results for the year ended 31 March 2018

GRC International Group plc ("GRC International" or the "Group"), a leading supplier of IT governance, risk management and compliance products and services, is pleased to report its unaudited results for the 12 months ended 31 March 2018 ("FY18"). This constitutes the Group's first annual results as a public company, following admission of the Group to trading on AIM on 5 March 2018.

Financial Highlights

- Group revenues increased 131% to £15.7m (FY17: £6.8m)
- Underlying EBITDA[1] increased 55% to £1.7m (FY17: £1.1m)
- Exceptional items during the period totalled £714,000 (FY17: £nil)
- Earnings per share (EPS) was 0.4p (FY17: 1.27p)
- Cash at period end of £5.6m (FY17: £0.4m)

Operational highlights

- International revenues grew strongly over the year (up 131% YoY) and represent 19% of the Group's total revenues
- Strong order growth saw the number of full time employees at the Group grow from 93 to 262
- Operations commenced in Ireland and Northern Europe (and in the US since the year end)

Successful IPO on the London Stock Exchange

- Admission to AIM effective 5 March 2018
- Raised £5.04m for the Company (before costs). All costs were paid out of working capital

Outlook and current trading

- Strong momentum in the business since IPO with further significant progress expected over the course of FY19

[1] Underlying EBITDA is defined in the Financial Review contained within this announcement.

Commenting on the results, Alan Calder, Chief Executive Officer, said:

"FY18 was a transformational year for GRC International, as we grew significantly our revenues, profits, client base, number of staff and services offered, culminating in our admission to trading on AIM in March of this year.

"The IT governance, risk and compliance market is growing fast and becoming global. Our admission to AIM has given us the platform to grow our business rapidly, utilising our skills of agility and innovation.

"We have observed a solid performance in the new financial year, in part due to benefits realised from the implementation deadline of the EU's GDPR regulation on 25th May 2018. Operations are now established in Ireland, the US and Northern Europe, and we expect to see an interesting pipeline of possible acquisition targets develop.

It is against this backdrop that we expect to deliver further significant progress in the new financial year to 31 March 2019".

Analyst presentation

GRC International is holding a presentation to analysts at 09:00 today at the offices of Citigate Dewe Rogerson, 3 London Wall Building, London Wall, EC2M 5SY. Analysts wishing to attend should contact grcinternational@citigatedewerogerson.com to register.

The full year results and presentation slides can be found on GRC's website at https://www.grci.group/

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About GRC International Group plc

GRC International Group plc was admitted to trading on the London Stock Exchange's AIM market in March 2018.

GRC provides a comprehensive suite of products and services to address the IT governance, risk management and compliance requirements of organisations seeking to address a wide range of data protection and cyber security regulation. The Company provides a range of services and products through three divisions: training, consultancy, and publishing and distribution.

The Group has a diversified and international customer base which is expected to grow as GRC expands its geographical footprint. Since listing, the Group has expanded internationally with operations now established in Ireland, the US and Northern Europe.

Chairman's Review

Introduction
This is our first set of annual results as a public company and it is my pleasure to welcome our new shareholders to GRC International Group plc ("GRC").

2017-18 was a transformational year for the business, culminating in the Company's successful admission to the London Stock Exchange's AIM in March 2018. The strong response to the AIM placing reflected investors' favourable perceptions of our current operations and excellent prospects.

Overview
GRC is a "one-stop shop" for cyber security and data compliance products and services based in the UK. The Group's strategic ambition is to become an international one-stop shop under the umbrella of governance, regulation and compliance, expanding into other forms of compliance and new jurisdictions.

Market opportunity
In a world where cyber security and data protection have escalated in importance, and as the number of high-profile breaches command worldwide concern, global cyber security spend is expected to grow by 68% between 2017 and 2022 (Markets and Markets Cyber Security Market Report 2018). The exponential growth in transactions, data and internet- enabled devices is leading global standards driven by legal, regulatory and commercial requirements.

The market for the provision of GRC's products and services is highly fragmented with no UK providers offering the same portfolio opportunities. The demand is international; there are few, if any, established providers to meet this demand.

Financial results
GRC performed exceptionally strongly in 2017-18, achieving billings of £16.3m (growth of 119%), and underlying EBITDA of £1.7m (growth of 56%). This growth reflected significant progress across all the Group's divisions, especially the provision services relating to GDPR.

The Group's balance sheet was also strong, with cash of £5.6m reflecting the benefit of the gross placing proceeds of £5.04m (before costs of £1.0m), which remained unused at year end as the cash generative nature of the business funded the exceptional growth in people and resources.

At this stage in the Group's development, the Board has decided to conserve cash for further expansion and potential acquisitions. Accordingly, no dividend is declared in respect of the 2017-18 results.

People
2017-18 has been a transformational year for GRC, not least in staffing. The number of full-time employees increased from 93 to 262. Our excellent results could not have been achieved without the skill, passion and dedication of our entire staff. On behalf of the Board, I would like to thank them for their efforts during the year.

The Board welcomed Ric Piper as a Non-Executive Director on the occasion of our admission to AIM. Ric, a Chartered Accountant, brings a wealth of financial and operational expertise to the Company.

Current trading and outlook
GRC has enjoyed a strong start to 2018-19, in part due to the 25 May 2018 deadline for the introduction of the EU's GDPR regime.

We have commenced operations in Ireland, the US and Northern Europe, and expect to see an interesting pipeline of possible acquisition targets develop.

As a result, the Company is expected to deliver further significant progress in the current financial year to 31 March 2019.

All parts of the Group are operating at high intensity and promise an exciting future.

Andrew Brode
Chairman

Chief Executive Officer's Review

It gives me great pleasure to report on such a momentous year for GRC International Group plc, in this, our very first set of annual results.

We have significant capability around product innovation, service innovation and speed of deployment.

Just prior to the close of our financial year, the Group achieved a key strategic milestone and was admitted to trading on the London Stock Exchange's AIM market on 5 March 2018.

As I reflect on the year, I am extremely proud of the work we have done and the track record we have built creating and offering a highly comprehensive suite of quality services and products, spanning e-learning, publishing, training, certification and consultancy to customers, as they seek to address a wide range of data protection and cyber security issues.

Our admission to trading on AIM gives us even greater opportunity to grow our business in a progressive market that is experiencing rapid expansion on an international scale.

We have a unique business model differentiating us from competitors…
While we focus relentlessly on each of our bespoke products and services, it isn't the individual components of our model which give us our competitive advantage but the way that we stitch products and services together to provide bespoke solutions to our customers' requirements and to ensure they are satisfied regardless of their size, market sector or stage of maturity.

We have significant capability around product innovation, service innovation and speed of deployment. Testament to this was our ability to launch a phishing-related e-learning course during the year, from its conceptual idea, and deliver it to the first customer in just five days. Our agility and innovation are essential components of our business model.

…and we continue to be well-positioned in an attractive, high-growth market
The IT governance, risk and compliance market is growing fast and is becoming a global market. Data protection and cyber crime is international and, therefore, a successful data protection and cyber crime business must operate internationally.

In the past year, we have demonstrated our ability to scale up in new countries, through our newly established Irish business (supported by a dedicated sales and marketing team and website) to support our EU operations and our office in New York for our US business. We also have offices in Amsterdam and Brussels.

I am pleased to report that these operations are becoming established, evidenced by the fact that international revenues grew 131% year-on-year. We have an ambition that over time international revenue will exceed UK revenue.

But, we must always remain one step ahead
In the past year, the arrival of GDPR drove significant revenue and cash flow growth allowing GRC to forge itself as one of the market leaders in this space. The level of peak panic purchasing that we saw in the final months leading up to 25 May 2018, the date on which GDPR applied, is unlikely to be repeated. However, growth in the coming year from ongoing compliance requirements with existing legislation, coupled with a new pipeline of regulation, will continue to provide opportunities and the challenge for us is to remain agile and innovative in this fast-paced and evolving market.

Key findings from the research highlight that 20% of companies surveyed believe they now are GDPR compliant - this is TrustArc's GDPR Compliance Status Report July 2018. We expect that following a pause for breath over the summer, the levels of data breach reporting and the application of potentially large fines for non-compliance will drive another wave of billings from organisations recognising the necessity of being compliant.

As well as compliance with GDPR, ISO 27001 and other existing regulations, there is a strong pipeline of regulation including the Network and Information Security ("NIS") Directive and the e-Privacy Directive that will keep compliance at the top of the agenda for many of our clients, both current and potential.

We would not be where we are today without the hard work and dedication of our people
Of course, none of our achievements this year would have happened without the hard work and dedication of our employees. We value the innovation, accountability, determination, application and pragmatism of our people hugely. The skills and capabilities of our colleagues are vital to our success. I would like to thank them all for their support during this transformative year and for their

continued dedication to GRC International's success.

Our strategy in FY 2019 and beyond
The cybersecurity market is expected to grow from USD 137.85 billion in 2017 to USD 231.94 billion by 2022, at a Compound Annual Growth Rate ("CAGR") of 11.0% - according to Markets and Markets Cyber security Market Report 2018. As cyber crime and data protection issues become more common and rise in prominence, governments are increasingly legislating to protect against them, thus creating additional compliance burdens for organisations in both private and public sectors and, consequently, expanding the ecosystem in which we operate.

Therefore as we progress, both this year and beyond, we must focus on extending existing services into both our existing markets and new jurisdictions, whilst also developing new services and solutions to deliver to clients, both existing and new. With our successful track record of introducing new products and services - sometimes against very tight timescales - we remain confident in delivering on this pillar of our strategy.

In addition to investing organically to grow, we will continue to review suitable acquisition opportunities, businesses that own complementary technology and intellectual property to ours, offering access to new markets or geographies or extending our existing capabilities and product range.

We are excited for the future
At this point in time, I don't think anyone can know exactly what the future holds, particularly in the short term, as the data protection and cyber security market continues to grow and evolve. However, we believe this global market provides a wealth of opportunity for us.

This is a hugely exciting time for GRC as we move forward as a publicly quoted company and work to achieve our vision of being the leading "one-stop shop" supplier of IT governance, risk and compliance products and services globally.

Alan Calder
Chief Executive Officer

Market Overview

A market driven by legal and regulatory obligations to have in place data protection and cyber security systems and procedures
Organisations have legal and regulatory obligations to have in place data protection and cyber security systems and procedures.

These laws and regulations often have international reach outside of the countries in which they are enacted.

For example, on 25 May 2018 the GDPR applied across all member states of the EU. It also extended the scope of the EU data protection law to all foreign organisations providing services into the EU. It harmonised the data protection regulations throughout the EU, thereby making it easier for non-European companies to comply with these regulations. The GDPR imposes severe penalties of up to 4% of worldwide turnover for non-compliance, meaning many organisations are turning to GRC to become compliant.

End-to-end compliance across the supply chain with legal and regulatory obligations further increasing demand for our products and services
In addition to laws and regulations, businesses are increasingly required to provide assurance to their customers, regulators and stakeholders that their data protection and cyber security systems are adequate for the current risk environment.

Businesses, therefore, require evidence of adequate security from all the entities in their supply chains. For example, the payment card brands, through their acquiring banks, require businesses (and their suppliers) that process payment cards to meet the PCI DSS standard and the UK Government already requires that organisations supplying it directly or indirectly should comply with Cyber Essentials (its own standard).

The PwC 2018 Global State of Information Security Survey ("GSISS") - which contacted 9,500 executives in 122 countries - found:
- 44% did not have an overall information security strategy.
- 48% did not have an employee security awareness training programme.
- 54% did not have an incident response process.

GSISS also found that many of the key processes for identifying cyber risks in business systems (including penetration tests, threat assessments, active monitoring of information security, and intelligence and vulnerability assessments) had been adopted by less than half of survey respondents.

We operate in a growing and global market
Although it is difficult to confirm the exact size of the global market for GRC International's products and services, there are a number of research reports that indicate the size and growth rate of this market:
- The GDPR market is predicted to grow from $907.4 million in 2018 to $2.7 billion by 2023, according to research published by Markets and Markets, reflecting a CAGR of 24% during the forecast period. According to this research, the growth will be primarily driven by the implementation of GDPR across the EU from May 2018.
- Other growth factors include the generation of massive amounts of data, an increased need for data security and privacy, and demand for more data processing transparency.
- TrustArc's June 2018 research report states that in the UK, only "20% of companies surveyed believe they now are GDPR compliant, while 53% are in the implementation phase and 27% have not yet started their implementation."
- Juniper Research published a report in 2017 that estimated that the global cyber security market would be worth $135 billion in 2020. This forecast includes all dedicated cyber security hardware and software purchases, as well as services revenues of managed security service providers. It does not include the wages for in-house cyber security staff used by an organisation.

We offer a unique proposition to the market
The Board does believes that there are no other large companies offering the wide range of products and services that GRC International provides either in the UK or elsewhere.

The market for these products and services is global and they are provided on a limited basis by a large number of businesses which are either small and/or "reselling" products and/or services provided by other businesses such as those provided by us or are large but providing only a subset of our range offering.

Financial Review

I am delighted to report a strong set of results for the year ended 31 March 2018, with double-digit growth in revenue, gross profit and EBITDA.

Our ability to offer flexible and cost-effective delivery of high-quality products and services that meet customer requirements, coupled with our success in expanding its geographical footprint in an attractive, high-growth market, have all contributed towards producing these strong results.

Revenue
Revenue for the year ended 31 March 2018 was £15.7 million (2017: £6.8 million), up 131%.

The Group has four key revenue streams:
- Consultancy
- Publishing and Distribution
- Software
- Training

Double-digit revenue growth was recorded in three of our four key revenue streams. While revenue from sales of software was down 3% year-on-year to £0.4 million, revenue from Consultancy was up 82% year-on-year to £5.3 million, from Publishing and Distribution up 58% to £1.7 million and from Training division up 237% to £8.4 million.

GDPR related services account for a significant proportion of the growth but we have also seen strong performances in other areas of our core business.

As demonstrated by the tables below, the Group's revenue continues to grow strongly.

£	Consultancy	Publishing and Distribution	Software	Training	Total
2015	1,658,879	1,041,054	222,747	1,541,442	4,464,122
2016	2,010,170	1,027,378	234,098	1,576,915	4,848,561
2017	2,897,684	1,041,843	410,696	2,483,080	6,833,303
2018	5,273,742	1,649,060	399,212	8,366,202	15,688,216

Year-on-year %	Consultancy	Publishing and Distribution	Software	Training	Total
2016	21%	(1%)	5%	2%	9%
2017	44%	1%	75%	57%	41%
2018	82%	58%	(3%)	237%	130%

£	UK	Non-UK	Non-UK %
2015	3,366,248	1,097,874	25%
2016	3,912,177	936,384	19%
2017	5,525,068	1,308,235	19%
2018	12,669,974	3,018,242	19%

Gross profit
Gross profit was £9.5 million (2017: £4.1 million), up 133%.

Gross profit as a percentage of sales remained consistent with prior years at 61% (FY2017: 60%). The stability of the gross profit margin, despite the substantial growth in Group revenue, reflects the nature of the direct cost base and demonstrates the scalability of the business.

Operating expenses and exceptional costs
Other operating expenses (excluding share-based payment expenses and exceptional costs in relation to the Group's admission to AIM in March 2018) increased by £5.0 million to £8.4 million, up 148%.

Other operating expenses as a percentage of turnover increased from 49% in FY2017 to 53%. This increase represents a concerted effort to invest in marketing, infrastructure and support staff to enhance growth and position GRC for future success, both in the UK and overseas.

Exceptional costs were 0.7m, being all IPO related. In 2017 exceptional costs were nil.

Underlying EBITDA
Underlying EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) excludes share-based payment expenses and exceptional costs in relation to the Group's admission to AIM in March 2018.

Although underlying EBITDA is not a statutory measure, it is considered by the Board to be an important Key Performance Indicator that is helpful to investors.

Underlying EBITDA for the year was £1.7 million or 10.6% of revenue (FY2017: £1.1 million and 15.6%) after adding back £0.5m (FY2017: £0.3m) of depreciation and amortisation, £0.01m (FY2017: £nil) of share based payments and £0.7m (2017: £nil) of exceptional costs. This reduction on prior year is a reflection of our increased operating expenses for the purpose of future investment, as previously explained.

Finance expense
Net finance expense of £9,400 (2017: £32,000) relates almost entirely to interest on historic term loans and finance leases taken out in the Group's early stages of growth to support working capital. The balances are now being repaid in line with the repayment schedule. The total value of borrowings at the balance sheet date was £80,000 (FY2017: £162,000).

Capital expenditure, depreciation and amortisation
During the year in support of the Group's growth expenditure on tangible assets was £398,000 (2017: £45,000) and on intangible assets £945,000 (2017: £404,000).

Depreciation and amortisation have increased by 53% to £500,000 (2017: £326,000).

Profit before tax
Profit before tax was £355,000 (FY2017: £710,000), after deducting £714,000 of exceptional operating expenses.

Taxation
The effective tax rate of 43% (2017: 10%) differs from the actual corporation tax rate of 19% (2017: 20%). In the current year, the effective tax rate is driven up by disallowable expenditure in relation to the IPO.

During the year, the Group recognised a deferred tax asset of £0.6 million (FY2017: £0.1 million), the majority of which relates to share-based payments.

Earnings per share
Earnings per share were 0.40 pence (2017: 1.27 pence).

Dividends
At this stage in the Company's development, the Board has decided to conserve cash for further expansion and potential acquisitions. Accordingly, no dividend is declared in respect of the 2017-18 results.

Balance sheet
Net current assets were £3.3 million, up from £65,000 at the prior year balance sheet date. Net assets were £5.9 million, up from £1.2 million at the prior year balance sheet date.

Included within the current liabilities balance of £5.0 million (2017: £2.0 million) is deferred income of £1.4 million (2017: £929,000) relating to training and consultancy projects to be delivered after the balance sheet date.

Intangible assets
The Group's accounting policy is that only directly attributable staff costs of the technical teams developing the assets are capitalised. No management time is capitalised and neither is any proportion of overheads or borrowing costs.

Cash flow and cash
The Group's closing cash position was £5.6 million (FY2017: £0.4m), including funds raised when the Group admitted to trading on the London Stock Exchange AIM market on 5 March 2018. The Group raised a total of £5.0m and received £4.8 million, after the deduction of costs at source.

We therefore had a net cash inflow for the year of £0.4m.

Chris Hartshorne
Finance Director

FINANCIAL INFORMATION

Unaudited consolidated Income Statement
For the year ended 31 March

			Restated (note 2)
	Notes	**2018**	**2017**
		£	**£**

Revenue	3	15,688,216	6,833,303
Cost of sales		(6,163,690)	(2,736,743)
Gross profit		9,524,526	4,096,560
Operating expenses:			
→Other operating expenses		(8,384,858)	(3,380,090)
→Share based payment charge		(82,560)	-
→Exceptional operating expenses		(714,251)	-
Total operating expenses		(9,181,669)	(3,380,090)
Other operating income		21,875	25,694
Operating profit	4	364,732	742,164
Finance income		516	-
Finance costs		(9,902)	(32,000)
Profit before taxation		355,346	710,164
Taxation		(153,495)	(73,872)
Profit for the financial year		201,851	636,292
Profit for the financial year attributable to:			
The Group's equity shareholders		201,851	636,292
Basic earnings per share (pence)	4	0.40	1.27
Diluted earnings per share (pence)	4	0.39	1.26

Unaudited consolidated Statement of Comprehensive Income
For the year ended 31 March

	2018 £	Restated (note 2) 2017 £
Profit for the financial year	201,851	636,292
Other comprehensive income / (loss) - items that may subsequently be reclassified to profit/loss:		
Exchange differences on translation of foreign operations	1,699	(1,020)
Other comprehensive income / (loss) for the financial year, net of tax	1,699	(1,020)

Total comprehensive income for the financial year	203,550	635,272

Unaudited consolidated Balance Sheet
As at 31 March

	2018 £	Restated (note 2) 2017 £	Restated (note 2) 2016 £
Assets			
Non-current assets			
Intangible assets	1,596,894	1,043,170	912,991
Property, plant and equipment	424,019	132,654	112,384
Deferred tax	641,165	88,444	127,316
	2,662,078	1,264,268	1,152,691
Current assets			
Inventories	76,171	38,626	34,575
Trade and other receivables	2,637,309	1,673,090	1,042,164
Cash at bank	5,557,576	413,552	11,490
	8,271,056	2,125,268	1,088,229
Current liabilities			
Trade and other payables	(4,636,265)	(1,828,611)	(1,194,162)
Finance lease payables	(9,516)	(10,170)	(4,463)
Borrowings	(51,366)	(80,031)	(171,857)
Current tax	(301,831)	(141,205)	(106,205)
	(4,998,978)	(2,060,017)	(1,476,687)
Net current assets / (liabilities)	3,272,078	65,251	(388,458)
Non-current liabilities			
Borrowings	(28,143)	(82,416)	(163,009)
Finance lease payables	(5,667)	(15,183)	(4,576)
	(33,810)	(97,599)	(167,585)
Net assets	5,900,346	1,231,920	596,648
Equity			
Share capital	57,463	1,798	1,798
Share premium	4,792,828	1,137,098	1,137,098
Share based payment reserve	628,150	-	-
Retained earnings	421,221	94,043	(542,249)
Capital redemption reserve	5	1	1
Translation reserve	679	(1,020)	-
Total equity	5,900,346	1,231,920	596,648

Unaudited consolidated Statement of Changes in Equity
For the year ended 31 March

For the year ended 31 March 2018

	Share capital £	Share premium £	Share-based payment reserve £	Retained earnings £	Translation reserve £	Capital redemption reserve £	Total £
Balance at 1 April 2017	1,798	1,137,098	-	94,043	(1,020)	1	1,231,920
Profit for the year	-	-	-	201,851	-	-	201,851
Foreign exchange difference on consolidation	-	-	-	-	1,699	-	1,699
Total comprehensive income for the year	-	-	-	201,851	1,699	-	203,550
Dividends	-	-	-	(951,320)	-	-	(951,320)
Purchase of own shares	(4)	-	-	(11,994)	-	4	(11,994)
Capital reduction	-	(1,137,098)	-	1,137,098	-	-	-
Bonus issue	48,457	-	-	(48,457)	-	-	-
Share based payment expense	-	-	82,560	-	-	-	82,560

Deferred tax on share based payments	-	-	545,590	-	-	-	545,590
Shares issued on exercise of share options	12	5,028	-	-	-	-	5,040
Shares issued	7,200	5,032,800	-	-	-	-	5,040,000
Cost of share issue	-	(245,000)	-	-	-	-	(245,000)
Transactions with owners	55,665	3,655,730	628,150	125,327	-	4	4,464,876
At 31 March 2018	57,463	4,792,828	628,150	421,221	679	5	5,900,346

For the year ended 31 March 2017 (Restated, noted 2)

	Share capital £	Share premium £	Retained earnings £	Translation reserve £	Capital redemption reserve £	Total £
Balance at 1 April 2016	1,798	1,137,098	(542,249)	-	1	596,648
Profit for the year	-	-	636,292	-	-	636,292
Foreign exchange difference on consolidation	-	-	-	(1,020)	-	(1,020)
Total comprehensive income for the year	-	-	636,292	(1,020)	-	635,272
Balance at 31 March 2017	1,798	1,137,098	94,043	(1,020)	1	1,231,920

Unaudited consolidated Statement of Cash Flows

For the year ended 31 March

	Notes	2018 £	Restated (note 2) 2017 £
Cash flow from operating activities			
Profit before tax		355,346	710,164
Depreciation		108,944	51,819
Amortisation		391,550	274,288
Share based payment expense		82,560	-
Foreign exchange losses		41,851	7,114
Finance Income		(516)	-
Finance costs		9,902	32,000
Operating Cashflows before changes in working capital		989,637	1,075,385
Increase in inventories		(37,545)	(4,051)
Increase in trade and other receivables		(1,529,039)	(630,926)
Increase in trade and other payables		2,807,653	634,449
Net cash inflow from operating activities		2,230,706	1,074,857
Cash flow from investing activities			
Purchase of intangible assets		(945,268)	(404,467)
Purchase of plant and equipment		(398,406)	(44,890)
Interest received		516	-
Net cash outflow in investing activities		(1,343,158)	(449,357)
Net cash flow from financing activities			
Purchase of own shares		(11,994)	-
Proceeds from issue of shares		5,045,040	-
Costs of share issue		(245,000)	-
Dividends paid		(386,500)	-
Repayment of loans		(80,127)	(93,979)
Interest paid		(12,511)	(28,229)
Interest on finance leases		(202)	(4,427)
Capital element of finance lease payments		(11,929)	(10,885)
Net cash inflow / (outflow) from financing activities		4,296,777	(137,520)
Net increase in cash and cash equivalents		5,184,325	487,980
Cash and cash equivalents at beginning of financial year		413,552	(66,294)
Effects of exchange rate changes		(40,301)	(8,134)
Cash and cash equivalents at end of financial year		5,557,576	413,552
Comprising			
Cash at bank		5,557,576	413,552

Notes to the Financial Statements

1.Basis of the Announcement

The financial information set out in the announcement does not constitute the company's statutory accounts for the year ended 31 March 2018. The audit of the statutory accounts for the year ended 31 March 2018 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards, as adopted by the European Union (EU) (IFRS), this announcement does not in itself contain sufficient information to comply with IFRS. The Company expects to publish full financial statements that comply with IFRSs in September 2018.

2.Basis of preparation and consolidation

The consolidated financial statements of GRC International Group plc and entities controlled by the Company (its subsidiaries) (together, the "Group") for the years presented, has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU and IFRIC interpretations.

The results for the year ended 31 March 2018 include the results of GRC International Group plc and its subsidiaries; those for the year ended 31 March 2017 include the results of IT Governance Limited and its subsidiaries.

The consolidated financial statements for the 2017 comparatives presented in these financial statements are based on the annual statutory accounts for the Group's subsidiaries which have been lodged with the Registrar of Companies. Those statutory accounts were prepared (with transition disclosures) using FRS 102 for smaller entities. They were previously unaudited, but were subject to review during the Group's admission process, and have been transitioned to IFRS for consolidation purposes.

A subsidiary is a company controlled directly by the Group. Control is achieved where the Group has the power over the investee, rights to variable returns and the ability to use the power to affect the investee's returns.

The addition of GRC International Group plc to the Group during the year was not accounted for as a business combination, but instead the consolidated accounts are presented as a continuation of the financial statements of the IT Governance Limited Group, adjusted only to reflect the share capital of the new legal parent.

Income and expenses of subsidiaries acquired during the year are included in the Consolidated Income Statement from the effective date of control. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Parent Company.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

All accounting policies disclosed below apply to the Group for the years presented, unless otherwise explicitly stated.

The Group has adopted IFRS for the first time in these financial statements.

IFRS is subject to amendment and interpretation by the IASB and the IFRS Interpretations Committee, and there is an on-going process of review and endorsement by the European Commission. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 31 March 2018.

The consolidated financial statements have been prepared under the historical cost convention.

Financial Information is presented in British pounds sterling (£).

The Directors of GRC International Group are responsible for the financial information and contents of the consolidated financial statements.

3.Segmental information

Operating segments

For the purposes of segmental reporting, the Group's Chief Operating Decision Maker (CODM) is considered to be the Executive Board of Directors. The Board identifies its operating segments based on the group's service lines, which represent the main product and services provided by the group. In the opinion of the Board, the Group operates as a single operating segment.

Revenue by geographic destination

Revenue across all operating segments is generated from the UK but includes overseas sales:

	2018 £	2017 £
UK	12,666,042	5,525,068

Non-UK	3,022,174	1,308,235
	15,688,216	6,833,303

Information about major customers

No customers contributed 10% or more to the Group's revenue in any period presented.

4.Earnings per share

Basic earnings per share is based on the profit after tax for the year and the weighted average number of shares in issue during each year.

	2018	**2017**
(Loss) / profit attributable to equity holders of the Group (£)	201,851	636,292
Weighted average number of shares in issue	50,785,329	50,254,905
Basic (loss) / earnings per share (pence)	0.40	1.27

Diluted earnings per share is calculated by adjusting the average number of shares in issue during the year to assume conversion of all dilutive potential ordinary shares.

Taking the Group's share options into consideration in respect of the Group's weighted average number of ordinary shares for the purposes of diluted earnings per share, is as follows:

	2018	**2017**
Number of shares		
Dilutive (potential dilutive) effect of share options	378,786	68,340
Weighted average number of ordinary shares for the purposes of diluted earnings per share	51,164,115	50,323,245
Diluted (loss) / earnings per share (pence)	0.39	1.26

5.Events after the balance sheet date

On 1 August 2018 the Group announced the acquisition of the domain, web platform, customer list and goodwill of www.gdpr.co.uk from Wonde Ltd.

The Acquisition will be settled by a total cash consideration of £175,000. The Group will be enhancing the platform by making relevant books, e-Learning and DPO services available across the www.gdpr.co.uk website during August and the Acquisition is expected to provide the Group with additional monthly sales of approximately £10,000.