Preliminary Results

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Fulcrum Utility Services Ltd

02 June 2015

FULCRUM UTILITY SERVICES LIMITED

Audited preliminary results for the year ended 31 March 2015

Fulcrum Utility Services Limited ("Fulcrum" or "the Group"), the UK's market leading independent energy and multi-utility services provider, today announces its audited preliminary results for the year ended 31 March 2015.

LANDMARK YEAR: ACHIEVED OPERATING PROFIT, SOLID ORDER BOOK AND ANNOUNCES MAIDEN DIVIDEND

FINANCIAL SUMMARY

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m	Year on year change £m
Revenue	**33.7**	38.3	(4.6)
Gross profit	**9.7**	9.5	0.2
Gross margin (%)	**28.8%**	24.8%	4.0%
Administrative expenses before exceptional items	**(8.6)**	(10.2)	1.6
Underlying EBITDA(1)	**2.2**	0.6	1.6
Operating profit/(loss) before exceptional items	**1.1**	(0.7)	1.8
Profit / (loss) before tax	**0.6**	(4.5)	5.1
Net funds	**5.6**	4.9	0.7

(1)Earnings before interest, tax, depreciation, amortisation, share based payments and exceptional items.

FINANCIAL HIGHLIGHTS

- First profit before tax achieved of £0.6m (2014: loss of £4.4 million)
  - £0.15 million ahead of market expectations
  - Reflects successful turnaround and business transition
- Underlying revenue increased to £33.7 million from £32.6 million in 2014*
- Gross margin increased 4% as a result of drive towards more profitable business
- Net cash inflows of £0.7 million, post investment of £1.7 million in pipeline assets
- Year-end net funds balance of £5.6 million
- Fixed cost base and overheads reduced from £17m to £11m over the past two years
- Full year maiden dividend of 0.4 pence per share proposed

*2013/14 contained £5.2 million from the Speyside distillery project and £0.5 million from domestic pipelines that were sold in October 2013

OPERATIONAL HIGHLIGHTS

Profitable Business Model in Place:

- Formed strong management team
- Robust and established customer base: 1,200 clients nationwide
- Strong recurring revenue in excess of 50%
- £0.9 million recurring annualised pipeline revenue - secure, 40 year life
- Established lean fixed cost base
- Successfully transitioned to a branded direct delivery structure
- Significant client relationships nurtured and enhanced to secure order book visibility

OUTLOOK:

Now that the core business model is established, we will focus on:

- Embedding the direct delivery model to underpin our service excellence and competitive advantage
- Maximising opportunities in attractive markets we serve (large projects, housing, key accounts, internet)
- Creating teams to deliver multi-utility services

As a result of the above the Board remains confident for the year ending 31 March 2016.

Martin Donnachie, Chief Executive Officer said:

"Fulcrum has delivered its first ever operating profit, a significant achievement which reflects the management team's successful turnaround and transition of the business. With our established customer base, trusted delivery and anticipated upturn in construction activity, we have a robust platform from which to leverage sales growth.

Our targeted growth strategy is focused on winning major projects, enhancing key account relationships through improved levels of service and increasing penetration in the housing market. We will build our multi-utility capability and will have the first in-house dual fuel teams fully operational in 2015/16. This will be a key differentiator when combined with our nationwide customer service led offering."

Phil Holder, Chairman of Fulcrum, said:

"Fulcrum has made excellent progress this year. We have repositioned the business to provide a robust and strong platform for growth. These achievements have been attained on the back of the strength of the management team, tenacity of our workforce and hard work.

The Group can now focus on customer service excellence, profitable growth and maximising opportunities in the attractive markets we serve. Not only do we remain confident in the future, we are also on track to achieve our aim of becoming the nation's most trusted utility connections provider.

The Board intends to introduce a progressive dividend policy, while maintaining dividend cover at a prudent level. We are, therefore, pleased to announce that the Board has decided to declare a maiden dividend of 0.4 pence per share, subject to shareholder approval. This reflects our confidence in the future."

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Notes to Editors:

Fulcrum is an energy solutions company based in Sheffield, UK. The Group's primary business is the provision of unregulated utility connection services to the residential, commercial and industrial markets throughout the UK. These range from the design, installation or alteration of connections for single site properties to large complex multi-site projects. Through its subsidiary, Fulcrum Pipelines Limited, Fulcrum is also licensed as an Independent Gas Transporter, operating gas connection pipelines that connect properties to the main UK gas network.

BUSINESS AND OPERATING REVIEW

"A year of corporate milestones"

Safety is paramount in our organisation and we are pleased to report that there were no lost time injuries recorded during the whole of 2014/15. Our goal remains for everyone who works with us to return home unharmed at the end of each day, including customers, contractors, employees and the general public.

Our declared intention in 2014 was to improve sales margin levels by becoming more selective in the type of contract won, which has been very successful. The gross margin grew by 4% from 24.8% in 2013/14 to 28.8% in 2014/15. Continued progress has been made in reducing the cost base of the business to ensure that recent profitability can be sustained in the long term. All costs are subject to rigorous reviews and efficiency savings are continually sought. Overhead levels (excluding exceptional items) have reduced by £1.6 million (2014: reduced by £3.0 million) during the course of the last twelve months. In total, the fixed cost base and overheads have reduced from approximately £17 million to approximately £11 million over the past two years.

Trading Update

Our focus on customer service has generated sustained improvements in our customers' satisfaction levels and ensures that we have strong levels of recurring revenues. During 2014/15, over half of our business came from repeat customers. Customer relationships have been nurtured and enhanced to preserve and build the solid sales order pipeline. We secured a one year extension to our framework contract with British Gas Business to continue to provide new connections to British Gas customers across England, Scotland and Wales to November 2015, with an option for the customer to extend for a further year.

Once again we won several major contracts for large construction projects including:

- The installation of gas, water and electricity connections to a new mixed use development in West Wales. The £0.7 million project involves the construction of over 3 kilometres of gas, water and electricity infrastructure
- The appointment by OCO Ltd, as part of The Improving Homes Scheme for Lambeth Living, to design and install two gas infrastructure projects with a combined value in excess of £0.5 million
- A £0.2 million dual fuel infrastructure project for Hall Construction to deliver new gas and electricity connections to 13 industrial and commercial units in South Yorkshire
- A £0.3 million contract for gas infrastructure works for a new 171 plot housing development in Nottinghamshire

We have further invested in our sales resource to increase our national presence and focused targeting of high value opportunities. Our web based sales continue to grow at pace and this route to market has increased by 26% year on year to £4.3 million, 13% of our total Group revenue. We successfully launched a second brand, an on-line service, FirstGas, aimed at new and less technically experienced customers. Early sales are both encouraging and incremental to the existing offering.

We continue to invest in new pipeline assets, increasing our estate of domestic, industrial and commercial assets by £1.7 million in 2014/15 to a total of £7.3 million at 31 March 2015. The annualised gas transportation income is £0.9 million and, with the low costs to serve, represents a secure and profitable foundation for the Group's future financial stability.

Operations

The Fulcrum management team recognised the positive impact of an in-house operational delivery model and in April 2015, agreed with its former alliance partner McNicholas, to transfer 99 employees under TUPE. The move gave Fulcrum direct control of the full operational process from design through to installation across England and Wales, significantly increasing the size of the Group's workforce and potential profitability.

To support its project delivery activities, the Group has acquired a new fleet of more than 30 Fulcrum-branded vehicles and invested in technology with the addition of tablet devices containing bespoke applications to enable field engineers to maintain real-time project records and offer a more responsive delivery.

This unique end-to-end fully branded operating model creates a powerful, agile and responsive platform to deliver continued growth through a skilled work force and customer-focused operations. In addition, the extensive pre and post integration work provides us with new skills and confidence to undertake similar projects in the future.

The transition activities completed in the year ended 31 March 2015 were a challenging but essential requirement to establish a lean and fit for purpose structure. We will continue to scrutinise our cost base to identify and realise further potential savings, whilst we simultaneously strive to improve operational efficiency to reduce project delivery costs.

People

Our people are a significant asset. Throughout difficult periods of recent change, they have continued to maintain and build on excellent levels of both external and internal customer service, visibly demonstrating our values.

Our commitment to workforce development and customer service excellence has been recognised with Carly Gilchrist, our Head of Commercial, winning the Young Person's Achievement of the Year award at the prestigious Gas Industry Awards. In addition, we received a nomination for the innovative and bespoke staff development programme, "Leading the Way", a clear endorsement of the significant transformation we have delivered at Fulcrum. This personal development programme has been instrumental in our recent financial and award successes. Our staff now have the confidence to deal with change so that the business can continue to be flexible in the face of future opportunities and challenges.

Outlook

Fulcrum entered the current financial year with an established customer base and a solid order book, underpinned by favourable market dynamics. By targeting higher margin business, broadening its service offering and consolidating its direct labour workforce, the Group is well positioned to drive performance and deliver improved returns.

The business is scalable to deliver future sales growth with minimal requirement for additional overhead investment and from this stable platform we can now consider the next stage of Fulcrum's corporate development and longer term strategic options to further strengthen our position.

FINANCIAL REVIEW

Reported Results for the Period

These audited preliminary results report the financial performance of the Group for the year ended 31 March 2015 and for the comparative period to 31 March 2014.

Results and Comparison with Previous Year

	Year ended 31 March 2015 £m	Year ended 31 March 2014 £m	Year on year change £m
Revenue	**33.7**	38.3	(4.6)
Gross profit	**9.7**	9.5	0.2
Gross margin (%)	**28.8%**	24.8%	4.0%
Administrative expenses before exceptional items	**(8.6)**	(10.2)	1.6
Underlying EBITDA[1]	**2.2**	0.6	1.6
Operating profit/(loss) before exceptional items	**1.1**	(0.7)	1.8
Profit / (loss) before tax	**0.6**	(4.5)	5.1
Net funds	**5.6**	4.9	0.7

[1]Earnings before interest, tax, depreciation, amortisation, share based payments and exceptional items.

Revenue

Overall reported revenue for the year was £33.7 million against £38.3 million in the prior year. The previous financial year contained £5.2 million from the Speyside distillery project and £0.5 million income from domestic pipelines which were sold in October 2013. Excluding these items, revenue increased by £1.1 million year-on-year.

Revenues from infrastructure services amounted to £34.5 million (2014: £38.3 million), and £0.8 million (2014: £1.1 million) from pipeline operations. Intercompany trading of £1.6 million (2014: £1.1 million) was eliminated on consolidation.

Gross Margin

Despite the overall reduction in revenue, our determination to be more selective in our tendering and concentrate on more profitable business meant the Group increased its gross profit margin to 28.8% compared to 24.8% in 2014, a £0.2 million improvement to £9.7 million, compared to the prior year of £9.5 million.

Administrative Expenses

Administrative expenses before exceptional items reported for the year totalled £8.6 million (2014: £10.2 million), a year on year reduction of 16.7%, and the direct result of the turnaround and transition activities completed in the financial year.

Included within administrative expenses are share based payment charges of £74,000 (2014: £115,000) associated with the Group's equity based option schemes. During the majority of the year there had been one scheme in operation, the "EMI option plan" which was extended to further eligible employees in January 2015. A further Employee Shareholder Status arrangement was added on 27 March 2015 and had negligible impact on the payments. In the prior year there were three schemes in operation, two of which have been cancelled or had reached the end of the vesting period.

EBITDA and Operating Profit/(Loss)

Underlying EBITDA, before exceptional items and share based payments was £2.2 million for the year (2014: £0.6 million), a £1.6 million increase against the prior period.

The operating profit reported for the year was £0.6 million, after charging exceptional items of £0.5 million (2014: loss of £4.4 million, including exceptional items of £3.7 million).

The earnings per ordinary share for the period was 1.8 pence (2014: loss of 2.9 pence). The adjusted earnings per share, before charging exceptional items and crediting deferred tax, was 0.7 pence (2014: loss of 0.5 pence). The diluted earnings per ordinary share for the period was 1.6 pence. The diluted adjusted earnings per share, before charging exceptional items and crediting deferred tax, was 0.6 pence.

Exceptional Items

Exceptional items for the full year were £0.5 million (2014: £3.7 million) reflecting a charge of £0.9 million for costs associated with changing the operating model and a credit of £0.4 million arising from the reassessment of dilapidations costs.

Finance Expense

Finance expense for the year was £49,000 (2014: £105,000) which reflects interest payable during the year on the IT lease financing arrangement.

Taxation

During the year the Group incurred profits for corporation tax purposes of approximately £0.2 million (2014: £3.1 million loss). With total accumulated tax losses of £21.4 million (2014: £21.6 million), there is no corporation tax payable.

Deferred tax assets totalling £2.7 million have been recognised at 31 March 2015 (2014: £0.5 million) in anticipation of improved business profitability in future periods. The total sum of accumulated unrecognised losses carried forward amounts to £7.9 million as at 31 March 2015 (2014: £18.9 million).

Deferred tax liabilities totalling £0.6 million have been recognised at 31 March 2015 (2014: £0.6 million) in respect of the revaluation of the industrial and commercial pipeline assets completed in 2013/14. There is currently no intention to sell these assets and the Group expects to recover their valuation through use therefore no tax is currently expected to be payable in respect of the revaluation.

Dividend Policy

The Board has conducted a review of the business plan for the next three years including evaluating the cash needs for increased investment in organic growth and has concluded that the business has reached the point where we have sufficient confidence in its on-going cash generation capabilities to commence paying a dividend to shareholders.

As a result the Board has proposed a maiden dividend for the 12 months ended 31 March 2015 of 0.4 pence per share which, subject to shareholder approval at the AGM, is expected to be paid in October 2015.

Cash Flow and Financing

Operating Cash Flow

Net cash generated from operations in the period was £2.4 million (2014: £0.6 million), and comprised the following:

- EBITDA for the period of £2.2 million (2014: £0.6 million);
- exceptional items cash costs totalling £1.6 million (2014: £1.7 million);
- working capital inflows in the year total £1.8 million (2014: £1.7 million) and reflect:
    - a decrease in work in progress of £0.7 million (2014: increase of £0.5 million);
    - a decrease in trade receivables of £1.9 million (2014: increase of £1.0 million); and
    - other working capital outflows of £0.8 million (2014: inflow of £3.2 million).

Investing Activities

Capital expenditure for the period amounted to £1.7 million (2014: £1.4 million), principally in respect of investment in pipeline assets.

Cash and Borrowings

As at 31 March 2015 the Group held cash balances of £5.7 million (2014: £5.3 million). Amounts outstanding on finance leases at 31 March 2015 were £0.1 million (2014: £0.4 million).

There were no disposals of domestic pipeline during the year (2014: net proceeds of £5.9 million).

The overall net cash position of the Group, after the finance lease liability, at 31 March 2015 was £5.6 million (2014: £4.9 million).

Consolidated Statement of Comprehensive Income

	Notes	**Year ended 31 March 2015**	Year ended 31 March 2014
		£'000	£'000
Revenue		**33,739**	38,285
Cost of sales		**(24,009)**	(28,794)
Gross profit		**9,730**	9,491
Administrative expenses		**(9,081)**	(13,874)
Operating profit/(loss)		**649**	(4,383)
Analysed as:			
EBITDA before share based payments and exceptional items		**2,235**	607
Equity-settled share based payment charges	7	**(74)**	(115)
Exceptional items		**(500)**	(3,675)
Depreciation and amortisation	4,5	**(1,012)**	(1,200)
		649	(4,383)
Finance income		**6**	-

Finance expense		**(49)**	(105)
Profit/(loss) before tax		**606**	(4,488)
Taxation		**2,196**	30
Profit/(loss) for the period attributable to equity holders of the parent		**2,802**	(4,458)
Other comprehensive income: **Items that will never be reclassified to profit or loss:**			
Revaluation of property, plant and equipment		**-**	3,061
Deferred tax arising on revaluation		**-**	(612)
Total comprehensive profit/(loss)		**2,802**	(2,009)
Profit/(loss) per share attributable to the owners of the business:			
Basic	3	**1.8p**	(2.9)p
Diluted	3	**1.6p**	

Consolidated Statement of Changes in Equity

	Notes	Share capital	Share premium	Revaluation reserve	Retained earnings	Total equity
		£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2013		154	16,182	-	(16,226)	110
Loss for the year ended 31 March 2014		-	-	-	(4,458)	(4,458)
Other comprehensive income		-	-	3,061	-	3,061
Recognition of deferred tax on revalued assets		-	-	(612)	-	(612)
Transactions with equity shareholders:						
Equity-settled share based payment transactions	7	-	-	-	115	115
Balance at 1 April 2014		**154**	**16,182**	**2,449**	**(20,569)**	**(1,784)**
Profit and total comprehensive income for the year ended 31 March 2015		**-**	**-**	**-**	**2,802**	**2,802**
Transactions with equity shareholders:						
Equity-settled share based payment transactions	7	**-**	**-**	**-**	**74**	**74**
Balance at 31 March 2015		**154**	**16,182**	**2,449**	**(17,693)**	**1,092**

Consolidated Balance Sheet

	Notes	**31 March 2015**	31 March 2014
		£'000	£'000
Non-current assets			
Property, plant and equipment	4	**7,508**	6,353
Intangible assets	5	**2,837**	3,359
Deferred tax assets		**2,734**	538
		13,079	10,250
Current assets			
Inventories		**1,289**	1,974
Trade and other receivables		**3,840**	5,346
Cash and cash equivalents	8	**5,746**	5,326
		10,875	12,646
Total assets		**23,954**	22,896
Current liabilities			
Trade and other payables		**(21,847)**	(22,245)
Borrowings	6	**(168)**	(274)
Provisions		**(235)**	(1,378)
		(22,250)	(23,897)

Non-current liabilities			
Borrowings	6	**-**	(171)
Deferred tax liabilities		**(612)**	(612)
		(612)	(783)
Total liabilities		**(22,862)**	(24,680)
Net current liabilities		**(11,375)**	(11,251)
Net assets/(liabilities)		**1,092**	(1,784)
Equity attributable to equity holders of the parent			
Share capital		**154**	154
Share premium		**16,182**	16,182
Revaluation reserve		**2,449**	2,449
Retained earnings		**(17,693)**	(20,569)
Total surplus/(deficit) on equity		**1,092**	(1,784)

Consolidated Cash Flow Statement

	Notes	**Year ended 31 March 2015 £'000**	Year ended 31 March 2014 £'000
Cash flows from operating activities			
Profit/(loss) before tax for the year		**606**	(4,488)
Adjustments for:			
Depreciation	4	**490**	656
Amortisation of intangible assets	5	**522**	544
Loss on disposal of property, plant and equipment		**9**	51
Impairment of assets held for sale		**-**	1,364
Finance income		**(6)**	-
Finance expense		**49**	105
Equity settled share-based payment charges	7	**74**	115
Exceptional items		**500**	2,311
Decrease in trade and other receivables		**1,506**	2,346
Decrease/(increase) in inventories		**685**	(485)
Decrease in trade and other payables		**(398)**	(195)
Decrease in provisions for exception items		**(1,643)**	(1,731)
Net cash generated from operations		**2,394**	593
Interest received		**6**	-
Interest paid		**(46)**	(103)
Net cash generated from operating activities		**2,354**	490
Cash flows from investing activities			
Additions to property, plant and equipment	4	**(1,654)**	(1,408)
Additions to intangibles	5	**-**	(12)
Proceeds from sales of property, plant and equipment		**-**	5,884
Net cash generated (used in)/from investing activities		**(1,654)**	4,464
Cash flows from financing activities			
Amounts repaid from financing facilities		**-**	(1,293)
Repayment of finance lease liabilities		**(280)**	(246)
Net cash used in financing activities		**(280)**	(1,539)
Net increase in cash and cash equivalents		**420**	3,415
Cash and cash equivalents at 1 April 2014		**5,326**	1,911
Cash and cash equivalents at 31 March 2015	8	**5,746**	5,326

Notes to the consolidated financial statements

1. Accounting policies

General Information

Fulcrum Utility Services Limited is a limited company incorporated in the Cayman Islands and domiciled in the UK. The address of its registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company has its primary listing on the AIM market of the London Stock Exchange.

The principal accounting policies adopted in the preparation of these consolidated financial statements are unchanged from those applied in the preparation of, and set out in, the financial statements for the year ended 31 March 2014 except as set out below. They will also be set out in full in the 2015 published financial statements.

Basis of Preparation

This preliminary announcement does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006.

The financial statements have not yet been delivered to the Registrar of Companies but will be in due course.

Whilst the financial information included in this preliminary announcement has been prepared on the basis of the requirements of IFRSs in issue, as adopted by the European Union and effective at 31 March 2015, this announcement does not itself contain sufficient information to comply with IFRS.

The preparation of financial statements in conformity with adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The financial information set out in this preliminary announcement does not constitute the Group's consolidated financial statements for the years ended 31 March 2015 and 31 March 2014, but is derived from those financial statements. The auditors have reported on those financial statements. Their reports were unqualified and did not draw attention to any matters by way of emphasis of matter without qualifying their report.

The financial statements have been prepared using consistent accounting policies, except for the adoption of new accounting standards and interpretations noted below. Adoption of these standards and interpretations did not have a significant impact on the financial position or performance of the Group.

The following Adopted IFRSs have been issued but have not been applied by the Group in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 Financial Instruments (effective date 1 January 2018).
- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (effective date 1 January 2016).
- IFRS 14 Regulatory Deferral Accounts (effective date 1 January 2016).
- IFRS 15 Revenue from Contract with Customers (effective date 1 January 2017).
- Sale or Contribution of Assets between and Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (effective date 1 January 2016).
- Annual Improvements to IFRSs - 2010-2012 Cycle.
- Annual Improvements to IFRSs - 2011-2013 Cycle.
- Annual Improvements to IFRSs - 2012-2014 Cycle.

The Directors anticipate that the adoption of these standards and amendments in future periods will not have a material impact on the financial statements, but may give rise to additional disclosure.

Going Concern

As highlighted in the Financial Review, the Group had net funds at 31 March 2015 of £5.7 million. The Group had not drawn on its available financing facilities.

As a matter of course the Directors regularly prepare financial forecasts for the business and these are reviewed and adopted by the Board. These forecasts are subject to 'stress testing' with appropriate sensitivity analysis and scenario planning to ensure that any adverse impact can be managed and mitigated such that the business can continue to operate within its existing financing facilities.

The Group's forecasts and projections, after taking account of sensitivity analysis of changes in trading performance and corresponding mitigating actions, show that the Group has adequate cash resources for the foreseeable future.

Therefore, the Directors confirm that they have a reasonable expectation that the Group has adequate resources to enable it to continue in existence for the foreseeable future and, accordingly, the consolidated financial statements have been prepared on a going concern basis.

2. Operating Segments

The determination of the Group's operating segments is based on the business units for which information is reported to the Board of Directors. The Group has two reportable segments, as described below.

Fulcrum's Infrastructure Services business provides utility infrastructure and connections services.

Fulcrum's Pipelines business comprises both the ownership of gas infrastructure assets and the safe and efficient conveyance of gas through its gas transportation networks. Gas transportation services are provided under the IGT licence granted from Ofgem during June 2007.

Information regarding the operations of each reportable segment is included in the following tables. Performance is measured based on operating profit / (loss) before exceptional items. Segment operating profit / (loss) before exceptional items is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis. The information provided to the Board includes management accounts comprising profit or loss for each segment and other financial and non-financial information used to manage the business on a consolidated basis.

The "unallocated" segment comprises the elimination of inter-segmental transactions, the operating loss of the central service provider, and depreciation and amortisation on all centrally held assets.

Year ended 31 March 2015	**Infrastructure Services**	**Pipelines**	**Unallocated**	**Total Group**
	£'000	**£'000**	**£'000**	**£'000**
Reportable segment revenue	34,486	838	(1,585)	33,739
Underlying EBITDA	2,825	305	(895)	2,235
Share based payment charge	-	-	(74)	(74)
Depreciation and amortisation	-	(235)	(777)	(1,012)
Reportable segment operating profit/(loss) before exceptional items	**2,825**	**70**	**(1,746)**	**1,149**

Exceptional items	(500)	-	-	(500)
Reporting segment operating profit/(loss)	**2,325**	**70**	**(1,746)**	**649**
Finance income	-	2	4	6
Finance expense	-	-	(49)	(49)
Profit/(loss) before tax	**2,325**	**72**	**(1,791)**	**606**

Year ended 31 March 2014	**Infrastructure Services**	**Pipelines**	**Unallocated**	**Total Group**
	£'000	**£'000**	**£'000**	**£'000**
Reportable segment revenue	38,345	1,056	(1,116)	38,285
Underlying EBITDA	969	468	(830)	607
Share based payment charge	-	-	(115)	(115)
Depreciation and amortisation	-	(347)	(853)	(1,200)
Reportable segment operating profit/(loss) before exceptional items	**969**	**121**	**(1,798)**	**(708)**
Exceptional items	(1,147)	(1,371)	(1,157)	(3,675)
Reporting segment operating loss	**(178)**	**(1,250)**	**(2,955)**	**(4,383)**
Finance expense	-	-	(105)	(105)
Loss before tax	**(178)**	**(1,250)**	**(3,060)**	**(4,488)**

Major items in the "unallocated" column comprise:

- Reportable segment revenues; the elimination of inter-segmental revenues relating to pipeline assets of £1,585,000 (2014: £1,116,000)
- Underlying EBITDA; the operating loss of the central service providers
- Depreciation and amortisation; amounts charged on all centrally held assets
- Exceptional items; amounts not directly related to the other operating segments

Geographic segments

The Group derives all of its revenue from the UK and all of the Group's customers are based in the UK.

Major customer

Revenues from the largest customer of the Group's Infrastructure Services segment represent £5,964,000, or 17.7% (2014: £6,171,000, or 16.1%) of the Group's total revenues for the period.

3. Earnings per Share (EPS)

Earnings per share have been calculated by dividing the profit/(loss) attributable to shareholders by the weighted average number of ordinary shares in issue during the period. Earnings per share have been calculated as follows:

	Year ended 31 March 2015	Year ended 31 March 2014
	'000	'000
Weighted average number of ordinary shares in issue	**154,307**	154,307

Profit/(loss) for the period	**Year ended 31 March 2015**	Year ended 31 March 2014
	£'000	£'000
Profit/(loss) for the period attributable to shareholders	**2,802**	(4,458)
Add exceptional items	**500**	3,675
Less deferred tax asset recognised	**(2,196)**	(30)
Adjusted profit/(loss) for the period attributable to shareholders	**1,106**	(813)

Profit/(loss) per share	**Year ended 31 March 2015**	Year ended 31 March 2014
Basic	**1.8p**	(2.9)p
Adjusted basic	**0.7p**	(0.5)p
Diluted Basic	**1.6p**	
Diluted adjusted basic	**0.6p**	

In accordance with IAS 33 'Earnings per share' diluted earnings per share is taken as being equal to basic earnings per share as, where the Group has recorded a loss the effect of including share options is anti-dilutive.

4. Property, plant and equipment

	Pipelines	**Fixtures and**	**Computer**	**Total**

		fittings	equipment	
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2013	10,163	235	1,156	11,554
Additions	1,408	-	-	1,408
Revaluation	3,061	-	-	3,061
Disposals	(8,703)	(42)	(127)	(8,872)
At 31 March 2014	**5,929**	**193**	**1,029**	**7,151**
Additions	1,622	-	32	1,654
Reinstatement	350	125	-	475
Disposals	-	-	(311)	(311)
At 31 March 2015	**7,901**	**318**	**750**	**8,969**
Accumulated depreciation				
At 1 April 2013	(1,146)	(98)	(489)	(1,733)
Depreciation charge for the period	(347)	(51)	(258)	(656)
Impairment	(1,364)	-	-	(1,364)
Disposals	2,821	25	109	2,955
At 31 March 2014	**(36)**	**(124)**	**(638)**	**(798)**
Depreciation charge for the period	(236)	(40)	(214)	(490)
Reinstatement	(350)	(125)	-	(475)
Disposals	-	-	302	302
At 31 March 2015	**(622)**	**(289)**	**(550)**	**(1,461)**
Net book value				
At 31 March 2015	**7,279**	**29**	**200**	**7,508**
At 31 March 2014	5,893	69	391	6,353
At 1 April 2013	9,017	137	667	9,821

There were no commitments to purchase any property, plant and equipment at 31 March 2015 or 31 March 2014.

At 31 March 2015 the net book value of leased plant and equipment was £172,000 (2014: £367,000).

The cost and accumulated depreciation above were reinstatement during the year following an exercise to revisit the Group's underlying fixed asset records. The adjustment has no impact on net book value.

5. Intangible assets

	Goodwill	Software	Total
	£'000	£'000	£'000
Cost			
At 1 April 2013	2,225	2,448	4,673
Additions	-	12	12
Disposals	-	(72)	(72)
At 31 March 2014	**2,225**	**2,388**	**4,613**
Disposals	-	(94)	(94)
At 31 March 2015	**2,225**	**2,294**	**4,519**
Accumulated amortisation and impairment			
At 1 April 2013	-	(764)	(764)
Amortisation for the period	-	(544)	(544)
Disposals	-	54	54
At 31 March 2014	**-**	**(1,254)**	**(1,254)**
Amortisation for the period	-	(522)	(522)
Disposals	-	94	94
At 31 March 2015	**-**	**(1,682)**	**(1,682)**
Net book value			
At 31 March 2015	**2,225**	**612**	**2,837**
At 31 March 2014	2,225	1,134	3,359
At 1 April 2013	2,225	1,684	3,909

The amortisation charge is recognised in administrative expenses in the Consolidated Statement of Comprehensive Income.

At 31 March 2015 the net book value of leased software was £8,000 (2014: £65,000).

6. Borrowings

Current	**31 March 2015** **£'000**	31 March 2014 £'000
Finance lease liabilities	**168**	274

Non-current	**31 March 2015** **£'000**	31 March 2014 £'000
Finance lease liabilities	**-**	171

Finance lease liabilities are payable as follows:

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2015	2014	**2015**	2014	**2015**	2014
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Less than one year	**176**	325	**(8)**	(51)	**168**	274
Two to five years	**-**	177	**-**	(6)	**-**	171
	176	502	**(8)**	(57)	**168**	445

7. Share based payments

	Year ended 31 March 2015 **£'000**	Year ended 31 March 2014 £'000
Management participation shares	**-**	73
Marwyn participation option	**-**	74
Fulcrum share option plan	**-**	(42)
EMI option plan	**74**	10
Total equity settled share based payments	**74**	115

8. Reconciliation to net debt

	31 March 2015 **£'000**	31 March 2014 £'000
Cash and cash equivalents	**5,746**	5,326
Finance lease liabilities	**(168)**	(445)
Net funds	**5,578**	4,881

9. Related parties

Key management compensation

The key management group is defined as the Board of Directors. Their compensation amounted to £434,000 (2014: £775,000) for the period as follows:

	Year ended 31 March 2015 **£'000**	Year ended 31 March 2014 £'000
Short-term employee benefits	**434**	734
Share related awards	**-**	41
	434	775

Transactions with other Related Parties

Marwyn Capital LLP and Marwyn Management Partners LP are considered to be related parties as Mark Watts is a Managing Partner of both of these organisations, as well as being a non-executive director of the Group until his resignation on 3 June 2014.

The Group paid Marwyn Capital LLP a fee of £44,000 (2014: £135,000) for the year pursuant with the corporate finance advisory agreement which was ended during the year. An amount of £nil (2014: £21,000) was owed to Marwyn Capital LLP at 31 March 2015.

The Group entered into an agreement with Marwyn Management Partners LP under which Marwyn Management Partners LP was granted an option to subscribe for ordinary shares subject to growth and vesting conditions being met. Under this agreement, the value of this benefit has been recognised as £nil (2014: £74,000) in the period.

All of the transactions above have been entered into on arms-length commercial terms, are unsecured, are expected to be settled in cash and are not covered by any guarantee.

There were no amounts due from related parties on any trading accounts at 31 March 2015.

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