FULCRUM UTILITY SERVICES LIMITED

("Fulcrum" or the "Company")

Unaudited interim results for the six months ended 30 September 2017

Fulcrum, the UK's market leading independent multi-utility infrastructure and services provider, today announces its interim results for the six months ended 30 September 2017.

CONTINUED DELIVERY ON ALL FINANCIAL METRICS

Financial highlights

- Revenue up 8.3% to £19.6m (2016 restated: £18.1m)
- Underlying* EBITDA up 14.2% to £4.0m (2016: £3.5m)
- Profit before tax up 19.4% to £3.7m (2016: £3.1m)
- Net cash inflows from operations of £2.1m, after the addition of £1.3m in gas pipeline and meter assets
- Basic earnings per share of 1.8p (2016: 1.6p)
- Cash of £14.5m at September 2017 (2016: £12.5m)
- Board is recommending an interim dividend of 0.7p per share for FY2018, up by 17% (2017: 0.6p per share)

Operational highlights

- Sustained growth in the order book, up 11% since March 2017 to £33.7m
- Strengthened in-house capabilities through investment in additional multi-skilled direct delivery teams and technical designers
- Increased the annualised external gas asset purchase run-rate to £10m
- Independent Distribution Network Operator (iDNO) licence granted by Ofgem in November, enabling electricity asset adoption from early 2018
- Online assets value portal launched in November, providing instant gas and electricity asset quotations and orders
- Given the growth potential in the acquisition of external utility assets, the Company is reviewing potential options to increase its debt facility to support this part of its strategy
- Expanding service offering to provide an end-to-end electric vehicle (EV) charging infrastructure solution

Martin Harrison, CEO of Fulcrum, said:

"The successful execution of the Company's strategy continues to place Fulcrum in a strong financial and operational position. We remain committed to safety and excellent customer service, enhancing our in-house multi-utility capabilities and growing infrastructure services and the asset base. The granting of the iDNO licence will further enhance our growth in utility assets and associated future income streams. We are reviewing potential funding options to enhance these purchases and deliver increased shareholder returns. Fulcrum's strategy provides a solid foundation to build upon the performance achieved in the first half of the year and the outlook remains positive for the full year 2018."

*Underlying EBITDA is operating profit excluding the impact of depreciation, amortisation and equity settled share based payment charges.

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Notes to Editors:

Fulcrum is a multi-utility infrastructure and services provider based in Sheffield, UK. The Company's primary business is the provision of utility infrastructure services to the residential, commercial and industrial markets throughout the main land UK. These range from the design, installation or alteration of utility services 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, owning and operating gas pipelines that connect properties to the main UK gas networks, and a meter asset manager.

http://www.fulcrum.co.uk/

BUSINESS AND OPERATING REVIEW

We are pleased to announce our interim results for the six months ended 30 September 2017 ("H1"). During the period, we have again improved profitability, achieving a record underlying EBITDA of £4.0m and profit before tax of £3.7m, increased cash generation with cash at bank of £14.5m, supporting the Company's ability to maintain its progressive dividend policy.

Trading update

The Company performed strongly in H1. In accordance with the stated growth strategy, Fulcrum's continued emphasis on safety and customer service excellence, when combined with increased investment in our sales teams, have ensured that we have strong levels of repeat and new business. This approach has delivered sustained growth in the order book, up £3.4m (+11%) since March 2017, to £33.7m.

Our sales approach is maturing, with dedicated teams servicing our routes to market: key accounts (including British Gas), major projects, housing and technical sales. Notable contract wins since 31 March 2017 include:

- A £2.4m project to deliver new gas infrastructure to three Short Term Operating Reserve (STOR) sites across the UK. These sites will convert gas to electricity at times of peak demand;
- A £0.8m project to provide multi-utility services to a commercial development in Nottinghamshire;
- A £0.4m project to convert a Scottish distillery from its existing fuel source to natural gas, with the installation of a 1.8km gas pipeline;
- A £0.2m multi-utility contract to deliver gas, water and electricity infrastructure to a new housing development in the West Midlands.

In addition to these contract wins, the Company continues to secure a core portfolio of smaller projects.

After successfully providing electricity connections for a number of Electric Vehicle (EV) charging projects, the Company is now expanding its service offering to provide an end-to-end EV charging infrastructure solution. This holistic service includes the supply and installation of EV charging stations in addition to designing, constructing and owning the electricity infrastructure required to power them. The Company sees this as an evolution of its existing electricity infrastructure provision in an exciting and growing market, which will be further bolstered by the 2017 budget announcement of a £400m fund for a national charging network and subsidies for vehicle purchases.

We have expanded our direct delivery capability, recruiting more multi-utility construction teams and investing in upskilling existing teams to deliver electrical work across mainland UK. We have strengthened our in-house technical design capabilities, to support the increase in multi-utility projects being tendered and won.

Our end-to-end, fully branded operating model creates an agile and responsive platform to deliver continued growth through a multi-skilled workforce and customer focused operation. This model is a key differentiator and further enhances our customer service led, broad offering, with full end-to-end customer experience.

In order to maintain competitive advantage, we will continually review and improve working practices to ensure that the business model is efficient. Our cost of delivery across all functions (direct, indirect and support) will continue to be tested to drive improved levels of sales orders won and sustainable profitability.

Utility assets

A key component of our growth strategy is to create long-term secure income by increasing our ownership of gas and electricity assets.

As part of this strategy, the Company is continuing to grow its gas asset estate and the associated annuity revenue streams by adopting the assets that it constructs, alongside assets from other external Utility Infrastructure Providers (UIPs) who do not have an independent gas transporter licence that enables them to own gas pipelines.

During the period we increased our owned portfolio of domestic, industrial and commercial assets across the UK by £1.3m to a total net book value of £13.1m at 30 September 2017. Notably in H1, there was encouraging growth in the utility assets secured from external UIPs, with the annualised run-rate increasing to £10m. The total committed external spend has increased from £2.8m as at 31 March 2017 to £7.5m as at 30 September 2017. The cash will be spent as these schemes are built out, increasing future transportation income. The transportation income during the period grew to £0.9m (2016: £0.7m) and on an annualised basis, £1.8m. With low costs to serve, this annuity income stream represents a secure and profitable component of the Company's future financial stability.

Post period end, in November, Fulcrum Electricity Assets Limited, an operating subsidiary of the Group, announced that it had been granted an independent Distribution Network Operator (iDNO) licence by Ofgem. The industry qualification processes, which will formally enable the Company to adopt and own electrical assets, are progressing well with completion expected in early 2018. The granting of the iDNO licence is an important strategic step for the Company, allowing it to broaden and increase its long-term income stream through the adoption of the electricity assets in addition to gas assets.

In addition, a new online gas and electricity asset quotation portal has been released to further promote our competitive asset values and our straightforward customer centric approach. Developed in partnership with our customers, the aim of the portal is to streamline the asset quotation process by providing instant quotations and the ability to accept online.

Given the current and anticipated growth in the acquisition of gas and electricity assets, the Company is reviewing potential funding options with the aim to have an increased facility in place by the end of the year.

Outlook

Fulcrum continues to make excellent progress and is well positioned to sustain growth and profitably in the utility services market, with a balanced approach across infrastructure services, asset ownership and a commitment to efficient operations and customer service.

We are confident that the outlook remains positive and that the Company continues to be well positioned to make sustained progress in 2018.

FINANCIAL REVIEW

Trading results

The financial results for the six-month period to 30 September 2017 reflect continued progress for the business, with growth achieved in revenue, profit and underlying EBITDA. Cash generated from operating activities was £2.1m (2016: £3.8m) and since March 2017, net funds have increased by £2.0m to £14.5m. The Company's working capital continues to be carefully managed.

Revenue

During H1, revenue increased by 8.3% to £19.6m (2016 restated: £18.1m). Revenues from infrastructure services amounted to £18.7m (2016 restated: £17.4m) and £0.9m (2016: £0.7m) from pipeline transportation income and meter asset rental income.

Profit and performance

Gross profit increased by £0.2m to £7.6m (2016: £7.4m), with gross profit margins down slightly at 39% (2016: 41%) as a result of project mix and further investment in people.

Underlying EBITDA for the period increased to £4.0m (2016: £3.5m) and profit before tax increased to £3.7m (2016: £3.1m).

Earnings per share

Basic earnings per share from continuing operations was 1.8p (2016: 1.6p). On a statutory basis, the diluted profit per ordinary share from continuing operations was 1.6p (2016: 1.4p).

Dividend

As a result of the continued strong performance, the Board is recommending an interim dividend of 0.7p per share for FY2018 (2017: 0.6p). This reflects the Board's ongoing confidence in the Company's ability to generate cash and its future prospects. The dividend will be paid on 26 January 2018 to members on the register on 29 December 2017. Shares will be marked ex-dividend on 28 December 2017. The cash generative business model, from both infrastructure services and utility assets, provides visibility and confidence in the sustainability and growth of future dividends.

Taxation

Deferred tax assets totalling £1.3m have been recognised at 30 September 2017 (2016: £2.6m). In the six months ending 30 September 2017, £0.6m was utilised against the Company's taxable profits of £3.7m. The total accumulated losses carried forward amount to £8.8m.

Deferred tax liabilities totalling £0.7m have been recognised at 30 September 2017 (2016: £0.7m) in respect of the revaluation of the industrial and commercial pipeline assets. There is currently no intention to sell these assets and the Company expects to recover their valuation through use. Therefore no tax is currently expected to be payable in respect of the revaluation.

Cash generation

Working capital continues to be a key area of focus, with careful management throughout the period resulting in positive operating cash flow from trading activities of £2.1m (2016: £3.8m). At 30 September 2017, the Company had net funds of £14.5m (2016: £12.5m); a £2.0m increase against the prior period, after increased investment in our pipeline estate (£1.3m) and upfront funding of the £4.2m fuel oil conversion project (£0.9m).

Bank facilities

The Company holds an undrawn revolving credit facility for up to £4.0m with the Company's bankers, Lloyds Banking Group. The revolving credit facility remained undrawn throughout the period and the Company has complied with all the financial covenants relating to these facilities.

Given the growth potential in the acquisition of external utility assets, the Company is reviewing potential options to increase its debt facility to support this part of its strategy.

Share capital

The Company has one class of shares in issue, being ordinary shares with a nominal value of 0.1p each. During the period, 7,414,835 ordinary shares were issued with a nominal value of £7k to employees exercising vested shares options. The associated cash consideration of the exercise price was £492k. As at 30 September 2017, the issued share capital of the Company was 174,656,734 ordinary shares with a nominal value of £174k.

Principal risks and uncertainties

The risks and uncertainties faced by the Company, as disclosed in the Annual Report and Accounts to 31 March 2017, remain valid, with the main financial risks faced by the Company being credit risk and liquidity risk. The Directors regularly review and agree policies for managing these risks.

Credit risk arises from cash and cash equivalents and credit exposure to the Company's customers. Over half of the Company's customers pay in advance of works commencing, with the remaining profile consisting of established large businesses. It is considered that the failure of any single counterparty would not materially impact the financial wellbeing of the Company, other than one customer, for which the risk of failure is considered minimal based on current market conditions and performance.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Company has sufficient liquidity to meet its financial liabilities as they fall due without incurring unacceptable losses or risking damage to the Company and does so by monitoring cash flow forecasts and budgets. The Company holds a combination of short and medium term deposits and an undrawn £4.0m revolving credit facility committed to November 2018. These cash deposits and committed facilities are deemed sufficient to meet projected liquidity requirements.

Consolidated Interim Statement of Comprehensive Income
For the six months ended 30 September 2017 (unaudited)

	Note	**Unaudited Six months ended 30 September 2017 £'000**	Restated* Unaudited Six months ended 30 September 2016 £'000	Audited Year ended 31 March 2017 £'000
Revenue	2	**19,585**	18,098	37,736
Cost of sales		**(11,976)**	(10,684)	(22,358)
Gross profit		**7,609**	7,414	15,378
Administrative expenses		**(3,942)**	(4,354)	(8,906)
Operating profit		**3,667**	3,060	6,472
Analysed as:				
EBITDA before share based payments and exceptional items		**4,007**	3,456	7,321
Equity settled share based payment charges		**(17)**	(106)	(213)
Depreciation and amortisation		**(323)**	(290)	(636)
		3,667	3,060	6,472
Net finance income		**33**	34	63
Profit before tax		**3,700**	3,094	6,535
Taxation	3	**(638)**	(588)	(1,289)
Profit for the financial period		**3,062**	2,506	5,246
Other comprehensive income				
Items that will never be reclassified to profit				
Revaluation of property, plant and equipment		**-**	-	280
Deferred tax on items that will never be reclassified to profit or loss		**-**	-	(9)
Total comprehensive income for the period		**3,062**	2,506	5,517
Profit per share attributable to the owners of the business				
Basic	4	**1.8p**	1.6p	3.3p
Diluted	4	**1.6p**	1.4p	2.8p

*See note 1.

Consolidated Interim Statement of Changes in Equity
For the six months ended 30 September 2017 (unaudited)

	Share capital	Share premium	Revaluation reserve	Retained earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Six months ended 30 September 2017:					
Balance at 1 April 2017	167	14,101	3,343	(7,165)	10,446
Profit for the period	-	-	-	3,062	3,062
Transactions with equity shareholders:					
Issues of new shares	7	485	-	-	492
Equity settled share-based payments	-	-	-	17	17
Balance at 30 September 2017	**174**	**14,586**	**3,343**	**(4,086)**	**14,017**
Six months ended 30 September 2016:					
Balance at 1 April 2016	156	15,233	3,079	(12,631)	5,837
Profit for the period	-	-	-	2,506	2,506
Transactions with equity shareholders:					
Issues of new shares	4	429	-	-	433
Equity settled share-based payments	-	-	-	106	106
Balance at 30 September 2016	**160**	**15,662**	**3,079**	**(10,019)**	**8,882**
Year ended 31 March 2017:					
Balance at 1 April 2016	156	15,233	3,079	(12,631)	5,837
Profit for the year	-	-	-	5,246	5,246
Revaluation surplus	-	-	280	-	280
Revaluation reserve transfer	-	-	(7)	7	-
Deferred tax liability	-	-	(9)	-	(9)
Transactions with equity shareholders:					
Equity-settled share based payments	-	-	-	213	213
Dividends	-	(1,964)	-	-	(1,964)
Issue of new shares	11	832	-	-	843
Balance at 31 March 2017	**167**	**14,101**	**3,343**	**(7,165)**	**10,446**

Consolidated Interim Balance Sheet
At 30 September 2017 (unaudited)

	Note	**Unaudited 30 September 2017 £'000**	Unaudited 30 September 2016 £'000	Audited 31 March 2017 £'000
Non-current assets				
Property, plant and equipment		**13,429**	10,460	12,297
Intangible assets		**2,958**	2,492	2,567
Deferred tax assets	3	**1,283**	2,622	1,921
		17,670	15,574	16,785
Current assets				
Inventories		**2,673**	1,192	1,647
Trade and other receivables		**7,173**	6,283	7,129
Cash and cash equivalents		**14,532**	12,486	12,561
		24,378	19,961	21,337
Total assets		**42,048**	35,535	38,122
Current liabilities				
Trade and other payables	6	**(27,346)**	(25,908)	(26,991)
Provisions		**-**	(69)	-
		(27,346)	(25,977)	(26,991)
Non-current liabilities				
Deferred tax liabilities		**(685)**	(676)	(685)
Total liabilities		**(28,031)**	(26,653)	(27,676)
Net assets		**14,017**	8,882	10,446
Equity				
Share capital		**174**	160	167
Share premium		**14,586**	15,662	14,101
Revaluation reserve		**3,343**	3,079	3,343
Retained earnings		**(4,086)**	(10,019)	(7,165)
Total equity		**14,017**	8,882	10,446

Consolidated Interim Cash flow Statement

For the six months ended 30 September 2017 (unaudited)

	Note	**Unaudited Six months ended 30 September 2017**	Unaudited Six months ended 30 September 2016	Audited Year ended 31 March 2017
		£'000	£'000	£'000
Cash flows from operating activities				
Profit before tax for the period		**3,700**	3,094	6,535
Depreciation		**250**	157	362
Amortisation of intangible assets		**75**	133	278
Capitalisation of pipeline assets		**(1,184)**	(1,083)	(2,518)
Net finance income		**(33)**	(34)	(63)
Equity settled share based payment charges		**17**	106	213
(Increase)/decrease in trade and other receivables		**(44)**	380	(466)
(Increase)/decrease in inventories		**(1,026)**	211	(244)
Increase in trade and other payables	6	**355**	843	1,936
Decrease in provisions		**-**	(29)	(98)
Cash generated from operations		**2,110**	3,778	5,935
Net interest received		**33**	34	63
Net cash from operating activities		**2,143**	3,812	5,998
Cash flows from investing activities				
Purchase of property, plant and equipment		**(186)**	(55)	(381)
Purchase of intangible assets		**(478)**	(27)	(248)
Net cash used in investing activities		**(664)**	(82)	(629)
Cash flows from financing activities				
Dividends paid		**-**	-	(1,963)
Proceeds from issue of share capital		**492**	433	832
Repayment of finance lease liabilities		**-**	-	-
Net cash from/(used in) financing activities		**492**	433	(1,131)
Net increase in cash and cash equivalents		**1,971**	4,163	4,238
Cash and cash equivalents at 1 April 2017		**12,561**	8,323	8,323
Cash and cash equivalents at 30 September 2017		**14,532**	12,486	12,561

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. 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 is listed on the AIM market of the London Stock Exchange.

The condensed consolidated interim financial information, including the financial information for the year ended 31 March 2017 set out in this interim financial information, does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The information for the period ended 31 March 2017 is derived from the non-statutory accounts for that financial period. The non-statutory accounts for the year ended 31 March 2017 were approved on 6 June 2017. The Auditor's report on those accounts was unqualified and did not draw attention to any matters by way of emphasis of matter.

These interim financial statements have been reviewed, not audited, by the Company's auditors and their Report is set out on page 15.

1.1. Basis of preparation

The condensed consolidated interim financial information for the period ended 30 September 2017 has been prepared in accordance with IAS 34, 'Interim financial reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the Annual Report and Accounts for the year ended 31 March 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The accounting policies adopted in the condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 March 2017.

1.2. Change in accounting policy

In the prior year, the Board considered the accounting for the recognition of assets that are adopted by the Group, where those assets are acquired at their "fair value" on adoption, in accordance with IFRIC 18: *Transfers of assets from customers* (first applied 31 March 2011). IFRIC 18 requires that assets be treated as additions to Property Plant and Equipment at their "fair value", with a consequent adjustment to revenue. The Group has previously treated these asset additions in accordance with IFRIC 18, with an adjustment to cost of sales, rather than revenue. The Board has concluded on consideration of the accounting that it is more appropriate in achieving a relevant presentation to include the adjustment within revenue. This will ensure that the impact of the application of IFRIC 18 is clearer in the financial statements. The impact of the change is to increase revenue by £1.2m (2016: £0.9m), with an offsetting adjustment within cost of sales. The restatement has no impact on the reported gross profit, profit for the period and net assets as at 30 September 2017.

1.3. Going concern

As at 30 September 2017 the Group had net assets of £14.0m (2016: £8.9m), including cash of £14.5m (2016: £12.5m) as set out in the consolidated balance sheet and an unused revolving credit facility of £4.0m (2016: £4.0m) and so would be in a position to pay its obligations as they arise. In the six months to 30 September 2017, the Group generated a profit before tax of £3.7m and had net cash inflows of £2.0m.

Consequently, the Directors have a reasonable expectation that the Group has adequate resources to fund its operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial statements.

1.4. Accounting policies

The financial statements have been prepared using consistent accounting policies. The following adopted IFRSs have been issued but have not been applied by the Group in the condensed consolidated interim financial information.

- IFRS 9 Financial Instruments (effective date 1 January 2018)
- IFRS 15 Revenue from Contract with Customers (effective date 1 January 2018)
- IFRS 16 Leases (effective date 1 January 2019)

The adoption of IFRS 15 and IFRS 16 may have an impact on the financial statements when introduced, detailed analysis of the effects is currently being undertaken with further reporting on the impact to be included in the year-end financial statements. The adoption of other standards is not expected to have a material effect on the financial statements.

In preparing the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the period ended 31 March 2017.

2. Segmental analysis

The Board has been identified as the Chief Operating Decision Maker (CODM) as defined under IFRS 8: Operating Segments. The Directors consider there to be two operating segments, infrastructure services and gas transportation. Fulcrum's Infrastructure Services provides utility infrastructure and connections services and the pipeline 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 in June 2007.

The information provided to the Board includes management accounts comprising operating profit before exceptional items for each segment and other financial and non-financial information used to manage the business on a consolidated basis.

	Six months to 30 September 2017			Restated Six months to 30 September 2016			Year ended 31 March 2017		
	Infrastructure Services	**Gas Transportation**	**Total Group**	Infrastructure Services	Gas Transportation	Total Group	Infrastructure Services	Gas Transportation	Total Group
	£'000	**£'000**	**£'000**	£'000	£'000	£'000	£'000	£'000	£'000
Reportable segment revenue	**18,711**	**874**	**19,585**	17,383	715	18,098	36,237	1,499	37,736
Underlying EBITDA	**3,333**	**674**	**4,007**	3,087	369	3,456	6,340	981	7,321
Share based payment charge	**(17)**	**-**	**(17)**	(106)	-	(106)	(213)	-	(213)
Depreciation and amortisation	**(142)**	**(181)**	**(323)**	(154)	(136)	(290)	(350)	(286)	(636)
Reportable segment operating profit before exceptional items	**3,174**	**493**	**3,667**	2,827	233	3,060	5,777	695	6,472
Exceptional items	**-**	**-**	**-**	-	-	-	-	-	-
Reporting segment operating profit	**3,174**	**493**	**3,667**	2,827	233	3,060	5,777	695	6,472
Finance income	**13**	**20**	**33**	39	7	46	48	27	75
Finance expense	**-**	**-**	**-**	(12)	-	(12)	(12)	-	(12)
Profit before tax	**3,187**	**513**	**3,700**	2,854	240	3,094	5,813	722	6,535

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

3. Taxation

	Six months to 30 September 2017	Six months to 30 September 2016	Year ended 31 March 2017
	£'000	£'000	£'000
Current tax	**-**	-	-
Deferred tax	**(638)**	(588)	(1,289)
Total tax charge	**(638)**	(588)	(1,289)

Deferred tax has been recognised in respect of tax losses carried forward that are expected to be utilised against future taxable profits. Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016.

The deferred tax assets at balance sheet date have been calculated based on these rates.

The Group has a further £8.8m (2016: £17.9m) of tax losses of which a deferred tax asset of £1.3m has been recognised. During the period, £0.6m of the deferred tax asset was utilised against taxable profits.

4. Earnings per share

Basic earnings per share have been calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the period, which were 171,634,953 (September 2016: 155,953,125, March 2017: 161,021,297). Diluted earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary share in issue adjusted to assume conversion of all potentially dilutive ordinary shares from the start of the year, producing a figure of 187,135,080 (September 2016: 184,803,122, March 2017: 186,666,736).

The earnings per share from continued operations were as follows:

Profit per share	**Six months to 30 September 2017**	Six months to 30 September 2016	Year ended 31 March 2017
Basic	**1.8p**	1.6p	3.3p
Adjusted basic	**2.2p**	1.6p	4.1p
Diluted basic	**1.6p**	1.4p	2.8p
Diluted adjusted basic	**1.9p**	1.4p	3.5p

The calculation of the basic and diluted earnings per share is based upon the following data:

	Six months to 30 September 2017	Six months to 30 September 2016	Year ended 31 March 2017
Profit for the period	**£'000**	£'000	£'000
Profit for the period attributable to shareholders	**3,062**	2,506	5,246
Less deferred tax asset recognised	**-**	-	1,289
Adjusted profit for the period attributable to shareholders	**3,062**	2,506	6,535

5. Dividend

During the year, the Group declared a dividend of 1.3p per share bringing the total dividend for the full financial year 2016/2017 to 1.9p per share (FY 2015/2016: 0.9p per share). This was paid on 27 October 2017. The Board have proposed an interim dividend for financial year 2018 of 0.7p per share (2017: 0.6p) which will be payable in January 2018.

6. Trade and other payables

	Six months to 30 September 2017	Six months to 30 September 2016	Year ended 31 March 2017
	£'000	£'000	£'000
Trade payables	**2,979**	1,717	2,779
Accruals and deferred income	**22,197**	21,810	22,430
Other payables	**2,170**	2,381	1,782
	27,346	25,908	26,991

Of the £22.2m accruals and deferred income, £15.6m (2016: £13.9m) relates to deferred income. Deferred income represents contracted sales for which services to customers will be provided in future periods.

7. Capital commitments

During the year ended 31 March 2017, the Group entered into a contract to purchase property, plant and equipment in the form of pipelines. The commitment at 30 September was £7.5m (2016: nil).

8. Financial risk management

The Group's principal financial instruments are cash, trade receivables and payables. The Group does not have any financial instruments that are measured at fair value on a recurring basis. The fair values of all financial instruments are equal to their book values and there is no difference between the carrying amount and contracted cash flows. All contracted cash flows are due within one year.

Credit risk

Credit risk arises from cash and cash equivalents and credit exposure to the Group's customers. Over half of the Group's customers pay in advance of works commencing, with the remaining profile consisting of established businesses. The credit worthiness of new customers is assessed by taking into account their financial position, past experience and other factors. It is considered that the failure of any single counterparty would not materially impact the financial wellbeing of the Group, other than one customer, for which the risk of failure is considered minimal based on current market conditions and performance.

The Group has a policy of ensuring cash deposits are made with the primary objective of security of the principal. Deposits are held with Lloyds Bank plc, which is rated A+ by Fitch and A by Standards and Poor. These credit ratings are regularly monitored to ensure that they meet the required minimum criteria set by the Board through the treasury policy.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Board is responsible for ensuring that the Group has sufficient liquidity to meet its financial liabilities as they fall due without incurring unacceptable losses or risking damage to the Group and does so by monitoring cash flow forecast and budgets. The Group's exposure to liquidity risk reflects its ability to readily access the funds to support its operations. The Group has an undrawn revolving credit facility in order to provide the flexibility required in the management of the Group's liquidity. The Group's liquidity requirements are continually reviewed and additional facilities put in place as appropriate.

Liquidity forecasts are produced on a regular basis and include the expected cash flows that will occur on a weekly, monthly and quarterly basis. This information is used in conjunction with the weekly reporting of actual cash balances at bank in order to calculate the level of funding that will be required in the short and medium-term. The Group holds a combination of short and medium-term deposits and a £4.0m revolving credit facility committed to November 2018. These committed facilities are deemed sufficient to meet projected liquidity requirements.

Market risk

The Group may be affected by general market trends, which are unrelated to the performance of the Group itself, such as fluctuations in interest rates. The Group is currently not exposed to interest rate risk, as it has not drawn down on its £4.0m (2016: £4.0m) revolving credit facility and has no market debt.

Capital risk

The Group defines capital as total equity. The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a capital structure, which optimises the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. Decisions regarding the balance of equity and borrowings, dividend policy and all major borrowing facilities are reserved for the Board.

9. Related parties

There were no discloseable related party transactions during the period.

INDEPENDENT REVIEW REPORT TO FULCRUM UTILITY SERVICES LIMITED

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2017, which comprises the Consolidated Interim Statement of Comprehensive Income, the Consolidated Interim Statement of Changes in Equity, the Consolidated Interim Balance Sheet, the Consolidated Interim Cash Flow Statement and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly report for the six months ended 30 September 2017 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the AIM Rules.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Directors' responsibilities

The half-yearly report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly report in accordance with the AIM Rules.

As disclosed in note 1.1 the annual financial statements of the group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

Our responsibility

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

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Matthew Wilcox
for and on behalf of KPMG LLP
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5 December 2017