4 December 2018

FULCRUM UTILITY SERVICES LIMITED

("Fulcrum", the "Company" or the "Group")

Unaudited interim results for the six months ended 30 September 2018

Fulcrum, the UK's market leading independent multi-utility infrastructure and services provider, today announces its interim results for the six-month period ended 30 September 2018.

Financial highlights – continued delivery on all financial metrics

- Revenue up 49.0% to £29.2 million (2017: £19.6 million)
- Adjusted EBITDA* up 35.7% to £5.4 million (2017: £4.0 million)
- On a like-for-like** basis, revenue increased by 12.9% and adjusted EBITDA* up 20.9%
- Profit before tax (before exceptional items) up 13.5% to £4.2 million (2017: £3.7 million)
- Net cash inflows from operations of £3.0 million (2017: £2.1 million)
- Basic earnings per share of 1.7p (2017: 1.8p)
- Cash of £10.4 million at 30 September 2018 (2017: £14.5 million)

Strong cash flow continues to support a progressive dividend policy

- The Board is recommending an interim dividend of 0.75p per share for FY2019, an increase of 7.1% against the prior year (2017: 0.7p per share)
- The dividend reflects the Board's ongoing confidence in the Group's ability to generate cash and its future prospects

Operational highlights – progressive growth and delivery against strategy

- Sustained growth in the infrastructure order book, up 8.8% since March 2018 to £45.8 million
- Significant growth in utility asset ownership with committed spend of £15.4 million at the end of September (2017: £7.5 million)
- £20.0 million undrawn debt facility to support increased adoption of utility assets
- Integration of The Dunamis Group Limited ("Dunamis") and CDS Pipe Services Limited ("CDS") progressing well and in line with expectations
- Dunamis successfully delivered a number of projects in the period, including the first tranche in a series of electrical vehicle charging infrastructure projects
- Increased operational capacity across the Group, strengthening electrical and multi-utility capabilities
- Smart metering services being established: Meter Operator (MOP) accreditation achieved in September, underpinning future plans for the installation and adoption of smart meters
- Ian Foster, Chief Operating Officer - Gas, has notified the Board that he will be retiring on 31 March 2019. A successor has been identified and will be announced in the New Year.

**Adjusted EBITDA is operating profit excluding the impact of exceptional items, depreciation, amortisation and equity settled share based payment charges*
*** Like-for-like is after adjusting for the acquisition of The Dunamis Group Limited ("Dunamis") and CDS Pipe Services Limited ("CDS")*

Martin Harrison, CEO of Fulcrum, said:

"*These results reflect the continued successful delivery of the Group's long-term strategy and our commitment to meeting customer demand across each of our routes to market. The Group continues to invest in the business to drive sales growth, improve operational capacity and efficiency and push for ever higher levels of customer satisfaction.*

I would like to thank Ian Foster for his 15 years of service. Ian has played an instrumental role in Fulcrum's evolution and I wish him all the best in his retirement.

The Group is well positioned to deliver further high quality, sustainable growth."

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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 mainland UK. These range from the design, installation or alteration of utility services for single site properties to large complex multi-site projects. Through its subsidiaries, Fulcrum Pipelines Limited and Fulcrum Electricity Assets Limited, Fulcrum is also licensed as an Independent Gas Transporter and Independent Distribution Network Operator, owning and operating gas and electrical assets that connect properties to the main UK gas and electricity networks. Fulcrum is also a meter asset manager and meter operator, owning and operating meter assets across mainland UK.

In 2018 Fulcrum acquired the Dunamis Group, an electrical infrastructure services company, creating one of the UK's leading gas and electrical infrastructure services groups.

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

Overview

The results for the six months ended 30 September 2018 ("H1") reflect a period of continued growth and consolidation in our business. The Group achieved another robust performance through organic growth within our core infrastructure and asset businesses, complemented by solid acquisitive growth delivered by Dunamis and CDS, which were acquired earlier this year. A record adjusted EBITDA* of £5.4 million, profit before tax of £4.0 million and continued cash generation all support the Company's ability to maintain its progressive dividend policy. These results reflect the continued successful delivery of the Group's strategy and our commitment to meeting customer demand across each of our routes to market throughout mainland UK.

Robust financial performance

Fulcrum has delivered a robust set of results in the first six months, achieving a record adjusted EBITDA* of £5.4 million from both organic growth in our core infrastructure and asset businesses and a solid performance delivered by our recently acquired companies. Period-on-period revenue increased by £9.6 million, or 49.0%, to £29.2 million (2017: £19.6 million) benefiting from a full six months' contribution from Dunamis, acquired at the beginning of February 2018. On a like-for-like basis, after adjusting for the acquisitions, revenues from infrastructure services amounted to £20.8 million (2017: £18.7 million) and increase of £2.5 million or 12.9%. Asset ownership revenues increased by 44.4% to £1.3 million (2017: £0.9 million. With its low cost to serve, this annuity income stream represents a secure and profitable component of the Group's future financial stability.

Gross profit increased by £2.8 million to £10.4 million (2017: £7.6 million), with gross profit margins down slightly to 35.7% (2017: 38.9%, FY2018: 36.7%). This change in margin is predominately due to the inclusion of Dunamis for the full six-month period. On large electrical infrastructure projects delivered by Dunamis, there is typically a higher proportion of expensive plant and equipment which carries a lower margin and results in an overall dilutive effect on the project margin. On a like-for like basis, after adjusting for the acquisitions, gross profit increased by £0.9 million or 12.3%.

Adjusted EBITDA* for the period increased to £5.4 million (2017: £4.0 million) and profit before tax increased to £4.0 million (2017: £3.7 million).

Strong returns and increased dividend

Basic earnings per share was 1.7p (2017: 1.8p) with the growth in revenue offset by the increase in issued share capital and the increased amortisation charge resulting from the acquisitions. During H1, 8,990,314 ordinary shares were issued with a nominal value of £8,990 to employees exercising vested share options. These exercises relate to the EMI 2015 and 2016 option plans, ESS 2015 option plan and GSS 2016 option plans which are now fully exercised. The associated cash consideration for the exercise prices for the EMI schemes was £302,268. As at 30 September, the issued share capital of the company was 220,328,797 ordinary shares (30 September 2017: 174,656,734) with a nominal value of £220,328. The year-on-year increase in the issued share capital share relates to the acquisitions of Dunamis and CDS, along with employee share option conversions.

Working capital management continues to be a key area of focus and the Group achieved a positive operating cash flow from trading activities of £3.0 million (2017: £2.1 million) during H1. At 30 September 2018, the Group had net cash of £10.4 million (2017: £14.5 million); a £4.1 million decrease against the prior period. This decrease reflects the acquisitions of Dunamis and CDS, which utilised existing cash resources to part satisfy the consideration. It also reflects increased investment in utility asset ownership, as well as increased dividend payments. Excluding the £4.8 million paid in respect of the acquisitions, net cash increased by £0.7 million.

The Group continues to maintain a progressive dividend policy. Our aim is to operate a policy within the context of broadly two times dividend cover. As a result of the continued strong performance and cash generation in the period, the Board will pay an interim dividend of 0.75p per share for FY2019 (FY18: 0.7p). The period-on-period dividend increase of 7.1% demonstrates the Board's confidence in the future of the Group and cash generation from both infrastructure services and utility assets. The dividend will be paid on 25 January 2019 to members on the register on 28 December 2018. Shares will be marked ex-dividend on 27 December 2018.

Delivering contracts safely, efficiently and profitably

Safety is paramount in our organisation. In the period, we received the Royal Society for the Prevention of Accidents (RoSPA) Order of Distinction, which recognises 15 years of health and safety excellence and demonstrates our commitment to the health and safety of our customers, each other, suppliers, the public and the environment.

We appointed a Group Head of Compliance to oversee the enlarged Group's compliance requirements and to create a uniform platform across the Group. Following the launch of our SAFE initiative earlier in the year, we have introduced behavioural safety awareness and training in addition to competence based training.
We also recognise and reward the people and teams who go above and beyond to demonstrate safe behaviours with our quarterly "Safety Champion" and annual "Safety Champion of Champions" awards.

The Group continues to invest in the business to improve operational capacity and drive efficiencies to optimise profits. In the period, we have increased our direct delivery offering, focusing on strengthening our electrical and multi-utility capabilities to support the growth in electrical and housing sales orders. We also look at ways to continually improve and simplify the way we work, reducing the level of manual interactions by maximising automation wherever possible and encouraging our people to develop efficient and innovative ways of working.

Winning contracts in our chosen markets

The sustained growth in the infrastructure order book is encouraging and demonstrates the successful delivery of our sales growth strategy. As at 30 September 2018, the Group's order book had increased by 8.8% to £45.8 million, up from £42.1 million as at 31 March 2018). During the period, we completed two major contracts: a large gas pipeline to a food manufacturing plant and a large high voltage electricity infrastructure project for a battery storage site. As these contracts transitioned from the order book, they have been replaced by several other large contract wins. The Company has also continued to secure a core portfolio of projects up to £50,000 in revenue.

The integration of Dunamis is progressing well and in line with plans, with increasing numbers of collaborative gas and electricity opportunities being generated. Dunamis' electrical capabilities enhance the Group's position in the electricity and dual fuel markets and also support its expansion into the electric vehicle charging market. Dunamis' business is made up of larger, lower margin infrastructure projects which are by nature subject to external factors. During the period some of these infrastructure projects have been influenced by external pressures which has resulted in certain projects commencing later than expected.

In addition to delivering large electrical infrastructure projects, Dunamis now offers the end-to-end design and delivery of all industrial, commercial and electric vehicle charging infrastructure projects within the Group. Dunamis successfully delivered a number of projects in the period, including a large high voltage electricity infrastructure project for a battery storage site, a series of electrical vehicle charging infrastructure projects and recurring maintenance work delivered by Maintech Power.

The Group's ability to adopt and own the electrical infrastructure delivered by Dunamis will further increase the valuable portfolio of stable, secure, low risk and long term income-generating utility assets.

The Group continues to grow its utility asset estate and the associated annuity revenue streams by adopting the assets it constructs, alongside assets purchased from external utility contractors. During the period, our ownership of utility assets increased by £4.9 million to a total net book value of £19.2 million at 30 September 2018 (2017: £13.4 million). There has been sustained growth in the assets secured from external utility contractors, with the committed capital spend increasing from £7.5 million as at 30 September 2017 to £15.4 million as at 30 September 2018, including £1.0 million of electrical assets. The cash will be spent in the months and years ahead as these schemes are developed, increasing future transportation income. The growth strategy in utility asset ownership is supported by our debt facility for up to £20.0 million, this was undrawn at the end of September.

The Group secured its Meter Operator (MOP) accreditation in September 2018, resulting in the Group now having all of the accreditations required to underpin the future plans to install, adopt, own and operate smart meters. We are embedding our smart metering services, including establishing IT systems and relationships with energy suppliers.

Management Changes

Following 15 years with Fulcrum, Ian Foster, the Chief Operating Officer - Gas, will be retiring on 31 March 2019. Throughout his career at Fulcrum, Ian has been instrumental in building the business to where it is today. A successor has been identified and will be announced in the New Year.

Outlook

The Group's performance in the first six months has been strong. The financial strength of the Group, resulting from the successful execution of its strategy over recent years, places the business in a good position to adapt to changes in market conditions and to take advantage of opportunities. We remain vigilant with respect to the potential risks that the Group may face and are focused on the strategic advantages afforded by our business model and customer offering. We will:

- continue to always put safety first;
- continue to focus on sales growth and enhancing our customer service;
- create long-term secure income by increasing our ownership of gas and electricity assets;
- maintain and improve operational disciplines;
- maximise returns on new initiatives such as EV charging and smart metering opportunities; and
- sustainably increase dividends.

We therefore remain confident in our ability to deliver incremental value to all of our stakeholders.

Consolidated Interim Statement of Comprehensive Income
For the six months ended 30 September 2018 (unaudited)

	Note	**Unaudited Six months ended 30 September 2018**	Restated unaudited Six months ended 30 September 2017	Restated unaudited Year ended 31 March 2018
		£'000	£'000	£'000
Revenue	2	**29,218**	19,585	44,597
Cost of sales		**(18,790)**	(11,976)	(28,370)
Gross profit		**10,428**	7,609	16,227
Administrative expenses		**(6,444)**	(3,942)	(9,570)
Operating profit		**3,984**	3,667	6,657
Analysed as:				
EBITDA before share based payments and exceptional items		**5,424**	4,007	8,406
Equity settled share based payment charges		**(52)**	(17)	(35)
Exceptional items		**(221)**	-	(823)
Depreciation and amortisation		**(1,167)**	(323)	(890)
		3,984	3,667	6,657
Net finance (expense) /income		**(11)**	33	59
Profit before tax		**3,973**	3,700	6,716
Taxation	3	**(315)**	(638)	250
Profit for the financial period		**3,658**	3,062	6,966
Other comprehensive income				
Items that will never be reclassified to profit				
Revaluation of property, plant and equipment		**-**	-	334
Deferred tax on items that will never be reclassified to profit or loss		**-**	-	(62)
Total comprehensive income for the period		**3,658**	3,062	7,238
Profit per share attributable to the owners of the business				
Basic	4	**1.7p**	1.8p	4.0p
Diluted	4	**1.7p**	1.6p	3.7p

Consolidated Interim Statement of Changes in Equity

For the six months ended 30 September 2018 (unaudited)

	Share capital	Share premium	Revaluation reserve	Merger reserve	Retained earnings	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Six months ended 30 September 2018:						
Balance at 1 April 2018	211	21,042	3,607	11,347	94	36,301
IFRS 15 adjustment	-	-	-	-	(250)	(250)
Restated balance as at 1 April 2018	211	21,042	3,607	11,347	(156)	36,051
Profit for the period	-	-	-	-	3,658	3,658
Transactions with equity shareholders:						
Issues of new shares	9	302	-	407	-	718
Equity settled share-based payments	-	-	-	-	52	52
Balance at 30 September 2018	**220**	**21,344**	**3,607**	**11,754**	**3,554**	**40,479**
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**
Year ended 31 March 2018:						
Balance at 1 April 2017	167	14,101	3,343	-	(7,165)	10,446
Profit for the year	-	-	-	-	6,966	6,966
Revaluation surplus	-	-	334	-	-	334
Revaluation reserve transfer	-	-	(8)	-	8	-
Deferred tax liability	-	-	(62)	-	-	(62)
Transactions with equity shareholders:						
Equity-settled share based payments	-	-	-	-	35	35
Dividends	-	(3,494)	-	-	-	(3,494)
Issue of new shares	44	10,435	-	11,347	-	21,826
Balance at 31 March 2018	**211**	**21,042**	**3,607**	**11,347**	**(156)**	**36,051**

Consolidated Interim Balance Sheet
At 30 September 2018 (unaudited)

	Note	**Unaudited 30 September 2018**	Restated unaudited 30 September 2017	Restated audited 31 March 2018
		£'000	£'000	£'000
Non-current assets				
Property, plant and equipment		**19,627**	13,429	16,025
Intangible assets		**27,504**	2,958	27,797
Deferred tax assets	3	**2,045**	1,283	2,194
		49,176	17,670	46,016
Current assets				
Contract Assets		**4,480**	2,673	4,114
Trade and other receivables		**15,777**	7,173	15,289
Cash and cash equivalents	9	**10,417**	14,532	9,431
		30,674	24,378	28,834
Total assets		**79,850**	42,048	74,850
Current liabilities				
Trade and other payables	6	**(36,426)**	(27,346)	(35,525)
Provisions		**(98)**	-	(98)
		(36,524)	(27,346)	(35,623)
Non-current liabilities				
Deferred tax liabilities		**(2,847)**	(685)	(2,926)
Total liabilities		**(39,371)**	(28,031)	(38,549)
Net assets		**40,479**	14,017	36,301
Equity				
Share capital		**220**	174	211
Share premium		**21,344**	14,586	21,042
Revaluation reserve		**3,607**	3,343	3,607
Merger reserve		**11,754**	-	11,347
Retained earnings		**3,554**	(4,086)	94
Total equity		**40,479**	14,017	36,301

Consolidated Interim Cash flow Statement

For the six months ended 30 September 2018 (unaudited)

	Note	**Unaudited Six months ended 30 September 2018**	Unaudited Six months ended 30 September 2017	Audited Year ended 31 March 2018
		£'000	£'000	£'000
Cash flows from operating activities				
Profit before tax for the period		**3,973**	3,700	6,716
Depreciation		**442**	250	532
Amortisation of intangible assets		**725**	75	358
Capitalisation of pipeline assets		**(2,695)**	(1,184)	(2,611)
Net finance expense / (income)		**11**	(33)	(59)
Equity settled share based payment charges		**52**	17	35
Decrease / (increase) in trade and other receivables		**339**	(44)	(5,924)
(Increase)/decrease in inventories		**(366)**	(1,026)	(1,396)
Increase in trade and other payables	6	**530**	355	4,830
Decrease in provisions		**-**	-	(23)
Cash generated from operations		**3,011**	2,110	2,458
Net interest (paid) / received		**(11)**	33	59
Net cash from operating activities		**3,000**	2,143	2,517
Cash flows from investing activities				
Acquisition of external utility assets		**(1,758)**	-	(920)
Acquisition of property, plant and equipment		**(205)**	(186)	(170)
Acquisition of intangible assets		**(353)**	(478)	(955)
Acquisition of subsidiaries, net of cash acquired		**-**	-	(10,587)
Net cash used in investing activities		**(2,316)**	(664)	(12,632)
Cash flows from financing activities				
Dividends paid		**-**	-	(3,494)
Proceeds from issue of share capital		**302**	492	10,479
Net cash from financing activities		**302**	492	6,985
Net increase in cash and cash equivalents		**986**	1,971	(3,130)
Cash and cash equivalents at 1 April 2018		**9,431**	12,561	12,561
Cash and cash equivalents at 30 September 2018		**10,417**	14,532	9,431

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 2018 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 2018 is derived from the non-statutory accounts for that financial period. The non-statutory accounts for the year ended 31 March 2018 were approved on 5 June 2018. 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 2018 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 2018, which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2018, as described in those financial statements.

1.2. Accounting policies

The financial statements have been prepared using consistent accounting policies except for the first time adoption of IFRS 15 (Revenue from Contracts with Customers) and IFRS 9 (Financial Instruments). The following adopted IFRSs have been issued but have not been applied by the Group in the condensed consolidated interim financial information:

- IFRS 16 Leases (effective date 1 January 2019)

The Group has not early adopted the new IFRS 16 Lease standard. The adoption of this new standard may have an impact on the financial statements when introduced, however, a detailed analysis of the effect is not yet possible.

Following the implementation of IFRS 15, Revenue from Contracts with Customers, our accounting policy for revenue has been amended as follows:

Adoption of utility assets:
Revenue relating to following the adoption of utility assets (included in Infrastructure revenue) is recognised at the point the assets is "adopted", which is when the performance obligation is satisfied. The value at which the revenue is recognised is the fair value of the asset held with the corresponding entry to tangible assets.

Contract costs:
Costs to obtain a contract are expensed unless they are incremental, i.e. they would not incurred if the contract had been obtained, and the contract is expected to be sufficiently profitable for them to be recovered

There is no impact of IFRS15 adoption on all other revenue streams.

As a result of the change, revenue for the year ended 31 March 2018 has decreased by £0.2 million (six month period to 30 September 2017 has increased by £0.1 million). For the current period, revenue is £1.3 million lower than it would have been prior to the implementation of IFRS 15 and reported profit from operations is £1.3 million lower than it would have been prior to the implementation. There is no impact on the Group's cash flows.

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 three operating segments, infrastructure services, gas transportation and Dunamis which was acquired in the year. Fulcrum's infrastructure services provides utility infrastructure and connections services and gas transportation 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 and electricity services are provided under the iDNO licence granted from Ofgem in November 2017.

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 2018				Six months to 30 September 2017			
	Infrastructure Services £'000	**Gas Transportation £'000**	**Dunamis £'000**	**Total Group £'000**	Infrastructure Services £'000	Gas Transportation £'000	Dunamis £'000	Total Group £'000
Revenue	**20,933**	**1,325**	**6,960**	**29,218**	18,711	874	-	19,585
Adjusted EBITDA	**3,951**	**753**	**720**	**5,424**	3,333	674	-	4,007
Share based payment charge	**(52)**	**-**	**-**	**(52)**	(17)	-	-	(17)
Depreciation & amortisation	**(139)**	**(310)**	**(718)**	**(1,167)**	(142)	(181)	-	(323)
Operating profit before exceptional items	**3,760**	**443**	**2**	**4,205**	3,174	493	-	3,667
Exceptional items	**(221)**	**-**	**-**	**(221)**	-	-	-	-
Operating profit	**3,539**	**443**	**2**	**3,984**	3,174	493	-	3,667
Finance income	**-**	**-**	**1**	**1**	13	20	-	33
Finance expense	**(12)**	**-**	**-**	**(12)**	-	-	-	-
Profit before Tax	**3,527**	**443**	**3**	**3,973**	3,187	513	-	3,700

	Year ended 31 March 2018			
	Infrastructure Services £'000	Gas Transportation £'000	Dunamis £'000	Total Group £'000
Revenue	40,469	1,951	2,427	44,847
Adjusted EBITDA	6,813	1,583	260	8,656
Share based payment charge	(35)	-	-	(35)
Depreciation & amortisation	(228)	(411)	(252)	(891)
Operating profit before exceptional items	6,550	1,172	8	7,730
Exceptional items	(823)	-	-	(823)
Operating profit	5,727	1,172	8	6,907
Finance income	27	32	2	61
Finance expense	(2)	-	-	(2)
Profit before Tax	5,752	1,204	10	6,966

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

3. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers. The nature and effect of initially adopting IFRS 15 on the Group's interim financial statements are disclosed in Note 1.

A. Disaggregation of revenue

In the following table, revenue is disaggregated by primary geographic market, service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group reportable segments (See note 2):

	Infrastructure Services		Gas Transportation		Dunamis	
£'000	2018	2017	2018	2017	2018	2017
Primary geographic markets						
United Kingdom	20,791	18,711	1,325	874	6,960	-
	20,791	18,711	1,325	874	6,960	-
Service line						
Service revenue on long term contracts	8,295	9,401	-	-	5,052	-
Service revenue on short term contracts	7,914	7,251	-	-	4	-
Maintenance contracts	-	-	-	-	1,716	-
Gas transportation	-	-	1,325	874	-	-
Adoption of utility assets	4,582	2,059	-	-	-	-
	20,791	18,711	1,325	874	6,960	-
Timing of revenue recognition						
Services transferred at a point in time	4,582	2,059	1,325	874	-	-
Services transferred over time	16,209	16,652	-	-	6,960	-
	20,791	18,711	1,325	874	6,960	-

B. Contracting balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

	Six months to 30 September 2018	Six months to 30 September 2017	Year ended 31 March 2018
	£'000	£'000	£'000
Receivables, which are included in "Trade and other receivables"	**14,336**	14,500	6,012
Contract Assets	**4,480**	2,673	4,114
Contract liabilities, which are included in "Trade and other payables"	**27,772**	21,637	25,756

4. Dividend

During the year, the Group declared a dividend of 1.4p per share bringing the total dividend for financial year ended 31 March 2018 to 2.1p per share (financial year ended 31 March 2017: 1.9p per share). This was paid on 26 October 2018. The Board have proposed an interim dividend for financial year 2019 of 0.75p per share (2018: 0.7p) which will be payable on 25 January 2019.

5. Exceptional items

	Six months to 30 September 2018	Six months to 30 September 2017	Year ended 31 March 2018
	£'000	£'000	£'000
Restructuring costs	**221**	-	29
Acquisition costs in respect of The Dunamis Group Limited	**-**	-	686
Acquisition costs in respect of CDS PSL Holdings Limited	**-**	-	108
	221	-	823

Restructuring costs relate to employee and other costs associated with changing the operating model.

6. 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 217,439,403 (September 2017: 171,634,953, March 2018: 178,652,474). 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 235,146,684 (September 2017: 187,135,080; March 2018: 192,539,653).

The earnings per share from continued operations were as follows:

Profit per share	**Six months to 30 September 2018**	Six months to 30 September 2017	Year ended 31 March 2018
Basic	**1.7p**	1.8p	4.0p
Adjusted basic	**1.7p**	2.2p	4.2p
Diluted basic	**1.6p**	1.6p	3.7p
Diluted adjusted basic	**1.6p**	1.9p	3.9p

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

	Six months to 30 September 2018	Six months to 30 September 2017	Year ended 31 March 2018
Profit for the period	**£'000**	£'000	£'000
Profit for the period attributable to shareholders	**3,658**	3,062	7,216
Add exceptional items	**221**	-	823
Less deferred tax asset recognised	**(149)**	637	(515)
Adjusted profit for the period attributable to shareholders	**3,730**	3,699	7,524

7. Taxation

	Six months to 30 September 2018	Six months to 30 September 2017	Year ended 31 March 2018
	£'000	£'000	£'000
Current tax	**467**	-	23
Deferred tax	**(149)**	(638)	(273)
Total tax charge	**318**	(638)	(250)

Deferred tax has been recognised in respect of tax losses carried forward that are expected to be utilised against future taxable profits.

Further reductions 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 £11.5 million (2017: £12.1 million) of tax losses of which a deferred tax asset of £2.0 million has been recognised. During the period £0.2 million of the deferred tax asset was utilised against taxable profits.

8. Capital commitments

During the period ended 30 September 2019 the Group entered into contracts to purchase property, plant and equipment in the form of gas pipelines and electrical cables. The commitment at 30 September 2018 was £15.4 million (2017: £7.5 million).

9. Intangibles

	Goodwill	Brand & customer relationships	Software	Total
	£'000	£'000	£'000	£'000
Balance at 1 April 2018	14,251	12,399	1,147	27,797
Additions	-	-	432	432
Amortisation for the period	-	(678)	(47)	(725)
Balance at 30 September 2018	**14,251**	**11,721**	**1,532**	**27,504**

10. Trade and other payables

	Six months to 30 September 2018	Six months to 30 September 2017	Year ended 31 March 2018
	£'000	£'000	£'000
Trade payables	5,680	2,979	5,992
Contract liabilities	27,772	21,637	25,756
Other payables	3,072	2,730	3,777
	36,524	27,346	35,525

Of the £27.8 million contract liabilities, £23.7m (2017: £15.6m) relates to deferred income. Deferred income represents contracted sales for which services to customers will be provided in future periods.

11. Cash and cash equivalents

	Six months to 30 September 2018	Six months to 30 September 2017	Year ended 31 March 2018
	£'000	£'000	£'000
Cash and cash equivalents	10,417	14,532	9,431
Net funds	**10,417**	14,532	9,431

12. Principal risks

The Board have assessed the Principal Ricks as disclosed in the 2018 Annual Report and accounts and have determined that there has been no change in risk faced or risk rating at 31 March 2018. The principal risks which may affect the business and the future performance of the Group are set out below:

Description	Mitigating actions	Change in risk
Growth and strategy execution		
The Board has adopted its strategy, as it believes it is the one most likely to add the greatest sustainable value for shareholders and stakeholders. It is possible that, with time, factors become known that indicate that the strategy currently being pursued is not the most effective or efficient and that alternative strategies may be more appropriate	The Group's strategy is agreed by the Board at an annual strategy meeting and thereafter regularly reviewed at Board meetings and by the Executive Directors. The Board engages with management and employees to ensure the strategy is communicated and understood and that all employees have a clear understanding of the potential benefits and risks of the strategy.	**No change**
Acquisitions		
Early 2018 the Group acquired two businesses, Dunamis and CDS. The challenges surrounding integrating different cultures, working practices and locations could impact team retention and performance. The inability to successfully integrate our acquisitions may adversely affect consumer and/or partner experience with a resulting impact on strategic cross-sell opportunities and the Group's future revenues. In addition, there is the possibility that the financial and operational control environments of acquired entities are not as established as those of the Group or those required when operating in a listed environment.	The enlarged Group is overseen by an experienced Executive Management Team to ensure harmonisation of strategy and objectives across the Group. The clear communication of the Group's vision, strategy and benefits of acquisitions to both partners and consumers aligns the teams. The Group is also forming functional teams where possible.	**No change**
Retention and recruitment		
Success depends on the continued retention and performance of the Group's valued employees. Skilled development, technical, operating, sales and marketing personnel are essential for the business to meet its strategic goals and the Group operates in markets with a high demand for high calibre personnel.	The Group has put in place suitable reward and recognition packages to all staff, comprising a blend of short and long-term incentives for senior managers and Executives. Appropriate staff development programmes are in place to assess, manage and develop the leadership skills of staff throughout the organisation. In addition, we invest in succession planning and improving learning and development, giving opportunities for employees to upgrade skills.	**No change**
Macroeconomic conditions		
The Group derives all its revenues from mainland UK and is therefore predominately dependent on the macroeconomic conditions in the UK. As the UK negotiates the terms of its exit from the European Union, there remains a degree of uncertainty on the outlook for the UK economy.	There has been no material change to the severity of this risk for the Group throughout the year. We continue to closely monitor the impact of the increased uncertainty on the UK economy and how this could impact the sectors in which we operate. The Group's multi-channel, multi-brand strategy and the increasingly diversified market position resulting from the Group's most recent acquisitions, creates a diverse revenue base which means it is well placed to minimise any negative impacts. We will continue to employ robust tendering processes to maintain strong cost control over Group sourcing.	**No change**

Competitive environment and reliance on key customers		
The business strategy relies fundamentally on the ability to increase revenues and ensuring that the cost base remains under control. However, the markets in which the Group operates are competitive. The actions of the Group's competitors, and/or our own inaction, can have a significant and adverse impact on the Group including those from organisations that may be larger and/or have greater capital resources.	Our increasingly diversified position, including the addition of Dunamis and CDS, has reduced our exposure to volatility in individual competitive markets. These risks are managed through the corporate planning and review processes.	**No change**

Gas and electricity connections market and regulatory environment		
Operating in the gas industry carries with it inherent risks, such as reliance on ageing infrastructure, potential injury to, or loss of, human life or equipment, as well as the risk of downtime or low productivity caused by weather interruptions or equipment failures. Losses could result from litigation or interruption of the Group's business should these risks materialise. There are also associated regulatory risks relating to the Group's reliance on a number of different licences, which it requires in order to carry out the design and project management of connections to gas pipelines. Fulcrum Pipelines Limited is specifically licensed by Ofgem, as an Independent Gas Transporter (IGT) and Fulcrum Electricity Assets Limited obtained an Independent Network Distribution Operator (iDNO) Licence during the year. This brings with it the risk that the regulatory environment could change, which may have a direct and significant impact on the Group's regulated activities.	The Group seeks to reduce the risk of losses arising from these circumstances through careful planning, robust operational guidelines and the sharing of risk with client and supplier organisations and by putting in place suitable insurance arrangements.	**No change**

Health and safety		
The health and safety of our employees, subcontractors, suppliers and customers is of paramount importance to us. Accidents on our sites could lead to reputational damage and financial penalties.	We ensure that the Board's health and safety strategy is implemented by our comprehensive management systems and controls, overseen by our Group health and safety department to minimise the likelihood and impact of accidents.	**No change**

Working capital management and funding		
A changing mix of new contract sales, moving away from payments in advance toward credit terms, may place a strain on working capital as the volume of credit sales increases. The Group needs to ensure that it has the funding required to deliver on its strategy and future growth plans and that it manages its debt and cash balances effectively.	In granting commercial credit terms, careful attention is paid to the timing of cash receipts and payments over the period of contract delivery. Where necessary, a deposit is requested from customers prior to commencing work and invoicing milestones with customers are matched where possible to the invoicing patterns with contractors. To support the forecast growth in utility asset ownership of gas and electricity assets, the Group agreed a new debt facility of up to £20.0 million with our existing bank, Lloyds Banking Group plc, on 30 May 2018.	**No change**

IT systems and cyber security		
Fulcrum uses a range of computer systems across the Group. Outages and interruptions could affect the ability to conduct day-to-day operations, which could result in loss of sales and delays to cash flow. Key systems could be breached causing financial loss, data loss, disruption or damage. In addition, any theft or misuse of data held within the Group's systems could have both reputational and financial implications for the Group.	The Group's IT strategies are reviewed regularly to ensure they remain appropriate, with business continuity and disaster recovery testing performed. We have a dedicated internal IT support team who work closely with our with external support providers to ensure that regular updates to technology, infrastructure, communications and application systems occur. The Group has advanced centralised hardware and software security in place to ensure protection of commercial and sensitive data. For new IT projects, external consultants are utilised in conjunction with internal project management. Restricting access to data, systems and code and ensuring all systems are secure and up to date.	**No change**

13. Related parties

The Group has a related party relationship with its subsidiaries and with its key management personnel. Details of the remuneration, share options and pension entitlement of the Directors are included in the Remuneration Report on pages 20 and 21 of the Annual Report and Accounts, which are available on the Fulcrum Utility Services Limited's website at www.fulcrumutilityserviceslimited.co.uk.

Ian Foster's connected party is a director of TQM Ltd. In the six months ended 30 September 2018, TQM provided consulting services to the value of £13k.

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 2018 which comprises the Consolidated Interim Statement of Comprehensive Income, the Consolidated Interim Statement of Changes in Equity, Consolidated Interim Balance Sheet, 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 2018 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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4 December 2018