Audited preliminary results

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Fulcrum Utility Services Ltd
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FULCRUM UTILITY SERVICES LIMITED
("Fulcrum", the "Company" or the "Group")
Audited preliminary results for the year ended 31 March 2018

Fulcrum, the UK's market leading independent multi-utility infrastructure and services provider, today announces its audited preliminary results for the year ended 31 March 2018.

Financial highlights - continued delivery on all financial metrics

- Our strong organic growth has been enhanced by the successful acquisitions of Dunamis and CDS
- Revenue up 18.8% to £44.8 million (2017: £37.7 million)
- Adjusted* EBITDA up 19.2% to £8.7 million (2017: £7.3 million)
- Profit before tax (before exceptional items) up 20.3% to £7.8 million (2017: £6.5 million)
- Net cash inflows from operations of £2.5 million (2017: 6.0 million)
- Basic earnings per share of 4.0p (2017: 3.3p)
- Cash of £9.4 million as at 31 March 2018 (2017: £12.6 million)

Strong cash flow supports progressive dividend policy

- The Board is recommending a final dividend of 1.4p per share (2017: 1.3p per share) resulting in a full-year dividend of 2.1p per share (2017: 1.9p), an increase of 10.5% against the prior year
- 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 order book, up 39% since March 2017 to £42.8 million (2017: £30.3 million), up 17% on a like-for-like basis, excluding acquisitions
- Strengthened in-house capabilities in electrical infrastructure and specialised engineering through the acquisitions of Dunamis and CDS, alongside further investment in additional multi-skilled direct delivery teams and technical designers
- Increased the annualised external gas asset purchase run-rate to £10 million
- Independent Distribution Network Operator (iDNO) licence successfully gained
- Agreed a new debt facility for up to £20.0 million to support the planned growth in utility asset ownership, replacing the previous £4.0 million facility that was undrawn at the year end
- Expanded service offering to provide an end-to-end electric vehicle (EV) charging infrastructure solution, in a partnership with ChargePoint
- Intention announced today to become an accredited Meter Operator (MOP) that will underpin our future plans on the installation and adoption of smart meters

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

Martin Harrison, CEO of Fulcrum, said:

"This has been a transformative year for Fulcrum in which we continued to deliver against our strategy and strengthened our market position. We have driven strong organic growth in our core business and have expanded our in-house capabilities and share in the electric and specialist gas connections markets following the acquisitions of Dunamis and CDS.

We remain committed to safety, providing excellent customer service, enhancing our in-house multi-utility and infrastructure service capabilities and growing the utility asset base. The combination of the new £20.0 million debt facility and our net cash of £9.4 million positions us well for investing in new opportunities such as the ownership of electric utility assets, electric vehicle charging and smart metering solutions. We have a strong platform for continued profitable growth in the coming year and remain confident for the future."

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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, owning and operating meter assets across mainland UK. In 2018, Fulcrum acquired The Dunamis Group Limited ("Dunamis"), a leading electrical infrastructure services company, and CDS Pipelines Limited, a specialist gas services provider.

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

Chairman's Statement

Accelerating our growth

Results

The Group demonstrated another year of strong performance, with revenues increasing by 18.8% to £44.8 million (2017: £37.7 million). Adjusted profit before tax, before allowing for exceptional items of £0.8 million, increased by 20% to £7.8 million (2017: £6.5 million) and profit before tax increased 6.6% to £7.0 million.

Our strong organic growth during the year has been supplemented by the successful acquisitions of The Dunamis Group Limited ("Dunamis") and CDS Pipe Services Limited ("CDS") in February and March, respectively. These acquisitions were significant milestones in the development of the Group and the Board is pleased to report that both businesses are integrating well, and have enhanced both our service offering and in-house capabilities. These acquisitions will grow our market leading position in both infrastructure delivery and utility asset ownership.

The results benefited from two months' contribution from Dunamis, acquired at the beginning of February. There was no contribution from CDS, having been acquired at the end of March. On a like-for-like basis, adjusting for the Dunamis acquisition, sales increased by 12.4% and adjusted EBITDA increased by 19.1% to £8.7 million (2017: £7.3 million), while basic earnings per share of 4.0p was 21.2% higher than last year's (2017: 3.3p).

In November 2017, Fulcrum Electricity Assets Limited (FEAL) was granted an Independent Distribution Network Operator (iDNO) licence by the Office of Gas and Electricity Markets (Ofgem) and is now able to adopt and own electricity assets, complementing our gas asset offering.

To support the forecast growth in utility asset ownership (both gas and electric), via internal construction as well as external purchases, we agreed a new debt facility for up to £20.0 million with our existing bank, Lloyds Banking Group plc, replacing the previous £4.0 million facility that remained undrawn at the year end. This, together with the net cash as at 31 March 2018 of £9.4 million, leaves the Group well positioned for further growth.

Dividend

I am pleased to announce that the Board has recommended a final dividend of 1.4p per share (2017: 1.3p). This, combined with the interim dividend payment of 0.7p per share (2017: 0.6p), results in a full-year dividend of 2.1p per share (2017: 1.9p). The year on year dividend increase 10.5% is a demonstration of the Board's confidence in the future of the enlarged group.

Our aim is to operate a progressive dividend policy within the context of broadly two times dividend cover. In determining dividend cover, we have regard to non-cash item inflows and exceptional items.

Board and Corporate Governance

There have been several changes to the Board in the year. In August 2017, Martin Harrison our then Chief Financial Officer was appointed as Chief Executive Officer, succeeding Martin Donnachie, who held the position since 2013. Martin Donnachie's leadership transformed Fulcrum into a market leader in the utility services industry and we are enormously grateful to him. As CFO, Martin Harrison worked closely with Martin Donnachie and played a pivotal role in its profitable growth.

Also in August, Ian Foster joined the Board as Chief Operating Officer. Ian has worked for Fulcrum for 14 years and has over 35 years' experience within the UK utilities industry.

Following the Dunamis acquisition in February, Hazel Griffiths (appointed as Chief Financial Officer in August) and Wayne Hayes, Chairman of Dunamis, were appointed to the Board. These appointments augmented the existing Board, which now comprises three executive and three non-executive directors.

Fulcrum remains committed to the highest standards of corporate governance. The Board and its committees play an active role in guiding the Company and leading its strategy and we are determined to ensure that we have the right skillset to steer the Group forward. In a business evolving at pace, we maintain a governance structure that underpins and encourages growth, while ensuring effective controls and safeguards are in place.

Our people

Fulcrum's success is a testament to the hard work of its employees and I would like to thank them all for their commitment and dedicated hard work throughout the year. The skillsets and experience of our people has expanded rapidly as we have invested in our work winning functions, the direct delivery model and acquired Dunamis and CDS. We remain committed to developing our people across all functions to achieve their goals and to making Fulcrum a desirable career choice.

Outlook

This has been a milestone year for Fulcrum. We continued to reinforce our position, with strong organic growth in our core infrastructure and asset businesses, accelerated market share in electric and expansion of our in-house capabilities in specialist gas connections, following the acquisitions of Dunamis and CDS. We are encouraged by our strong order book and growing pipeline of opportunities across the Group.

We remain focussed on increasing our share of the utility services sector, asset ownership and a commitment to efficient operations and customer service, as well as making continued returns to shareholders through progressive dividends.

I would like to thank management, our employees, our contractors and our suppliers for their hard work and successes, which have contributed to this year's excellent performance. With the integration of the acquired businesses continuing as planned, the strong financial performance and investment in new opportunities, such as the ownership of electric assets and smart meters, we have a robust platform for continued growth in the coming year.

Philip Holder

Non-Executive Chairman

5 June 2018

Chief Executive's Report
A transformative year

Highlights:

- Our strong organic growth has been enhanced by the successful acquisitions of Dunamis and CDS
- Sustained growth in the order book, up 39% since March 2017 to £42.8m (up 17% on a like-for-like basis, excluding acquisitions)
- Strengthened in-house capabilities in electrical infrastructure and specialised gas services
- Independent Distribution Network Operator (iDNO) licence gained

2018 review

This has been a transformative year for Fulcrum in which we continued to deliver against our strategy and strengthen our market position. We have driven strong organic growth in our core business and have expanded our in-house capabilities and share in the electric and specialist gas connections markets following the acquisitions of The Dunamis Group Limited ("Dunamis") and CDS Pipe Services Limited ("CDS").

We remain committed to safety, providing excellent customer service, enhancing our in-house multi-utility and infrastructure services capabilities and growing the utility asset base. The combination of the new £20.0m debt facility and our net cash of £9.4m positions us well for investing in new opportunities such as the ownership of electric utility assets, electric vehicle charging and smart metering solutions. We have a robust platform for continued growth over the coming year and remain confident for the future.

Strong financial performance

Year-on-year revenue increased by £4.7 million or 12.5% to £42.4 million (2017: £37.7m), benefiting from two months' contribution from Dunamis, acquired at the beginning of February. On a like-for-like basis, after adjusting for the Dunamis acquisition, sales revenue increased organically by 12.4%. Adjusted EBITDA for the Group increased 19% to a record £8.7 million (2016: £7.3 million). We continue to see an increase in the contribution from our gas transportation business, with revenues increasing by 33.3% year-on-year; our aim is to grow this business and expand our electric assets ownership now that the Group's iDNO electrical asset licence is operational. Early enquiry levels from external independent connection providers for Fulcrum to adopt their electricity assets are encouraging. This expansion of electrical asset ownership allows us to broaden and increase our long-term income stream through the adoption of electricity assets.

In February 2018, we completed the acquisition of Dunamis, a leading electrical infrastructure company. The integration of Dunamis is progressing well, with management focussing on cross selling opportunities within the enlarged group. In March 2018, we also acquired CDS, a utility business that provides a range of specialised engineering services to strengthen the Group's established direct delivery capabilities.

Our strategy to grow sales has been successfully executed, as evidenced by the 39% increase in the sales order book year-on-year (17% on a like-for-like basis excluding acquisitions) to £42.1 million, up from £30.3 million at 31 March 2017. The investment in our work winning functions is yielding results, and places the enlarged group in a strong position.

Delivering contracts safely, efficiently and profitably

Safety is paramount in our organisation. In the year, we launched our SAFE initiative, which details the fundamental safety behaviours expected of all Fulcrum people. It is our policy to organise and maintain safe working arrangements and to protect the environment from unnecessary damage whilst we achieve profit growth. We work in an industry that contains inherent risks, so ensuring safety comes first in all that we do is paramount.

We remain committed to promoting good health, safe behaviour and demonstrate care for the environment, actively demonstrating excellence in health, safety, environmental, engineering and quality management wherever we work, and displaying the spirit of SAFE at all times.

We continually challenge and evolve internal and external constraints with the aim of simplifying the way we work, embedding systems and automation to drive efficiencies and encouraging our people to propose innovative ways of working. We continue to develop low-cost applications for the mobile devices used by the construction teams to improve communications with customers and streamline internal processes to help drive down the cost of delivery.

In order to maintain competitive advantage, we will continually review and improve working practices to ensure that the business model is efficient and lean. 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. The acquisitions of Dunamis and CDS increase our in-house electrical and specialist connections capabilities to further strengthen the Group's direct delivery capabilities.

Winning contracts in our chosen markets

In line with our aim of being the most trusted provider of utilities infrastructure services in the UK, we are committed to being the most customer-focused utility services partner. To gauge how well our customer centric approach is being received, we request feedback on our performance on every project we deliver, which we use to develop our services. We continue to achieve an encouraging result, with 78% of customers rating our service as 'great' (9 or 10 out of 10), an improvement of 5% on the prior year (2017: 73%), and whilst we are pleased that an increasing number of customers rated us as 'great' we continue to push for ever higher levels of customer satisfaction.

Our sales approach is well established, with dedicated teams covering our major routes to market. These include major projects, key accounts and technical sales, housing, electricity including renewables, battery storage, electric vehicle charging and utility assets ownership.

Major projects

Our ability to deliver large and complex projects is well recognised. We work closely with our clients to design and build utility infrastructure solutions tailored to their needs. During the year, to ensure that we can continue to meet our customers' expectations, a dedicated major projects team was established to service opportunities over £100k. Fulcrum continues to secure a broad base of gas, electricity, dual fuel and multi-utility projects. Some notable contract wins 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 £1.5m contract to install over 3km of gas infrastructure at Doncaster Sheffield Airport; and
- A £0.5m contract to install 1km of specialist gas infrastructure at the University of Sheffield.

With a focus on main contractors and mechanical and engineering consultants, the enlarged team of business development managers has grown the orders of major projects during the period and are consistently generating incremental quote opportunities.

Key accounts and technical sales

Fulcrum's sustained emphasis on customer service excellence and listening to what our customers require has ensured strong levels of repeat revenues. Our dedicated and responsive key accounts team supports customers throughout the design to delivery process, providing tailored services that meet their individual needs.

We have delivered a 97% right first time service for British Gas, underlining our flexibility and delivery capabilities to meet this key customer's requirements. Due to the restrictive nature of the new proposed British Gas framework, Fulcrum has decided to decline the new framework. The Group made this decision as it views the terms within British Gas' new framework as restrictive to its future independent growth. This decision is not expected to have a material impact on the Group's sales, noting that the framework now represents less than 2% of expected Group revenues in FY19.

The multi-skilled technical sales team have the expertise to take sales leads from a range of sources and convert the opportunities into customer led projects, with their knowledgeable and integrated design and sales approach. Within this route to market, our web-generated sales continue to grow, increasing by 17% year on year to £8.2m, accounting for 18% of our total revenue. With our established and growing customer base, clearly focused work-winning approach, competitive pricing model, trusted delivery and a significant utility market to penetrate, we are confident that sales orders will continue to grow.

Housing

The housing market presents a significant opportunity to grow our sales. We are seeing the benefits of investing in our housing business development team, securing several significant multi-utility housing schemes in the period including:

- £0.4m dual fuel contract to connect both gas and electricity at a new 164-plot housing development. Once completed, Fulcrum will adopt and own both the gas and electricity infrastructure; and
- A £0.2m dual fuel contract to install gas and electricity connections to 101 new homes as part of a new housing development in the South East.

Electricity including renewables and battery storage

The electrical infrastructure market is strategically important for Fulcrum, particularly given the increasing desire of customers to seek gas and electrical installation services from one provider. Fulcrum's ability to adopt and own electrical connections under an IDNO licence (in the same way it adopts gas connections under its IGT licence) will build a valuable portfolio of stable, secure, low risk and long term income-generating assets.

The acquisition of Dunamis has significantly expanded and extended Fulcrum's capabilities and specialist knowledge in the electrical infrastructure services sector. Dunamis' core activities cover a range of electrical infrastructure services including the design of connections to the Distribution Network Operator's ("DNO") technical standard, accredited construction and installation up to 132kV and a comprehensive range of maintenance and operational services.

Fulcrum's Electric Vehicle (EV) charging service offers a joined-up solution to the UK's need to charge the growing number of electric vehicles. The Group is expanding its service offering to provide an EV charging infrastructure solution via a partnership with ChargePoint, a leading electric vehicle (EV) charging network. 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.

Utility asset ownership

There was encouraging growth in the utility assets secured from outside the Group, with the annualised run-rate increasing to £10 million. The total committed external spend has increased from £2.9 million as at 31 March 2017 to £10.4 million as at 31 March 2018. The cash will be spent as these schemes are developed, increasing future transportation income.

The company's iDNO electrical asset licence is operational and early enquiry levels from external independent connection providers for Fulcrum to adopt their electricity assets are encouraging. This allows us to broaden and increase our long-term income stream through the adoption of electricity assets in addition to gas assets. To support future growth in utility assets, we have agreed a new debt facility for up to £20.0 million with our existing bank, Lloyds Banking Group plc, replacing the previous £4.0 million facility that remained undrawn at the year-end.

Having obtained our Meter Asset Manager (MAM) accreditation in October 2016, we are now exploring smart metering opportunities to increase our current service offering and are seeking to obtain our Meter Operator (MOP) accreditation that will underpin our future plans on the installation and adoption of smart meters.

Our people

The Group's employees are at the heart of all that we achieve. Our people are highly talented, successful and motivated individuals and are essential to the success of the Group. We are committed to ensuring that we have the right people working with us and we manage this process through a robust people strategy.

Their skill, commitment, drive and enthusiasm are vitally important to the long-term success of our business and we believe that sustained investment in our people's development and welfare builds a stronger business.

Outlook

I am pleased with the Group's achievements over the past year, delivering on our strategic objectives. Our strong organic growth has been enhanced by the successful acquisitions of Dunamis and CDS, increasing the breadth of our customer base and expanding our capabilities in specialist electrical and gas connections.

In the coming year, we remain focused on the strategic advantages afforded by our unique 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
- seek to continue to sustainably increase dividends.

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

Martin Harrison
Chief Executive Officer

5 June 2018

FINANCIAL REVIEW

Reported results for the period

The results for the year ended 31 March 2018 reflect a year of growth and expansion for our business. They demonstrate strong returns achieved through robust and sustainable organic growth which has been further enhanced by the successful acquisitions of The Dunamis Group Limited ("Dunamis") and CDS Pipe Solutions Limited ("CDS").

Revenues and EBITDA increased

Total revenue increased by £7.1 million or 18.8% to £44.8 million (2017: £37.7 million). The results benefited from two months' contribution from Dunamis, acquired at the beginning of February. There was no contribution from CDS, having been acquired at the end of March. On a like-for-like basis, adjusting for the Dunamis acquisition, revenue increased by £4.7 million or 12.4%. Revenues from infrastructure services amounted to £40.5 million (2017: £36.2 million) and £2.0 million (2017: £1.5 million) from asset ownership.

The 33.3% growth in our asset ownership is encouraging. With its low costs to serve, this annuity income stream represents a secure and profitable component of the Group's future financial stability. The award of our iDNO licence in November 2017 has further enhanced this and allows us to adopt electricity assets in addition to gas and meter assets.

Adjusted EBITDA for the period has increased to £8.7 million (2017: £7.3 million). On a like-for-like basis, and adjusting for the Dunamis acquisition, adjusted EBITDA was £8.4 million and increase of £1.1 million or 15.1%.

Underlying performance

Profit before tax increased by £0.5 million to £7.0 million (2017: £6.5 million) largely due to the increase in revenues offset by £0.8 million of exceptional charges. The exceptional charges in the year of £0.8 million relate to advisor costs incurred with respect to the acquisitions of Dunamis and CDS (2017: £nil.).

These results include both statutory and adjusted measures of performance, the latter of which, in management's view, reflects the underlying performance of the business and provides a more meaningful comparison of how the business is managed and measured on a day-to-day basis. Our alternative performance measures ("APMs") and key performance indicators ("KPIs") are aligned to our strategy and together are used to measure the performance of our business and form the basis of the performance measures for remuneration.

Adjusted results exclude certain items because if included, these items could distort the understanding of our performance for the year and the comparability between periods. The APMs used by the Group are:

- Adjusted EBITDA (£8.7m) - this is operating profit (£6.9m) excluding exceptional items (£0.8m), depreciation, amortisation (£0.9m) and equity settled share based payment charges (£0.1m), a reconciliation of which is included on the face of the Consolidated statement of comprehensive income
- Adjusted Profit before Tax (£7.8m) - this is profit before tax (£7.0m) excluding exceptional items (£0.8m)

Strong returns and increased dividend

Basic earnings per share of 4.0p compared to 3.3p in 2017, with the increase largely due to the growth in revenue offset by the increased amortisation charge as a result of the acquisitions. Adjusted basic earnings per share, before charging exceptional items, has increased 2.4% to 4.2p (2017: 4.1p).

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. In determining dividend cover, non-cash item inflow and exceptional items are excluded. The cash generated during the year, supported by the continued organic growth of our core business and the successful acquisitions, enables returns to be made to our shareholders whilst allowing for future investment and growth. As such, a final dividend of 1.4p per share (2017:1.3p per share) has been proposed, giving a total dividend for the year of 2.1p per share (2017:1.9p per share). This final dividend is expected to be paid on 26 October 2018 to shareholders on the register on 28 September 2018 with an ex-dividend date of 27 September 2018.

Net assets, funding and net debt

Net assets increased by £25.3 million during the period, reflecting the acquisition of Dunamis of £21.2 million (merger reserve established of £11.4 million and share premium increased by £9.8 million), retained profit for the period of £6.7 million and share-based payment movements £0.9 million, offset by the final 2016 dividend and 2017 interim dividend paid totalling £3.5 million. The acquisition of CDS completed on the 27 March 2018 however, the Company issued the share consideration payable on 4 April 2018. As such, the £1.4 million consideration is held within Accruals at the year end.

During the year, 7,775,940 ordinary shares were issued with a nominal value of £7,776 to employees exercising vested share options. The associated cash consideration for the exercise prices was £725,000. As at 31 March 2018, the issued share capital of the company was 210,656,308 ordinary shares with a nominal value of £210,656. The principal terms of the share option schemes are summarised in note 20.

During the year, our ownership of utility assets increased by £3.5m to a total net book value of £15.4m at 31 March 2018 (2017: £11.9m). There was encouraging growth in the utility assets secured from outside the Group, with the capital commitment increasing by £7.5 million, from £2.9m as at 31 March 2017 to £10.4 million as at 31 March 2018. 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. The facility replaces the previous £4.0m facility that remained undrawn at the year end. The Group has complied with all the financial covenants relating to these facilities.

Working capital management continues to be a key area of focus, with the close management throughout the period resulting in a positive operating cash flow from trading activities of £2.5 million (2016: £6.0 million) or £5.1 million after adjusting for £2.6 million for the amounts paid in advance for the £4.2 million project, which as previously reported funds are received post completion.

At 31 March 2018, the Group had net funds of £9.4 million (2015: £12.6 million), a £3.2 million decrease against the prior period (after excluding the £4.8 million paid in respect of the acquisitions the movement was a positive £1.6 million), after the acquisition of Dunamis and CDS, the investment in utility asset ownership and dividend payment.

The cash at bank and added financial security with the revolving credit facility, both position the Group with sufficient funds to facilitate our growth plans and adequate access to cash to cover contractual obligations.

Summary

The financial performance of the Group was strong. We have continued to grow our core businesses, while broadening and deepening our service offering through the acquisition of Dunamis and CDS, and have secured funding to support the growth in utility asset ownership.

Hazel Griffiths

Chief Financial Officer

5 June 2018

Consolidated statement of comprehensive income
for the year ended 31 March 2018

	Notes	**Year ended 31 March 2018 £'000**	Year ended 31 March 2017 £'000
Revenue	2	**44,847**	37,736
Cost of sales		**(28,370)**	(22,358)
Gross profit		**16,477**	15,378
Administrative expenses		**(9,570)**	(8,906)
Operating profit		**6,907**	6,472
Analysed as:			
EBITDA before share based payments and exceptional items		**8,656**	7,321
Equity-settled share based payment charges		**(35)**	(213)
Exceptional items	4	**(823)**	-
Depreciation and amortisation	7,9	**(890)**	(636)
		6,908	6,472
Finance income		**61**	75
Finance expense		**(2)**	(12)
Profit before taxation		**6,967**	6,535
Taxation	6	**250**	(1,289)
Profit for the period attributable to equity holders of the parent		**7,217**	5,246
Other comprehensive income			
Items that will never be reclassified to profit:			
Revaluation of property, plant and equipment		**334**	280
Deferred tax on items that will never be reclassified to profit or loss		**(62)**	(9)
Total comprehensive income for the year		**7,489**	5,517
Profit per share attributable to the owners of the business			
Basic	5	**4.0p**	3.3p
Diluted	5	**3.7p**	2.8p

Consolidated statement of changes in equity

	Notes	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Merger Reserve £'000	Retained earnings £'000	Total equity £'000
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	6	-	-	(9)	-	-	(9)

Transactions with equity shareholders							
Equity-settled share based payment		-	-	-	-	213	213
Dividends	3	-	(1,964)	-	-	-	(1,964)
Issue of new shares	12	11	832	-	-	-	843
Balance at 31 March 2017		**167**	**14,101**	**3,343**	**-**	**(7,165)**	**10,446**
Profit of the year		-	-	-	-	**7,216**	**7,216**
Revaluation surplus		-	-	**334**	-	-	**334**
Revaluation reserve transfer		-	-	**(8)**	-	**8**	-
Deferred tax liability	6	-	-	**(62)**	-	-	**(62)**
Transactions with equity shareholders							
Equity-settled share based payment		-	-	-	-	**35**	**35**
Dividends	3	-	**(3,494)**	-	-	-	**(3,494)**
Issue of new shares	12	**44**	**10,435**	-	**11,347**	-	**21,826**
Balance at 31 March 2018		**211**	**21,042**	**3,607**	**11,347**	**94**	**36,301**

Consolidated balance sheet

	Notes	**31 March 2018 £'000**	31 March 2017 £'000
Non-current assets			
Property, plant and equipment	7	**16,025**	12,297
Intangible assets	9	**27,797**	2,567
Deferred tax assets	6	**2,194**	1,921
		46,016	16,785
Current assets			
Inventories		**4,114**	1,647
Trade and other receivables		**15,289**	7,129
Cash and cash equivalents	11	**9,431**	12,561
		28,834	21,337
Total assets		**74,850**	38,122
Current liabilities			
Trade and other payables	10	**(35,525)**	(26,991)
Provisions		**(98)**	-
		(35,623)	(26,991)
Non-current liabilities			
Deferred tax liabilities	6	**(2,926)**	(685)
		(2,926)	(685)
Total liabilities		**(38,549)**	(27,676)
Net assets		**36,301**	10,446
Equity			
Share capital	12	**211**	167
Share premium		**21,042**	14,101
Revaluation reserve		**3,607**	3,343
Merger reserve		**11,347**	-
Retained earnings		**94**	(7,165)
Total equity		**36,301**	10,446

The financial statements were approved by the Board of Directors on 5 June 2018 and were signed on its behalf by:

Hazel Griffiths
Chief Financial Officer

Consolidated cash flow statement

	Notes	**Year ended 31 March 2018 £'000**	Year ended 31 March 2017 £'000
Cash flows from operating activities			
Profit before tax for the year		**6,966**	6,535
Adjustments for:			
Depreciation	7	**532**	362
Amortisation of intangible assets	9	**358**	278
Capitalisation of utility assets	7	**(2,611)**	(2,518)
Finance income		**(61)**	(75)

	Notes	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Finance expense		**2**	12
Equity-settled share based payment charges		**35**	213
Increase in trade and other receivables		**(6,174)**	(466)
Increase in inventories		**(1,396)**	(244)
Increase in trade and other payables	10	**4,830**	1,936
Increase / (Decrease) in provisions		**(23)**	(98)
Cash inflow from operating activities		**2,458**	5,935
Interest received		**61**	75
Interest paid		**(2)**	(12)
Net cash inflow from operating activities		**2,517**	5,998
Cash flows from investing activities			
Acquisition of external utility assets	7	**(920)**	-
Purchase of property, plant and equipment		**(170)**	(381)
Acquisition of intangibles	9	**(955)**	(248)
Acquisition of subsidiaries, net of cash acquired	15,16	**10,587**	-
Net cash outflow from investing activities		**(12,632)**	(629)
Cash flows from financing activities			
Dividends paid	3	**(3,494)**	(1,963)
Proceeds from acquisition activities	15,16	**10,479**	832
Net cash outflow from financing activities		**6,985**	(1,131)
(Decrease) / Increase in net cash and cash equivalents		**(3,130)**	4,238
Cash and cash equivalents at 1 April 2017		**12,561**	8,323
Cash and cash equivalents at 31 March 2018	11	**9,431**	12,561

Notes to the consolidated financial statements

1. Accounting policies

General Information

Fulcrum Utility Services Limited is a limited Group 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 Group is listed 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 2017 except as set out below. They will also be set out in full in the 2018 published financial statements.

1.1 Basis of Preparation

This preliminary announcement does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. The financial information set out in this preliminary announcement has been derived from the Group's consolidated financial statements for the years ended 31 March 2018 and 31 March 2017. 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 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 2018, 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 statements have been prepared using consistent accounting policies, except for the adoption of new accounting standards and interpretations. 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)
- IFRS 15 Revenue from Contracts with Customers (effective date 1 January 2018)
- IFRS 16 Leases (effective date 1 January 2019)

Following an exercise to assess the impact including consideration of current policies relating to all aspects of revenue recognition the adoption of IFRS 15 will not have a material impact on the financial statements.

The adoption of IFRS 9 and IFRS 16 may have an impact on the financial statements when introduced, however, a detailed analysis of the effect is not yet possible. The adoption of these standards is not expected to have a material effect on the financial statements.

Going Concern

The Group's business activities, together with the factors likely to affect future development, performance and position are set out in the business and operating review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the financial review.

As at 31 March 2018 the Group had net assets of £35.8 million (2017: £10.4 million), including cash of £9.4 million (2017: £12.6 million) as set out in the consolidated balance sheet above and an unused revolving credit facility of £4.0 million (2017: £4.0 million) and so would be in a position to pay its obligations as there arise. 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. The facility replaces the previous £4.0m facility that remained undrawn at the year end. The Group has complied with all the financial covenants relating to these facilities. In the year ended 31 March 2018, the Group generated a profit of £6.7 million.

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. As a consequence, 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 Group financial statements.

2. Operating segments

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 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 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.

	Year ended 31 March 2018				Year ended 31 March 2017		
	Infrastructure Services £'000	**Gas Transportation £'000**	**Dunamis £'000**	**Total Group £'000**	Infrastructure Services £'000	Gas Transportation £'000	Total Group £'000
Reportable segment revenue	**40,469**	**1,951**	**2,427**	**44,847**	36,237	1,499	37,736
Adjusted EBITDA	**6,813**	**1,583**	**260**	**8,656**	6,340	981	7,321
Share based payment charge	**(35)**	**-**	**-**	**(35)**	(213)	-	(213)
Depreciation and amortisation	**(228)**	**(411)**	**(252)**	**(891)**	(350)	(286)	(636)
Reportable segment operating profit before exceptional items	**6,550**	**1,172**	**8**	**7,730**	5,777	695	6,472
Exceptional items	**(823)**	**-**	**-**	**(823)**	-	-	-
Reporting segment operating profit	**5,727**	**1,172**	**8**	**6,907**	5,777	695	6,472
Finance income	**27**	**32**	**2**	**61**	48	27	75
Finance expense	**(2)**	**-**	**-**	**(2)**	(12)	-	(12)
Profit before tax	**5,752**	**1,204**	**10**	**6,966**	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. Revenues from the largest customer of the Group's Infrastructure Services segment represent £5.2 million or 11.6% (2017: £7.3 million or 19.3%) of the Group's total revenues for the period.

3. Dividends

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Equity dividend:		
Paid during the year:		
Final dividend in respect of 2016: 0.6p per share	**-**	964
Interim dividend in respect of 2017: 0.6p per share	**-**	999
Final dividend in respect of 2017: 1.3p per share	**2,271**	-
Interim dividend in respect of 2018: 0.7p per share	**1,223**	-
Total dividends	**3,494**	1,963

After the balance sheet date, a final dividend of 1.4p per qualifying ordinary share was proposed by the Board. The dividends have not been provided for.

4. Exceptional items

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

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

5. Earnings per share (EPS)

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 was 178,652,474 (2017: 161,021,297). Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue adjusted to assume conversion of all potentially dilutive ordinary shares from the start of the year, providing a figure of 192,539,653 (2017: 186,666,736). The earnings per share from continued operations were as follows:

Profit per share	**Year ended 31 March 2018 £'000**	Year ended 31 March 2017 £'000
Basic	**4.0p**	3.3p
Adjusted basic	**4.2p**	4.1p
Diluted basic	**3.7p**	2.8p
Diluted adjusted basic	**3.9 p**	3.5p

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

Profit for the period	**Year ended 31 March 2018 £'000**	Year ended 31 March 2017 £'000
Profit for the period attributable to shareholders	**7,216**	5,246
Add exceptional items	**823**	-
Add/(Less) deferred tax asset recognised	**(515)**	1,289
Adjusted profit for the period attributable to shareholders	**7,524**	6,535

6. Taxation

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Current tax	**23**	-
Deferred tax	**(273)**	1,289
Total tax charge/ (credit)	**(250)**	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 from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. 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 £16.1 million (2017: £12.1 million) of tax losses of which a deferred tax asset of £2.2 million has been recognised. During the period £0.8 million of the deferred tax asset was utilised against taxable profits, with an additional £0.2 million deferred tax asset being recognised.

Reconciliation of effective tax rate

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Profit before taxation	**6,966**	6,535
Tax using the UK corporation tax rate of 19% (2017: 19%)	**(1,324)**	(1,242)
Non-deductible expenses	**(9)**	(42)
Capital allowances in excess of depreciation	**412**	132
Effect of change in rate of corporation tax	**(76)**	88
Tax deductions for share options	**431**	-
Recognition of tax effect of previously unrecognised tax losses	**816**	(225)
Total tax (charge)/ credit	**250**	(1,289)

The Group incurred corporation tax profits in the period of approximately £3.8 million (2017: £6.0 million).

Movement in deferred tax balances

	31 March 2018		31 March 2017	
	Deferred tax assets £'000	**Deferred tax liabilities £'000**	Deferred tax assets £'000	Deferred tax liabilities £'000
At 1 April 2017	**1,921**	**(685)**	3,210	(676)
Recognised in profit or loss				
Tax losses carried forward	**(904)**	-	(1,761)	-
Effect of change in rate of corporation tax	**(76)**	-	88	-
Newly recognised deferred tax asset	**1,253**	**(6)**	384	-
Released tax asset/ (liability)	-	**1**	-	-
Recognised in other comprehensive income				
Effect of change in rate of corporation tax	-	-	-	37
Revaluation of property, plant and equipment	-	**(57)**	-	(46)
Acquisition of subsidiaries	-	**(2,179)**	-	-
At 31 March 2018	**2,194**	**(2,926)**	1,921	(685)

7. Property, plant and equipment

	Utility assets £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 April 2016	9,787	368	754	10,909
Additions	2,518	118	263	2,899
Disposals	-	-	-	-
At 31 March 2017	**12,305**	**486**	**1,017**	**13,808**
Additions	3,531	110	60	3,701
Disposals	-	-	-	-
Acquisition of subsidiary	-	225	-	225
At 31 March 2018	**15,836**	**821**	**1,077**	**17,734**
Accumulated depreciation				
At 1 April 2016	(368)	(332)	(729)	(1,429)
Depreciation charge for the period	(280)	(43)	(39)	(362)
Revaluation	280	-	-	280
Disposals	-	-	-	-
At 31 March 2017	**(368)**	**(375)**	**(768)**	**(1,511)**
Depreciation charge for the period	(402)	(51)	(79)	(532)
Revaluation	334	-	-	334
Disposals	-	-	-	-
At 31 March 2018	**(436)**	**(426)**	**(847)**	**(1,709)**
Net book value				
At 31 March 2018	**15,400**	**395**	**230**	**16,025**
At 31 March 2017	11,937	111	249	12,297
At 1 April 2016	9,419	36	25	9,480

The last external valuation of the pipeline assets was performed during the financial year ended 31 March 2014. The valuation performed for the year ended 31 March 2018 was completed internally and based on the same principles as the external valuation. When performing the valuation, management has used judgement in assessing the key assumptions used in the valuation model including asset life and occupancy rates. The valuation technique used is classified as a Level 3 fair value (based on unobservable inputs) under IFRS 13 and the pipeline assets are the only financial assets that are held at fair value in the financial statements.

8. Capital commitments

During the year ended 31 March 2018 the Group entered into contracts to purchase property, plant and equipment in the form of pipelines for the amount of £10.4 million (2017: £2.9 million).

9. Intangible assets

	Goodwill £'000	Brand & customer relationships £'000	Software £'000	Total £'000
Cost				
At 1 April 2016	2,225	-	2,353	4,578
Additions	-	-	248	248
At 31 March 2017	**2,225**	**-**	**2,601**	**4,826**
Additions	-	-	936	936
Acquisition of subsidiary	12,026	12,607	19	24,652
At 31 March 2018	**14,251**	**12,607**	**3,556**	**30,414**
Accumulated amortisation and impairment				
At 1 April 2016	-	-	(1,981)	(1,981)
Amortisation for the period	-	-	(278)	(278)
At 31 March 2017	**-**	**-**	**(2,259)**	**(2,259)**
Amortisation for the period	-	(208)	(150)	(358)
At 31 March 2018	-	**(208)**	**(2,409)**	**(2,617)**
Net book value				
At 31 March 2018	**14,251**	**12,399**	**1,147**	**27,797**
At 31 March 2017	**2,225**	**-**	**342**	**2,567**
At 1 April 2016	2,225	-	372	2,597

Goodwill brought forward at the start of the year relates to the acquisition of Fulcrum Group Holdings Limited on 8 July 2010. The carrying amount of the intangible asset is allocated across cash-generating units (CGUs). The goodwill held by the Group relates to either the infrastructure services CGU, Dunamis which has two CGUs or the CDS CGU. The recoverable amount of goodwill has been calculated with reference to its value in use.

As part of the assessment of the recoverability of goodwill, the Group prepares cash flow forecasts derived from the most recent three year financial budgets approved by management and extrapolated for three years using a conservative estimated growth rate of 2.0%. The key assumptions of this calculation are shown below:

	Year ended 31 March 2018	Year ended 31 March 2017

Period on which management-approved forecasts are based	**3 years**	3 years
Growth rate applied beyond approved forecast period	**2.0%**	1.5%
Discount rates	**8.8% - 20.1%**	6.5%

No reasonable possible change in the assumptions noted above would lead to an impairment charge being required.

10. Trade and other payables

	31 March 2018 £'000	31 March 2017 £'000
Trade payables	**5,992**	2,779
Accruals and deferred income	**26,799**	22,430
Other payables	**2,733**	1,782
	35,524	26,991

Of the £26.5 million accruals and deferred income, £20.0 million (2017: £14.5 million) relates to deferred income. Deferred income represents contracted sales for which services to customers will be provided in future periods.

11. Reconciliation to net funds

	31 March 2018 £'000	31 March 2017 £'000
Cash and cash equivalents	**9,431**	**12,561**
Net funds	**9,431**	**12,561**

12. Share capital

	31 March 2018 £'000	31 March 2017 £'000
Authorised		
500,000,000 ordinary shares of £0.001 each	**500**	500
Allotted, issued and fully paid		
210,656,308 (2017: 167,241,899) ordinary shares of £0.001 each	**211**	167

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, to be posted to shareholders in due course.

Ian Foster's connected party is a director of TQM Ltd. In the year ended 31 March 2018, TQM provided consulting services to the value of £8k.

14. Acquisition of subsidiary undertaking- The Dunamis Group Limited

On 5 February 2018, the Group acquired all of the shares in The Dunamis Group Limited ("Dunamis") for total consideration of £22.0 million. This was satisfied by a placing of 17,376,000 new ordinary shares at 60p per share (the "Placing"), to raise gross proceeds of £10.4million, the issue of £11.4 million of consideration shares to the Sellers, cash from Group's existing cash reserves of £3.0 million.

Dunamis' core activities cover a range of electrical infrastructure services including the design of connections to the Distribution Network Operator's ("DNO") technical standard, accredited construction and installation up to 132kV and a comprehensive range of maintenance and operational services. The business has a 100 percent track record of completing connections on schedule over its history.

The Acquisition will significantly expand and extend Fulcrum's capabilities and specialist knowledge in the electrical infrastructure services sector, creating one of the UK's leading gas and electrical infrastructure services groups. Dunamis offers a full range of fully accredited services and outstanding technical excellence in relation to the design, construction and ongoing contracted maintenance of power installations and related grid connections. In addition to the expansion and extension of Fulcrum's capabilities, there are significant cross-selling opportunities between the gas and electrical connections activities of the two businesses

In the two months to 31 March 2018 the subsidiary contributed net profit of £0.2 million to the consolidated net profit for the year. If the acquisition had occurred on 1 April 2017, group revenue would have been an estimated £16.1 million and net profit before tax would have been an estimated £2.0 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition occurred on 1 April 2017.

The value of the assets and liabilities of Dunamis at the date of acquisition were:

	Book Value £'000	Adjustments £'000	**Fair Value £'000**
Non-current assets			
Intangible assets - goodwill	11,490	(159)	**11,331**
- other (provisional)	19	12,063	**12,082**
Property, plant and equipment	104	-	**104**
	11,613	**11,904**	**23,517**
Current Assets			

Inventories	970	-	**970**
Trade and other receivables	1,770	-	**1,770**
Cash and cash equivalents	3,249	-	**3,249**
	5,989	-	**5,989**
Total Assets	**17,602**	**11,904**	**29,506**
Current Liabilities			
Deferred Tax liability	25	2,051	**2,076**
Trade and other payables	3,199	-	**3,199**
	3,224	**2,051**	**5,275**
Total liabilities	**3,224**	**2,051**	**5,275**
Net assets	**14,378**	**9,853**	**24,231**

The goodwill is attributable to the skills and technical talent of Dunamis' work force and the synergies expected to be achieved from integrating the companies into the Group's existing business.

Measurement of fair value

The relief -from-royalty meth od and multi-period excess earning method have been used when establishing the fair value of the intangible assets. The relief-from-royalty method considers the discounted estimated royalty payments that are expected to avoided as a result of the brands being owned. The multi-period excess earnings method considers the present value of the net cash flows expected to be generated by the customer relationships, by excluding any cash flows relating to contributory assets.

The Fair value of Dunamis' intangible assets (brands and customer relationships) has been measured provisionally, pending completion of an independent valuation.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at that date of acquisition, then the accounting for the acquisition will be revised.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Recognised values on acquisition £'000
Net identifiable assets and liabilities at the acquisition	13,006

Consideration paid	
Cash	12,714
Deferred consideration- Paid in cash in the period	129
Equity instruments issued	11,366
Total Consideration	24,209

The transaction was performed on a debt free cash free basis, with £2.2 million paid for the estimated cash balance at the year end. Resulting in the total consideration paid of £24.2 million. The contingent consideration of £0.1 million was settled before the year end as the conditions were met.

Goodwill arising from the acquisition has been recognised as follows:

Goodwill	
Consideration transferred	22,000
Consideration for net cash at completion	2,337
Fair Value of identifiable net assets	(13,006)
Goodwill	11,331

Acquisition related costs

The group incurred acquisition related cost of £0.6m, related to advisor fees. These costs have been disclosed as exceptional items in the group's consolidated statement of comprehensive income.

15. Acquisition of subsidiary undertaking- CDS PSL Holdings Limited

On 27 March 2018, the Group acquired all of the shares in CDS PSL Holdings Limited ("CDS") for total consideration of £1.9million. This was satisfied by consideration shares of 671,142 new Ordinary Shares at 60.7 pence per share "), to raise gross proceeds of £0.4million and cash from Group's existing cash reserves of £1.5 million.

CDS is a utility business that provides a range of specialised engineering services. Fulcrum has previously subcontracted such specialist elements of its projects to CDS and this acquisition brings these engineering capabilities in-house to strengthen the Groups direct delivery capabilities. The value of the assets and liabilities of CDS at the date of acquisition were:

	Book Value £'000	Adjustments £'000	Fair Value £'000
Non-current assets			
Intangible assets - goodwill	**-**	**695**	**695**
- other (provisional)	**-**	**544**	**544**
Property, plant and equipment	**126**	**-**	**126**
	126	**1,239**	**1,365**
Current Assets			
Inventories	**101**	**-**	**101**
Trade and other receivables	**216**		**216**
Cash and cash equivalents	**450**	**-**	**450**

	767	**-**	**767**
Total Assets	**893**	**1,239**	**2,132**
Current Liabilities			
Deferred Tax liability	**17**	**92**	**109**
Trade and other payables	**166**	**-**	**166**
	183	**92**	**275**
Total liabilities	**183**	**92**	**275**
Net assets	**710**	**1,147**	**1,857**

The goodwill is attributable to the skills and technical talent of CDS' work force and the synergies expected to be achieved from integrating the companies into the Group's existing business.

Measurement of fair value.

The relief -from-royalty method and multi-period excess earning method have been used when establishing the fair value of the intangible assets. The relief-from-royalty method considers the discounted estimated royalty payments that are expected to avoided as a result of the brands being owned. He multi-period excess earnings method considers the present value of the net cash flows expected to be generated by the customer relationships, by excluding any cash flows relating to contributory assets.

The Fair value of CDS's intangible assets (brands and customer relationships) has been measured provisionally, pending completion of an independent valuation.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at that date of acquisition, then the accounting for the acquisition will be revised.

Effect of acquisition

The acquisition had the following effect on the Group's assets and liabilities:

	Recognised values on acquisition £'000
Net identifiable assets and liabilities at the acquisition	710

Consideration paid	
Cash	993
Equity instruments issued*	407
Total Consideration	1,400

* The acquisition completed on the 27 March 2018 however, the shares were issued by the London Stock Exchange on 4 April 2018 as such, this amount is held within Accruals at the year end.

There was no contingent consideration.

Goodwill arising from the acquisition has been recognised as follows:

Goodwill	
Consideration transferred	1,400
Consideration for net cash at completion	457
Fair Value of identifiable net assets	(1,162)
Goodwill	695

Acquisition related costs

The group incurred acquisition related cost of £0.2m, related to advisor fees. These costs have been disclosed as exceptional items in the group's consolidated statement of comprehensive income.

16. Subsequent events

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. The facility replaces the previous £4.0m facility that remained undrawn at the year end. The Group has complied with all the financial covenants relating to these facilities.