ANNUAL REPORT AND ACCOUNTS

FULCRUM

2014

"Every single member of the Fulcrum team, from project managers to the installation team on the ground, showed real tenacity in not only getting the job done but getting the job done right."

Robert Fleming,
Distilleries Director, Angus Dundee

CONTENT

A YEAR OF HAPPY CUSTOMERS

93.5%
'Right First Time' performance for British Gas

*British Gas Performance Reporting (April 2013 - March 2014)

0.1
RIDDOR incident rate

*Fulcrum KPI reporting, March 2014

2014 Utility Week
Stars Awards Finalists

* The Fulcrum project team who managed the installation of the £7.6 million, 16-mile Speyside gas pipeline announced as finalists for the first ever 'Team of the Year – Operational' award

over **5 years incident free**

*Over 5 ½ years without a Lost Time Injury for Fulcrum people

"Fulcrum has proved an

excellent service partner

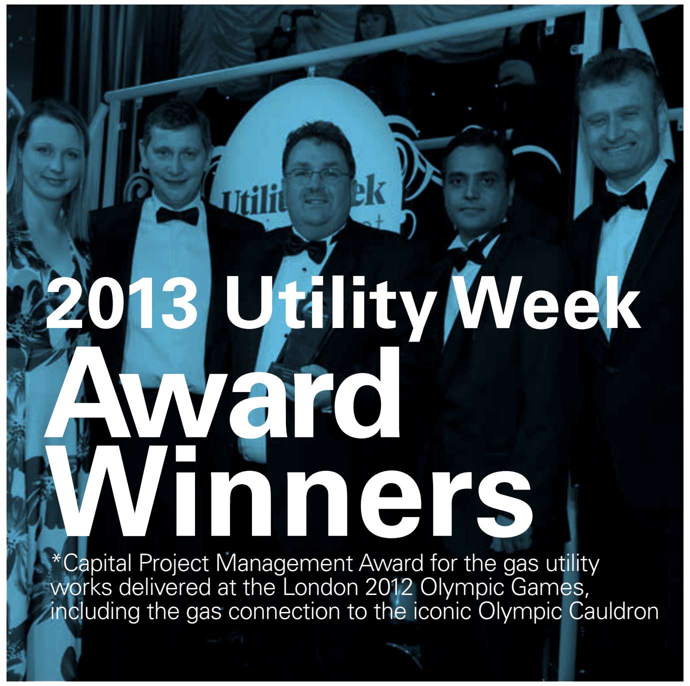
in assisting us with the development of our gas infrastructure - reducing dependence on heating oil and significantly reducing carbon emissions."

Ray Morrison,
Facilities and Environment Manager,
Chester Zoo

11th consecutive

*RoSPA Gold Award and 2nd consecutive President's Award winners for safety

* Royal Society for the Prevention of Accidents



2013 Utility Week Award Winners

*Capital Project Management Award for the gas utility works delivered at the London 2012 Olympic Games, including the gas connection to the iconic Olympic Cauldron

"Due to its increase in performance levels during 2014, Fulcrum remain a key provider of new connections to British Gas Business."

Mark Pomeroy,
British Gas Business

Fulcrum's Paul Leighton -
Engineer of the Year 2014

2014 Gas Industry Awards Winner

BUSINESS AREAS

Fulcrum is committed to achieving its aim of being the UK's most trusted utility provider and is determined to be recognised as the leading connections business in the UK.

We are the only independent utilities infrastructure provider covering the whole of Britain and deliver technical engineering, design, project management, consultancy and audit services across gas and multi-utility connections.

We have a track record of excellence in customer service and a rich heritage that includes British Gas. This is coupled with sector leading credentials, including multiple awards for health and safety, delivery and a 2013 Utility Week Award for Capital Project Management for the critical part we played at the 2012 Olympic Games.

Our people have the expertise, passion and commitment required to support our customers throughout their projects, enabling them to benefit from enhanced, sector leading levels of service whilst ensuring the very highest of engineering excellence and health and safety standards.

Fulcrum's core business areas include:

Gas connections

Fulcrum uniquely services a complete range of customers, including SMEs, small residential sites, large housing developments, commercial projects and complex industrial sites.

Customers include gas suppliers, intermediaries, end users and developers. The business is able to deliver a holistic gas connections service to its customers by combining disconnection, metering and outlet pipework services.

Multi-Utility connections

Fulcrum provides multi-utility solutions across a broad range of developments - allowing a greater range of customers to benefit from the efficiencies of multi-utility delivery.

Regulated pipeline operations

Through its subsidiary Fulcrum Pipelines Limited, Fulcrum owns and operates networks of gas pipelines and their related infrastructure assets. These assets generate income from the transportation of gas between the main regional gas networks and individual properties. Fulcrum Pipelines Limited is regulated by Ofgem as an Independent Gas Transporter ("IGT").

We continue to build our business around our customers. We have listened to their needs to develop sector leading services which are centred on them and delivered in line with our values:

- **We put our customers first**
- **We keep our promises**
- **We have a can do attitude**
- **We work as a team**

CHAIRMAN'S STATEMENT

I am pleased to present the annual report and accounts for Fulcrum for the year ended 31 March 2014.

Business progress

The financial results for the year ended 31 March 2014 are in line with market expectations.

Significant effort was focused on bringing down the high overhead level within the business. This was achieved as planned with overheads reducing from £13.2 million to £10.2 million. Underlying EBITDA profit of £0.6 million was delivered.

The cash position of the business has been transformed. The pipeline asset sale that took place in October 2013 produced a net cash receipt of £5.9 million. In the months since this asset sale was undertaken, the business has experienced a net cash inflow before payment of restructuring costs.

Management and staff

Martin Donnachie joined Fulcrum as Interim Chief Executive in May 2013, replacing the outgoing Chief Executive, John Spellman. Martin was appointed as permanent Chief Executive in October 2013.

Marcus Green stepped down as Chief Financial Officer and Robert Douglas joined the business as Interim Chief Financial Officer on 9 January 2014. Robert will serve in this position for a minimum of six months whilst Fulcrum seeks the appointment of a permanent Chief Financial Officer.

Mark Watts resigned from his position as Non-executive Director on 3 June 2014. The Board will continue to review its composition and structure as the business develops.

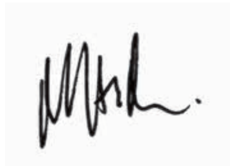
I would like to thank John, Marcus and Mark for their work for the Company.

As Fulcrum moves towards a more competitive delivery model, the pace of change continues to increase. Clearly there has been a significant reduction in headcount from 233 to 179 people. These changes can be unsettling for our people and I appreciate the way that they have continued to perform at a high level through the changes that have been made. I would like to thank them for their continued hard work and support.

Business prospects

The turnaround process, that has been the main focus of the business over the last year, is now complete. The coming twelve months will involve a lot of change for Fulcrum as we move into a transition phase where the operating set up of the business will be transformed into a more efficient and customer responsive model. With the growth in the economy, Fulcrum is well placed to increase sales and this will be a major area of activity within the transition plan.

I look forward to working with Martin and the senior management team to ensure that Fulcrum will achieve strong profit growth by being our customers' most trusted utility services partner always delivering a safe, right first time service.



Philip Holder
Non-Executive Chairman

DISTILLERS TOAST LANDMARK FULCRUM PIPELINE

"With the new connection to the main gas network, we now have access to a far cleaner energy source and a much more reliable energy supply."

David MacInnes, Chivas Brothers Energy Manager

The 16-mile Speyside link to Scotland's main gas network (Fulcrum's largest project to date and one of the most ambitious recent gas infrastructure projects in the UK) was successfully completed six months ahead of schedule with a 100% safety record, despite remote terrain and winter temperatures of -12°C.

Whisky companies Chivas Brothers, Diageo and Angus Dundee shared the cost of the £7.6 million pipeline which has dramatically improved energy efficiency at four famous distilleries - Cragganmore, The Glenlivet, Tormore and Tomintoul.

"We are delighted to have collaborated with Fulcrum and our industry colleagues on this project."

"It has brought real benefits to our businesses and to the local community by allowing us to stop using heavy fuel oil in the distilleries on the pipeline. That is better for the environment because it means lower carbon emissions and it also means fewer heavy fuel tankers on the roads, which is great news for everyone who lives locally," said Diageo Supplier Performance Manager, Chris Sharkey.

Robert Fleming, Angus Dundee's Distilleries Director, said all three distillers had been impressed by Fulcrum's level of professionalism and commitment.

"Every single member of the Fulcrum team, from project managers to the installation team on the ground, showed real tenacity in not only getting the job done but getting the job done right," said Mr Fleming.

The achievement saw the Fulcrum team responsible for the pipeline installation announced as 'Team of the Year – Operational' finalists at the 2014 Utility Week Stars Awards.

Completed
six
months
ahead of schedule

100%
safety record
throughout project delivery

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2014

Principal activities

The Group's principal activities are the provision of unregulated utility connections and independent gas transportation services in the UK.

The Group designs and project manages connections to gas pipelines for customers seeking either a new connection or the alteration or refurbishment of an existing connection. These connections range from simple, single-site alterations, to large, complex multi-site new connections. In either case, the Group's team of skilled design and engineering staff are required to design the connection to detailed specifications and to ensure the connection is appropriate and complies with extensive health and safety requirements. Fulcrum currently contracts with third party organisations to physically construct these new or refurbished connections. Fulcrum provides multi-utility solutions across a broad range of developments, allowing customers to benefit from the efficiencies of multi-utility delivery.

The Group comprises two trading subsidiaries - Fulcrum Infrastructure Services Limited (providing utility infrastructure and connection services) and Fulcrum Pipelines Limited (the licenced asset owner for new gas connections and the gas transporter).

Business review

Turnaround activity dominated the year ended 31 March 2014 at Fulcrum. It was particularly pleasing to see the business being successful in increasing its sales orders run rate which led to the business replacing the turnover relating to the Speyside distilleries project as this came to an end. In addition, a great deal of effort was put into improving the consistency of delivery at Fulcrum during the year. Fulcrum has a heritage of reliability and it is important that we build on our reputation by delivering safely and on time to the highest standards. The improvements that have been made in delivery have contributed to the solid sales orders performance and have led to us retaining key customers such as British Gas as well as winning business with new customers.

Substantial progress has been made in reducing the cost base of the business. The size of the senior management team has been scaled back, efficiencies have been made in the central support functions and non-people costs have been thoroughly reviewed to ensure that expenditure is in line with what is required for a company of Fulcrum's size. Overall, overhead levels (excluding exceptional items) have reduced by £3.0 million during the course of the last twelve months.

The pipeline asset sale in October 2013 and the subsequent improvements in cash management processes have transformed the cash position of the business.

Fulcrum has now moved out of its turnaround phase and has entered a phase of transition. This transition phase will last for the remainder of 2014 and will encompass activities such as: improving sales performance and particularly driving high value opportunities; changing the operating model to remove duplication and obtain synergies with supply chain partners; streamlining processes such as design; and evolving to a culture where performance to end customers is at the heart of everything done within Fulcrum. The business should then be able to enter 2015 in a position to drive performance hard and focus on activities aimed at accelerating growth.

Sales

Customers have welcomed the improvements in delivery that they are experiencing with Fulcrum. This has been a major factor in the increase in the underlying sales order level and we have successfully replaced the turnover associated with the Speyside distilleries contract. Significant contracts won during the year include the following:

- The installation of a gas pipeline to a new £100 million power-from-waste plant facility. The £2.1 million gas infrastructure project, which involved over a kilometre of pipeline along with inlet and outlet works, meter installation and booster equipment, was won during the year and will be completed during the summer of 2014
- A 4.5km gas pipeline project to bring gas to Glenkinchie distillery, the home of 'The Edinburgh Malt', for Diageo was won during the year and will be completed during the summer of 2014. This continues our valued relationship with Diageo following our successful work with them on the Speyside project
- Renewal of the British Gas Business connections framework for a further twelve months to 30 September 2014.

We have invested in bringing new people into the sales team to ensure that we have full coverage across mainland Britain. We have also continued to develop our web based sales channel and £3.6 million of business was won through this route in the year.

Looking ahead, Fulcrum is well placed to grow in a number of markets, especially as the UK economy is expanding and construction activity is set to increase. Our trusted delivery capability puts us in a strong position to win more business through utility suppliers and brokers. The growth in the housing market presents an exciting opportunity and we have developed our offering to allow us to compete more aggressively in this area. Fulcrum's ability to work on everything from straightforward single connections to complex infrastructure projects should produce a wealth of opportunities in the industrial and commercial markets. We are also seeing increasing interest in fuel conversion with many organisations seeking to move to gas and away from more costly and carbon-intensive alternatives.

Operations

Delivery on time is now a key measure within Fulcrum and we have greatly improved our delivery on time performance. We will continue to have a relentless focus on service delivery, as this will be a key differentiating factor in the markets we serve.

We strengthened our relationship with contractor partner McNicholas by selecting the company as our sole framework contractor for gas, electricity and multi-utility connection works at developments across England and Wales from 2 June 2014. This move to a single framework delivery partner enables us to increase our competitive position, simplify business processes and further improves the efficiency of back office functions including pricing, estimating and design services.

Over the course of the year the number of people engaged by Fulcrum reduced from 233 to 179. In March 2014 Fulcrum launched an employee consultation process in respect of a proposed reduction of 32 people. This consultation ended in April and the redundancies will take place between May and July. Following these redundancies, 149 people will be engaged in the business. This compares with 344 people at the time the business was acquired from National Grid. The restructuring that has taken place over the last twelve months has been necessary to produce an efficient operating model that is fit to service customers to a high standard and enable profits to be generated in line with market expectations, allowing for a realistic expectation of the gross margins that can be achieved.

In October 2013, Fulcrum entered into a transaction with ES Pipelines to sell the majority of Fulcrum's residential pipeline assets. This sale realised net cash proceeds of £5.9 million and, since October, the cash position has remained robust.

Outlook

Fulcrum enters 2014/15 with a solid order book and the markets that the business operates in should present exciting opportunities. Turnaround activities of the last twelve months have been completed as planned. The Board believes that the transition work that the business is engaged in will produce a business model where Fulcrum can make a decent level of profit at its current level of turnover. If the business can achieve sales growth beyond this level, extra gross margin will be produced with little need for increase in overheads.

Principal risks and uncertainties

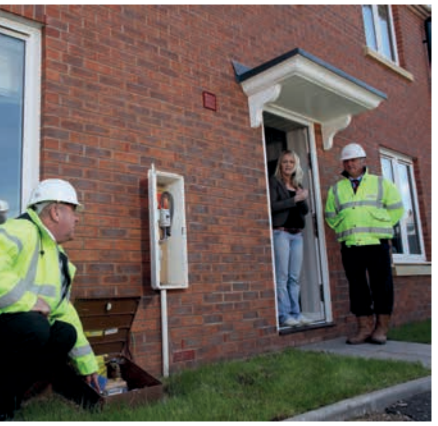
The Board considers risk assessment, identification of mitigating actions and internal control to be fundamental to achieving the Group's strategic objectives. The Corporate Governance report on pages 26 to 27 describes the systems and processes through which the Directors manage and mitigate risks. The principal risks to achieving the Group's objectives are set out below. The Board recognises that the nature and scope of the risks can change and so regularly reviews the risks faced by the Group as well as the systems and processes in place to mitigate them.

Growth and strategy execution

It is possible that the growth of the business could take longer than expected, or that the anticipated improvements in financial performance may not be realised in full. To mitigate this risk, the Group operates comprehensive annual strategic planning and budgeting processes together with detailed monthly reporting and analysis of actual performance against the business plan so that corrective actions can be taken if necessary.

Dependence on key executives and personnel

In common with many smaller companies, the Group's future success is substantially dependent upon recruiting, retaining and motivating key executives with relevant industry experience. The Group has put in place suitable executive incentive schemes for successful delivery of our strategy. In addition, appropriate staff development programmes are in place to assess, manage and develop the leadership skills of all staff throughout the organisation.



Risks relating to operating in a competitive market

The business strategy relies fundamentally on the ability to increase revenues and ensuring that the cost base is kept under control. However, the markets in which the Group operates are competitive. The Group faces significant competition, including from organisations that may be larger and/or have greater capital resources. The Group cannot predict the pricing or promotional activities of its competitors or their effect on its ability to market and sell its services. In order to ensure that its services remain competitive, the Group may be required to reduce its prices as a result of price reductions by its competitors. This could adversely affect the Group's results.

There are no assurances that the strength of the Group's competitors will not improve or that the Group will win any additional market share from its competitors, or maintain its existing market share. Existing and/or increased competition could adversely affect the Group's market share and materially affect its business, financial condition and operating results.

These risks are managed through the corporate planning and review processes as outlined in the growth and strategy execution section above.

Risks relating to the gas connections market

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. In addition Fulcrum Pipelines Limited is specifically licensed by Ofgem as an Independent Gas Transporter (IGT). 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, the sharing of risk with client and supplier organisations and by putting in place suitable insurance arrangements.

Reliance on key customers

A relatively small number of long term commercial contracts exist between the Group and its customers. The relationship between the Group and many of its customers is not regulated by a contract. Instead, the majority of the Group's business with customers is based on purchase orders and an implied acceptance by customers of the Group's standard terms and conditions. There can therefore be no certainty that business will continue to flow from the Group's customers at historic levels.

Reliance on significant suppliers

The physical installation works required to install gas connections managed by the Group are carried out by sub-contractors on behalf of the Group. The Group has entered into a new framework contract with a single sub-contractor to undertake a large proportion of the physical installation works. The Group is exposed to the risk that the financial performance of this supplier may fluctuate or deteriorate in the future and that this could have an adverse impact on the operational or financial performance of the Group.

In order to manage this risk, the Group continually reviews the performance of its framework sub-contractor against the requirements of the framework contract and a suite of defined Key Performance Indicators (KPI's).

Continuity of financing facilities

During the prior year the business entered into an asset backed financing agreement with Lloyds Commercial Finance. At the year end, this facility was not utilised. Maintaining good working relationships with the Group's bankers will remain important in the future.

Changing mix of sales

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. 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. Matching of credit terms through the supply chain will be necessary to ensure the working capital impact of this change in sales mix can be managed effectively.

Change in balance of contract value

As the sales mix of the business changes and the relative mix of large and small contracts changes over the period of delivery, it is possible that revenue may fluctuate materially from one period to another. As a result, future revenue performance may prove more volatile than the past revenue performance of the business would indicate.

Management of financial resources including liquidity risk and capital risk management

Disclosure of all the treasury risks can be found in note 26 to the financial statements.

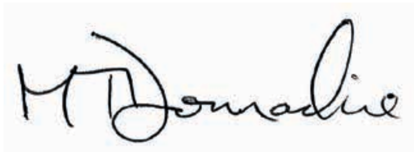
Going concern

As highlighted in the financial review, the Group had net cash at 31 March 2014 of £4.9 million. The Group had not drawn on its available financing facilities.

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

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

Therefore after making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.



Martin Donnachie
Chief Executive Officer
3 June 2014

Diageo's Supplier Performance Manager Chris Sharkey (2nd right) inspects newly installed gas equipment with Fulcrum's Commercial Director Keith Stout, Operations Director Ian Foster and Operations Manager and project lead, John McLuskey

CASE STUDIES

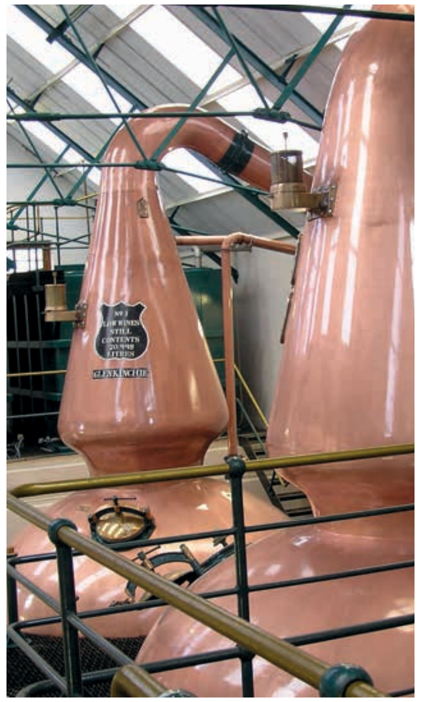
MALT DISTILLERY GETS CLEANER EDGE

Glenkinchie Distillery, the home of 'The Edinburgh Malt', is enjoying substantial reductions in carbon emissions after switching to cleaner natural gas thanks to Fulcrum's installation of a new 4.5 kilometre pipeline.

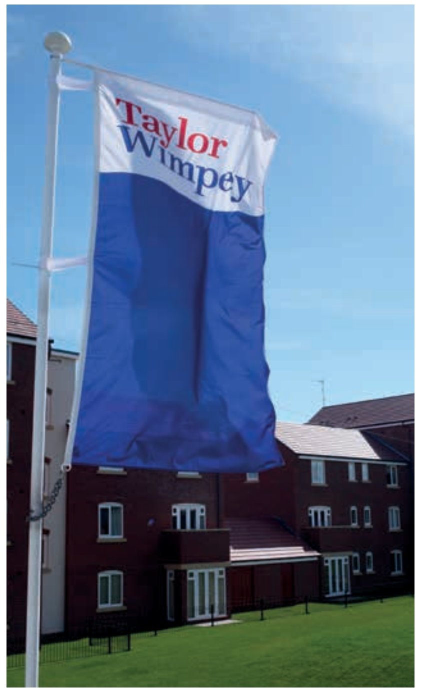
The gas pipeline, a six-figure investment by whisky giant Diageo, freed Glenkinchie from reliance on fuel oil as the primary energy source needed in the distillation process - and ended demand for frequent delivery trips by heavy tankers on the region's narrow rural roads.

The project serving the distillery, which was founded in 1837, saw Fulcrum overcome some unique engineering complexities, including an historic arch bridge crossing, before its completion one week ahead of schedule.

The installation followed Fulcrum's largest fuel oil conversion project to date, a 16-mile pipeline bringing a gas feed to four Speyside distilleries owned by Chivas Brothers, Diageo, and Angus Dundee.



Field Officer Mick Hill and Taylor Wimpey Site Manager Mick Wale with new home owner Nicky, on site at the former Peugeot development in Coventry



ENERGY CONNECTIONS TURN HOUSES INTO HOMES

Taylor Wimpey, one of the UK's largest residential developers, continues to work with Fulcrum to provide gas and electricity supplies to new homes on the site of the former Peugeot car factory in Coventry.

The development of 1,150 new houses and apartments by three house builders, including lead developer Taylor Wimpey, has seen Fulcrum handle gas and electricity connections for 890 plots since starting on site in 2010 as well as street lighting installation for the entire site. Target completion for the development is 2018.

A significant milestone of 50% of the 600 new Taylor Wimpey plots have now been connected, including installation of four electricity sub-stations and 5km of gas mains and services.

Fulcrum has worked closely with Taylor Wimpey to ensure overall site construction plans are met and new homes are ready for customers in a housing market with high demand for quality new properties.

FINANCIAL REVIEW

In conjunction with the Chairman's Statement and the Strategic Review, this report provides further information on key aspects of the financial position of the Group.

93.5%
'Right first time' performance for British Gas

*British Gas Performance Reporting (April 2013 - March 2014)

The Group's annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. There have been no significant changes to the accounting policies applied by the Group during the year ended 31 March 2014.

In prior years the cost of certain site-based operations staff has been included in overheads. In the current year's results these cost have been categorised as costs of sales, rather than overheads, as the directors are of the opinion that this is a more appropriate presentation.

Accordingly, results for the prior year have been restated to re-allocate the cost of site based operations staff from overheads to cost of sales. The restatement has not affected the EBITDA.

An operating loss before exceptional items of £0.7 million (2013: £0.9 million) was recorded for the year. The underlying financial performance, together with a comparison with the previous year is summarised in the table below.

Results and comparison with previous year

	Year ended 31 March 2014	Year on year change	Restated Year ended 31 March 2013
	£m		£m
Revenue	**38.3**	*(1.2)%*	**38.8**
Gross profit	9.5	(22.5)%	12.3
Gross margin (%)	*24.8%*		*31.6%*
Administrative expenses before exceptional items	10.2		13.2
Underlying EBITDA[1]	0.6		1.3
Operating loss before exceptional items	(0.7)		(0.9)
Net cash/(debt)	4.9		(0.1)

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

Revenue

Overall reported revenue for the year was £38.3 million against £38.8 million in the prior year, a reduction of 1.2%.

Revenues from infrastructure services were £38.3 million (2013: £39.0 million), a reduction of 2%. Revenue included some £5.2 million of revenue from the Speyside distilleries contract (with £3.1 million having been recognised in the second half of the last financial year). The rate of sales orders won decreased in the latter part of the prior year which resulted in a slight year on year decline in revenue.

Revenue from the Group's pipeline operations amounted to £1.1 million, a decrease of 31% compared with the previous year's revenue of £1.5 million. Revenue for the six months ended 30 September 2013 was £0.8 million, in line with the same period in the prior year and included some £0.5 million of revenue from the domestic pipeline assets. These assets were disposed of on 9 October 2013, which largely accounted for the reduction year on year. Intercompany trading of £1.1 million (2013: £1.7 million) was eliminated on consolidation.

Gross margin

Reported gross profit for the year was £9.5 million, representing a decrease of 22.5% compared to the prior year gross profit of £12.3 million.

The prior year was bolstered by the one-off release of £1.1 million of provisions associated with the change in framework contractors and £0.6 million of other provisions released to cost of sales during the year, which largely explained the year on year reduction. It also included a number of highly profitable contracts which were not repeated in the current year.

The gross margin of 24.8% in the period was lower than the prior year margin of 31.6% and the reduction was explained by the factors mentioned above. The underlying margin in the prior year, excluding these benefits, was 27.3%.

Administrative expenses

Administrative expenses reported for the year totalled £13.9 million (2013: £13.2 million). Administrative expenses in the year included exceptional items of £3.7 million associated with the restructuring exercise concluded in early 2014 and are discussed in more detail below. Excluding these exceptional items administration expenses had fallen by 22.6% to £10.2 million. The reduction was principally due to savings realised from the cost saving and restructuring initiatives undertaken during the year.

Included within administrative expenses are share based payment charges of £0.1 million (2013: £0.9 million) associated with the company's equity based option schemes. The management participation shares and Marwyn participation option reached maturity during the year, with the result that no further charges were due under the scheme. This, combined with cancellation of the Fulcrum share option plan, which commenced on 28 March 2012, resulted in the year on year reduction in the charge. The charge for the first half year was £0.2 million, which was calculated prior to the decision to cancel the EMI scheme. In February 2014 a new scheme was introduced which incurred a charge of £10,000 in the second half year.

In addition, during the prior year, the management participation share incentive scheme was restructured as a result of an administrative error made when the scheme was put in place in July 2010. Share based payment charges for the prior year included costs of £151,000 associated with this restructuring.

EBITDA and operating loss

Underlying EBITDA, before exceptional items and share based payments was £0.6 million for the year (2013: £1.3 million), a £0.7 million reduction against the prior period.

The operating loss reported for the year was £4.4 million, including exceptional items of £3.7 million (2013: £0.9 million, including exceptional items of £nil).

From left to right, Kevin Walpole (Key Account Manager, Fulcrum) with Dai Davies, Mark Pomeroy, James Hicks, Claire Gough, Maria Creffield (British Gas) and Jaime Hardy (Customer Services Manager, Fulcrum)

FINANCIAL REVIEW CONTINUED

The loss per ordinary share for the period was 2.9 pence (2013: loss of 0.3 pence). The adjusted loss per share, before charging exceptional items and crediting deferred tax, was 0.5 pence (2013: loss of 0.7 pence).

Exceptional Items

Exceptional items for the year were £3.7 million (2013: £nil). The principal components of the charge were £2.2 million for costs associated with restructuring activities and redundancies and £1.4 million in respect of the impairment of the pipeline assets which were sold on 9 October 2013.

Finance expense

Net finance expense for the year was £105,000 (2013: £75,000). This reflects interest payable during the year on the IT lease financing arrangement and the Lloyds financing facility.

Interest expense relating to finance leases totalled £82,000 during the year (2013: £71,000).

Taxation

During the year the Group incurred losses for corporation tax purposes of approximately £3.1 million (2013: £1.1 million) and the total sum of accumulated unrecognised losses carried forward amounts to £18.9 million as at 31 March 2014 (2013: £16.0 million).

Deferred tax assets totalling £0.5 million have been recognised at 31 March 2014 (2013: £0.5 million) in anticipation of improved business profitability in future periods.

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

Asset disposal and asset revaluation

As at 30 September 2013 Fulcrum reclassified the portfolio of domestic pipeline assets held within the balance sheet of its subsidiary Fulcrum Pipelines Limited from fixed assets to assets held for sale. The carrying value of the assets held for sale was determined by reference to the expected proceeds from sale, less transaction costs.

An impairment of £1.4 million relating to the assets held for sale has been charged to the income statement, and has been classified as an exceptional item due to the size and nature of the charge.

These domestic pipeline assets were subsequently disposed of on 9 October 2013 for a gross consideration of £6.3 million in cash, less a retention of £57,000 to cover transitional matters. The net proceeds of the disposal, after advisers' fees and transaction costs was approximately £5.9 million.

On 30 September 2013 Fulcrum Pipelines Limited also carried out a valuation of its remaining portfolio of industrial & commercial ("I&C") pipeline assets and has revalued upwards the carrying value of these assets to £4.4 million. The increase in net book value as at 30 September 2013 of £3.1 million was credited to a revaluation reserve in the balance sheet of Fulcrum Pipelines Limited.

The Group's accounting policy for pipeline assets is to recognise these assets at the value of the future discounted cash flows expected to be generated from operation of the assets, less accumulated depreciation. The Directors have changed their accounting policy to one of revaluation, including a periodic review of the assumptions underlying future discounted cash flows generated. This change to a revaluation policy was prompted by the sale of the domestic pipeline asset portfolio in October 2013 which highlighted a disparity between the relative assumptions underlying future cash flows arising from valuation of domestic pipeline assets and those of I&C assets. In order to better represent the future value of these cash flows, and hence the carrying value of I&C pipeline assets, the Directors have sought to revise their underlying assumptions.

To assist with the valuation of these assets the Directors appointed Grant Thornton UK LLP to carry out an independent review and benchmarking exercise of the assumptions used to calculate the future cash flows associated with I&C assets. These assumptions include, inter alia, estimates of future occupancy and gas consumption of the associated properties, which are used to derive the future cash flows at the point of acquisition by Fulcrum Pipelines Limited from its fellow subsidiary, Fulcrum Infrastructure Services Limited. These future cash flows are then discounted at a rate of 15% which reflects an estimate of the cost of capital and risk associated with the cash flows arising from these assets.

In addition, the useful economic life of these I&C pipeline assets has been revised to 40 years from 20 years as a result of benchmarking the useful economic life of the assets against comparable industry operators. This exercise was also carried out by Grant Thornton UK LLP on behalf of the Directors.

Dividends

No dividend has been proposed or paid (2013: £nil).

Cash flow and financing

Operating cash flow

Operating activities in the period generated cash of £0.6 million (2013: absorbed cash of £5.4 million), and comprised the following:

- EBITDA for the period of £0.6 million (2013: £1.3 million);
- exceptional cash costs totalling £1.7 million (2013 £0.2 million);
- working capital inflows in the year total £1.7 million (2013: £6.3 million outflow) and reflect:

- an increase in the balance of payments received in advance of £2.8 million since 31 March 2013 (2013: reduction of £0.7 million);
- an outflow from a reduction in accruals of £0.2 million (2013: £6.2 million outflow, largely due to settlement of amounts due to contractors accrued at 31 March 2012); and
- other working capital outflows of £0.9 million (2013: £0.6 million inflow);

- other cash outflows of £nil (2013: £0.2 million) associated with modification of the management participation scheme.

Investing activities

Capital expenditure for the period amounted to £1.4 million (2013: £2.9 million), principally in respect of investment in pipeline assets (2013: £1.7 million).

Cash and borrowings

As at 31 March 2014 the Group held cash balances of £5.3 million (2013: £1.9 million). No amounts were outstanding on financing facilities at 31 March 2014 (2013: £1.3 million). Amounts outstanding on finance leases at 31 March 2014 were £0.4 million (2013: £0.7 million).

The net proceeds of £5.9 million from the disposal of the domestic pipeline assets were received on 10 October 2013.

The overall net cash position of the Group at 31 March 2014 was £4.9 million (2013: net debt of £0.1 million).

Balance sheet

Total net liabilities at 31 March 2014 were £1.8 million (2013: net assets £0.1 million) and included intangible assets of £3.4 million (2013: £3.9 million).

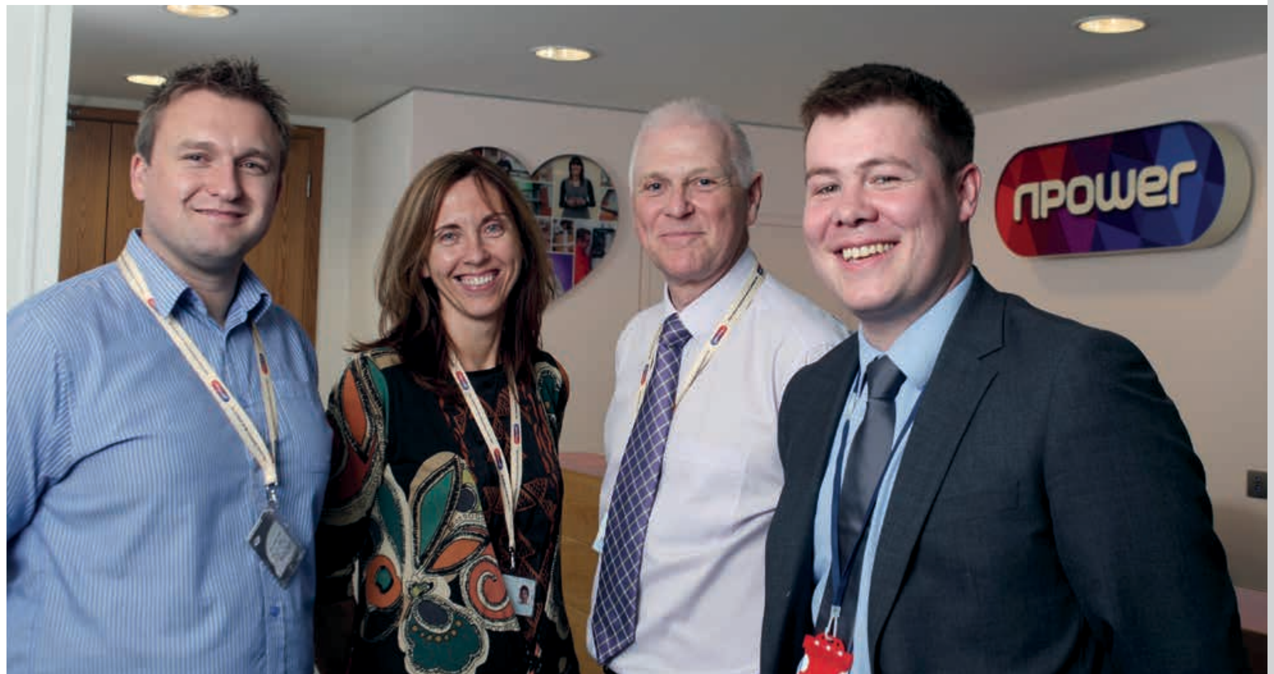
Forward-looking statements

Certain statements in this annual report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to be correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Robert Douglas
Interim Chief Financial Officer
3 June 2014

Business Development Manager Tim Carroll with James Alan, Helena O'Toole and Stephen Walshaw from the new connections team at Npower



BOARD OF DIRECTORS

Biographies

Philip Bernard Holder (aged 65) Chairman

Philip has over 30 years experience in the utilities sector. From 1997 to March 2007, Philip was Managing Director of East Surrey Holdings, the mid-cap water and gas utilities business. Until March 2010, Philip was full time Operational Adviser to The Infrastructure Partnership. He is also an Operational Adviser for JO Hambro Capital Management Group which manages the Trident Private Equity funds. Philip is the Non-executive Chairman of the gas main laying contractor Forefront Group Limited and was a Non-executive Director of the CLH Group (Compania Logistica de Hidrocarburos) which owns and operates Spain's refined fuel pipelines and the associated storage and distribution facilities.

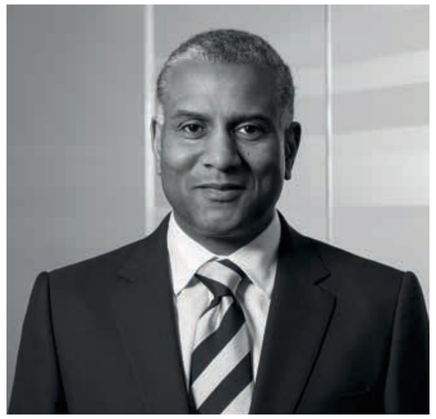
Martin Donnachie (aged 44)
Chief Executive Officer

Martin has experience gained from a range of interim leadership roles and, prior to that, 12 years of experience in the house building and construction services sectors. He was Divisional Managing Director of the successful affordable housing division of Rok plc from 2007 until 2010. Prior to that, he held Managing Director roles at George Wimpey plc, Morris Homes Limited and AEA Technology plc. Martin is a Fellow of the Institute of Chartered Accountants in England and Wales and in his early career he held a series of finance roles.

Martin joined Fulcrum as Interim Chief Executive Officer in May 2013 and was appointed to the Board as permanent Chief Executive Officer in October 2013.

Stephen Gutteridge (aged 59)
Non-executive Director

Stephen has over 30 years' experience in the energy and utilities sectors initially with Shell and then Amerada Hess where he ran their UK gas business unit. From 1992 to 1997 he was Managing Director of Energy Supply at Seeboard plc. Since then, Stephen has held executive and non-executive board positions in a number of companies including Ferguson International, the International Petroleum Exchange and CORGI. He was Chairman of AIM-listed Star Energy, the gas storage and UK onshore oil producer, and Chairman of President Petroleum Company plc, also AIM-listed. He was a Non-executive Director and Chairman of TQ Group which was successfully sold to Pearson Group in 2011. He is currently Executive Chairman of AIM-listed Nighthawk Energy. Stephen has a degree in Economics and Business Studies and is a member of the Institute of Directors and the Energy Institute.



Robert Douglas (aged 58) Interim Chief Financial Officer

Robert was appointed Interim Chief Financial Officer on 9 January 2014. Robert brings with him considerable experience gained in senior finance roles in listed and private companies. He has held interim group finance director appointments in house building, construction, property development and residential property services. Prior to embarking upon an interim career Robert was Deputy Group Finance Director of Wilson Bowden plc, a FTSE 250 house builder and developer. Earlier in his career Robert held a number of Finance Director and senior finance appointments in businesses engaged in construction and engineering.

Robert holds a joint honours degree in Economics and Business and is a Fellow of The Institute of Chartered Accountants in England and Wales.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2014

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 March 2014.

Registered office

The registered office of Fulcrum Utility Services Limited is PO Box 309, Ugland House, Grand Cayman, KY1-1 104, Cayman Islands.

Dividends

No dividend has been proposed or paid (2013: £nil).

Directors

The Directors of the Group during the year and up to the date of signing the financial statements were:

MT Donnachie (appointed 8 October 2013)
PB Holder
S Gutteridge
MIJ Watts (resigned 3 June 2014)
MC Green (resigned 28 January 2014)
JA Spellman (resigned 21 May 2013)

Directors' interests

The Directors and their connected parties held interests in the following number of ordinary shares at 1 April 2013, 31 March 2014 and 30 May 2014. Further information about the Directors' interests is provided in the remuneration report.

			Number of ordinary shares
	30 May 2014	31 March 2014	1 April 2013
Martin Donnachie	319,220	319,220	-
Philip Holder	766,666	766,666	416,666
Stephen Gutteridge	404,166	404,166	254,166
Marcus Green (resigned)	12,500	12,500	12,500
John Spellman (resigned)	625,000	625,000	625,000

In addition Philip Holder owns 500,013 shares in Fulcrum Utility Investments Limited.

Employees

The Group's executive management regularly delivers companywide briefings on the Group's strategy and performance. These briefings contain details of the Group's financial performance where appropriate. In addition, monthly "Reach" briefings contain detailed information on the Group's operational performance for the previous month, as well as updates on customer activity.

The Group remains committed to fair treatment of people with disabilities in relation to job applications, training, promotion and career development. Every effort is made to find alternative jobs for those who are unable to continue in their existing job due to disability.

The Group takes a positive approach to equality and diversity. The Group promotes equality in the application of reward policies, employment and development opportunities, and aims to support employees in balancing work and personal lifestyles.

Directors' indemnities and insurance

Fulcrum Utility Services Limited indemnifies its officers and officers of its subsidiary companies against liabilities arising from the conduct of the Group's business, to the extent permitted by law, by the placing of directors' and officers' insurance. The insurance policy indemnifies individual directors' and officers' personal legal liability and cost for claims arising out of actions taken in connection with Group business.

Annual General Meeting

The Annual General Meeting of the Company is to be held on 24 September 2014.

The notice of meeting appears in the document accompanying this report and financial statements.

Statement of Directors' responsibilities

The Directors of Fulcrum Utility Services Limited ('the Directors') have accepted responsibility for the preparation of these non-statutory accounts for the year ended 31 March 2014 which are intended by them to give a true and fair view of the state of affairs of the Group and of the profit or loss for that period. They have prepared the non-statutory accounts in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

In preparing these non-statutory accounts, the Directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether they have been prepared in accordance with IFRSs as adopted by the EU; and
- prepared the non-statutory accounts on the going concern basis as they believe that the Group will continue in business.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Company is incorporated in the Cayman Islands and registered in the Cayman Islands and in England and Wales. The Company is not required to prepare audited financial statements under Cayman Island company law, however the Company is required under AIM rule 19 to provide shareholders with annual audited consolidated financial statements for the year ended 31 March 2014. The Directors have requested KPMG LLP (KPMG) to undertake a non-statutory audit of the Company's consolidated financial statements in order to discharge their obligations under AIM rule 19. The audit report issued by KPMG has therefore been addressed to the Company and not the Members, as would be the case with a statutory audit.

Statement of disclosure of information to auditors

As at the date this report was signed, so far as each of the Directors is aware, there is no relevant information of which the auditors are unaware and each Director has taken all steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

On behalf of the Board

Martin Donnachie
Director
3 June 2014

REMUNERATION REPORT FOR THE YEAR ENDED 31 MARCH 2014

Remuneration Committee

The Remuneration Committee reviews the performance of each executive director and sets the scale and structure of their remuneration and the basis of their service agreement with due regard to the interests of shareholders. To ensure that the Company's remuneration practices are market competitive, the committee takes advice from various independent sources.

The Board determines the remuneration of each of the non-executive directors with the support of external professional advice if required. No director participates in any discussion regarding his or her own remuneration.

Policy on executive directors' remuneration

The policy of the Board is to provide an executive remuneration package designed to attract, motivate, reward and retain the executive directors. The aim of the Group's remuneration policy is to ensure that the key executives are appropriately rewarded for their individual contribution to the Group's performance, commensurate with their duties and responsibilities.

The Remuneration Committee believes that shareholders' interests are best served by providing executives with remuneration packages which have a significant emphasis on performance related pay, through long-term incentive schemes. The Board considers that packages of this nature are consistent with prevailing practice and are necessary to retain and reward executives of the calibre the Group requires.

The main components of executive directors' remuneration, which can be mirrored with senior executives, are basic salary, annual performance related bonus and share options.

Basic annual salary

Each executive director's basic salary is reviewed regularly by the committee. In deciding upon an appropriate level of remuneration, the committee believes that the Company should offer levels of base pay that reflects individual responsibilities compared to similar jobs in comparable companies.

Annual bonus payments

The committee establishes the objectives which must be met for an annual cash bonus to be paid.

Share option incentives

The Company operates a management participation share scheme and a share option plan (see note 20). The committee has responsibility for supervising the schemes and the grant of share options under the schemes.

Additional benefits

Each executive director receives private medical insurance and life assurance cover, pension contributions and a company car or car allowance.

Directors' emoluments

The remuneration of each of the Directors for the year ended 31 March 2014 is set out as follows:

	Salary, fees and bonus	**Other benefits**	**Pension**	**Loss of office**	**2014 Total**	2013 Total
	£000	**£000**	**£000**	**£000**	**£000**	£000
Executive						
Martin Donnachie	114	1	13	-	**128**	-
John Spellman	236	3	5	50	**294**	265
Marcus Green	145	2	11	34	**192**	155
Non-executive						
Philip Holder	60	-	-	-	**60**	60
Mark Watts	30	-	-	-	**30**	30
Stephen Gutteridge	30	-	-	-	**30**	30
Total	**615**	**6**	**29**	**84**	**734**	540

Directors' interests in share options

Philip Holder owns 500,013 shares in Fulcrum Utility Investments Limited. Martin Donnachie owns 3,571,414 EMI options and 428,586 unapproved options in the EMI share option plan.

Regional Operations Manager, Martin Peters and Field Officer, Mick Hill on site withTaylor Wimpey Site Manager Mick Wale

CORPORATE GOVERNANCE REPORT

Statement by the Directors on compliance with the code of best practice

As an AIM listed company, Fulcrum Utility Services Limited is not required to comply with the provisions of the Combined Code on Corporate Governance, ("the Combined Code") that applies to companies with a premium London Stock Exchange listing. However, the Board recognises the importance and value of good corporate governance procedures and accordingly have selected those elements of the Combined Code that they consider relevant and appropriate to the Group, given its size and structure. An overview of the Group's corporate governance procedures is given below.

The Board

The Group is controlled through a Board of Directors, which at 31 March 2014 comprised a non-executive chairman, an executive director and two other non-executive directors, for the proper management of the Company and the Group. The Chairman is Philip Holder and the Chief Executive Officer is Martin Donnachie.

Of the non-executive board members, Philip Holder and Stephen Gutteridge are considered to be independent. Mark Watts was not considered to be independent, by virtue of his relationship with Marwyn Management Partners L.P. ("Marwyn"), a significant shareholder of the Company. The non-executive directors bring a wide range of experience to the Group's activities and provide a strong balance to the executive directors.

The Board operates both formally, through Board and committee meetings, and informally, through regular contact amongst directors and senior executives. There is a schedule of matters that are specifically referred to the Board for its decision, including approval of interim and annual financial results, setting and monitoring of strategy and examining acquisition possibilities. The Board is supplied with information in a timely manner, in a form and quality appropriate to enable it to discharge its duties.

The Directors can obtain independent professional advice at the Company's expense in the performance of their duties as directors.

Board Committees

The Board committees comprise the Audit Committee and the Remuneration Committee.

Audit Committee

The Chairman of the Audit Committee is Philip Holder, with Mark Watts as the other non-executive member until his resignation. Stephen Gutteridge replaces Mark Watts as the other non-executive member. No one other than the Audit Committee's Chairman and member is entitled to be present at a meeting of the Audit Committee, but the Company's external auditors together with the Chief Executive Officer and the Chief Financial Officer are also invited to attend the meetings.

The Audit Committee operates under terms of reference agreed with the Board and meets at least twice a year. The Audit Committee considers the adequacy and effectiveness of the risk management and control systems of the Group. It reviews the scope and results of the external audit, its cost effectiveness and the objectivity of the auditors. It also reviews, prior to publication, the interim results, preliminary announcement and the annual report and financial statements.

Remuneration Committee

The Chairman of the Remuneration Committee is Stephen Gutteridge, with Mark Watts as the other non-executive member until his resignation. Philip Holder replaces Mark Watts as the other non-executive member. The committee meets periodically as required and is responsible for overseeing the policy regarding executive remuneration and for approving the remuneration packages for the Group's executive directors and management including all personnel receiving remuneration exceeding £75,000 per annum. It is also responsible for reviewing incentive schemes for the Group as a whole.

Nominations Committee

As the Board is small, there is and will be no separate Nominations Committee and the appointment of new directors is considered by the Board as a whole.

Board and committee meeting attendance

The table below sets out the attendance at Board and committee meetings by presence or by telephone of individual directors.

	Full Board	Audit Committee	Remuneration Committee
Martin Donnachie	6 of 6	-	-
John Spellman	1 of 1	-	-
Marcus Green	9 of 9	-	-
Stephen Gutteridge	12 of 12	-	1 of 1
Philip Holder	12 of 12	2 of 2	-
Mark Watts	11 of 12	2 of 2	1 of 1

Shareholder communication

The Board is committed to maintaining good communication with shareholders. The executive directors maintain a regular dialogue with the analysts and institutional investors to discuss the Group's performance and future prospects.

The Group responds formally to all queries and requests for information from existing and prospective shareholders. In addition, the Group seeks to regularly update shareholders through stock exchange announcements and wider press releases on its activities.

The Annual General Meeting will provide an opportunity for shareholders to address questions to the Chairman and the Board directly. Published information, including regulatory news, is available on the Group's website, **www.fulcrumutilityserviceslimited.co.uk.**

Risk management and internal controls

The Directors are responsible for the Group's system of internal control and for reviewing its effectiveness, whilst the role of management is to implement Board policies on risk management and control. It should be recognised that the Group's system of internal control is designed to manage rather than eliminate, the risk of failure to achieve the Group's business objectives and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group operates a series of controls to meet its needs. These controls include, but are not limited to, a clearly defined organisational structure, written policies, a comprehensive annual strategic planning and budgeting process and detailed monthly reporting.

The annual budget is approved by the Board as part of its normal responsibilities. In addition, the budget figures are regularly re-forecast to facilitate the Board's understanding of the Group's overall position throughout the year and this re-forecast is reported to the Board in addition to the reporting of actual results during the year.

The Audit Committee receives reports from management and the external auditors, concerning the system of internal control and any material control weaknesses. Any significant risk issues are referred to the Board for consideration.

The Board has considered the need for an internal audit function, but has concluded that at this stage in the Group's development, the internal control systems in place are appropriate for the size and complexity of the Group.

INDEPENDENT AUDITOR'S REPORT TO FULCRUM UTILITY SERVICES LIMITED

We have audited the non-statutory consolidated financial statements of Fulcrum Utility Services Limited for the year ended 31 March 2014 set out on pages 29 to 62. These non-statutory consolidated financial statements have been prepared for the reasons set out in note 1 to the non-statutory consolidated financial statements and on the basis of the financial reporting framework of International Financial Reporting Standards (IFRSs) as adopted by the EU.

Our report has been prepared for the Company solely in connection with the preparation by the Directors of non-statutory consolidated financial statements prepared to support compliance with the AIM Rules for Companies ("AIM Rules"). It has been released to the Company on the basis that our report shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

Our report was designed to meet the agreed requirements of the Company determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, KPMG LLP will accept no responsibility or liability in respect of our report to any other party.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' responsibilities set out on page 23, the Directors are responsible for the preparation of the non-statutory consolidated financial statements, which are intended by them to give a true and fair view. Our responsibility is to audit, and express an opinion on, the non-statutory accounts in accordance with the terms of our engagement letter dated 3 October 2013 and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the non-statutory consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the non-statutory consolidated financial statements sufficient to give reasonable assurance that the non-statutory consolidated financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the non-statutory accounts. In addition we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited non-statutory accounts. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on non-statutory accounts

In our opinion the non-statutory accounts:

- give a true and fair view of the state of the Group's affairs as at 31 March 2014 and of its loss for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the EU.

David Morritt (Senior Statutory Auditor)
for and on behalf of KPMG LLP,
Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW
3 June 2014

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 March 2014	Restated* Year ended 31 March 2013
		£'000	£'000
Revenue	3	**38,285**	38,769
Cost of sales		**(28,794)**	(26,515)
Gross profit		**9,491**	12,254
Administrative expenses		**(13,874)**	(13,182)
Operating loss	6	**(4,383)**	(928)
Analysed as:			
EBITDA before share based payments and exceptional items		**607**	1,279
Equity-settled share based payment charges	20	**(115)**	(878)
Exceptional items	4	**(3,675)**	-
Depreciation and amortisation	9, 11	**(1,200)**	(1,329)
		(4,383)	(928)
Finance expense		**(105)**	(75)
Loss before tax		**(4,488)**	(1,003)
Taxation	8	**30**	508
Loss for the period attributable to equity holders of the parent		**(4,458)**	(495)
Other comprehensive income:			
Items that will never be reclassified to profit or loss:			
Revaluation of property, plant and equipment		**3,061**	-
Deferred tax arising on revaluation		**(612)**	-
Total comprehensive loss		**(2,009)**	(495)
Loss per share attributable to the owners of the business			
Basic and diluted	5	(2.9)p	(0.3)p

*In prior years the cost of certain site-based operations staff has been included in overheads. In the current year's results these costs have been categorised as costs of sales, rather than overheads, as the directors are of the opinion that this is a more appropriate presentation. Accordingly, results for the prior year have been restated to re-allocate the cost of site based operations staff from overheads to cost of sales. The restatement has not affected the EBITDA.

The notes on pages 38 to 62 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Notes	Share capital	Share premium	Revaluation reserve	Retained earnings	Total equity
		£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 1 April 2012		154	16,182	-	(16,458)	(122)
Loss and total comprehensive loss for the year ended 31 March 2013		-	-	-	(495)	(495)
Transactions with equity shareholders:						
Equity-settled share based payment transactions	20	-	-	-	727	727
Balance at 1 April 2013		**154**	**16,182**	**-**	**(16,226)**	**110**
Loss for the year ended 31 March 2014		-	-	-	(4,458)	(4,458)
Other comprehensive income		-	-	3,061	-	3,061
Recognition of deferred tax on revalued assets		-	-	(612)	-	(612)
Transactions with equity shareholders:						
Equity-settled share based payment transactions	20	-	-	-	115	115
Balance at 31 March 2014		**154**	**16,182**	**2,449**	**(20,569)**	**(1,784)**

The notes on pages 38 to 62 are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

	Notes	31 March 2014	31 March 2013
		£'000	£'000
Non-current assets			
Property, plant and equipment	9	**6,353**	9,821
Intangible assets	11	**3,359**	3,909
Deferred tax assets	8	**538**	508
		10,250	14,238
Current assets			
Inventories	12	**1,974**	1,489
Trade and other receivables	13	**5,346**	7,692
Cash and cash equivalents	14,17	**5,326**	1,911
		12,646	11,092
Total assets		**22,896**	25,330
Current liabilities			
Trade and other payables	15	**(22,245)**	(22,440)
Borrowings	16,17	**(274)**	(1,531)
Provisions	18	**(1,378)**	(798)
		(23,897)	(24,769)
Non-current liabilities			
Borrowings	16,17	**(171)**	(451)
Deferred tax liabilities	8	**(612)**	-
		(783)	(451)
Total liabilities		**(24,680)**	(25,220)
Net current liabilities		**(11,251)**	(13,677)
Net (liabilities)/assets		**(1,784)**	110
Equity attributable to equity holders of the parent			
Share capital	21	**154**	154
Share premium	22	**16,182**	16,182
Revaluation reserve	23	**2,449**	-
Retained earnings	24	**(20,569)**	(16,226)
Total (deficit)/surplus on equity		**(1,784)**	110

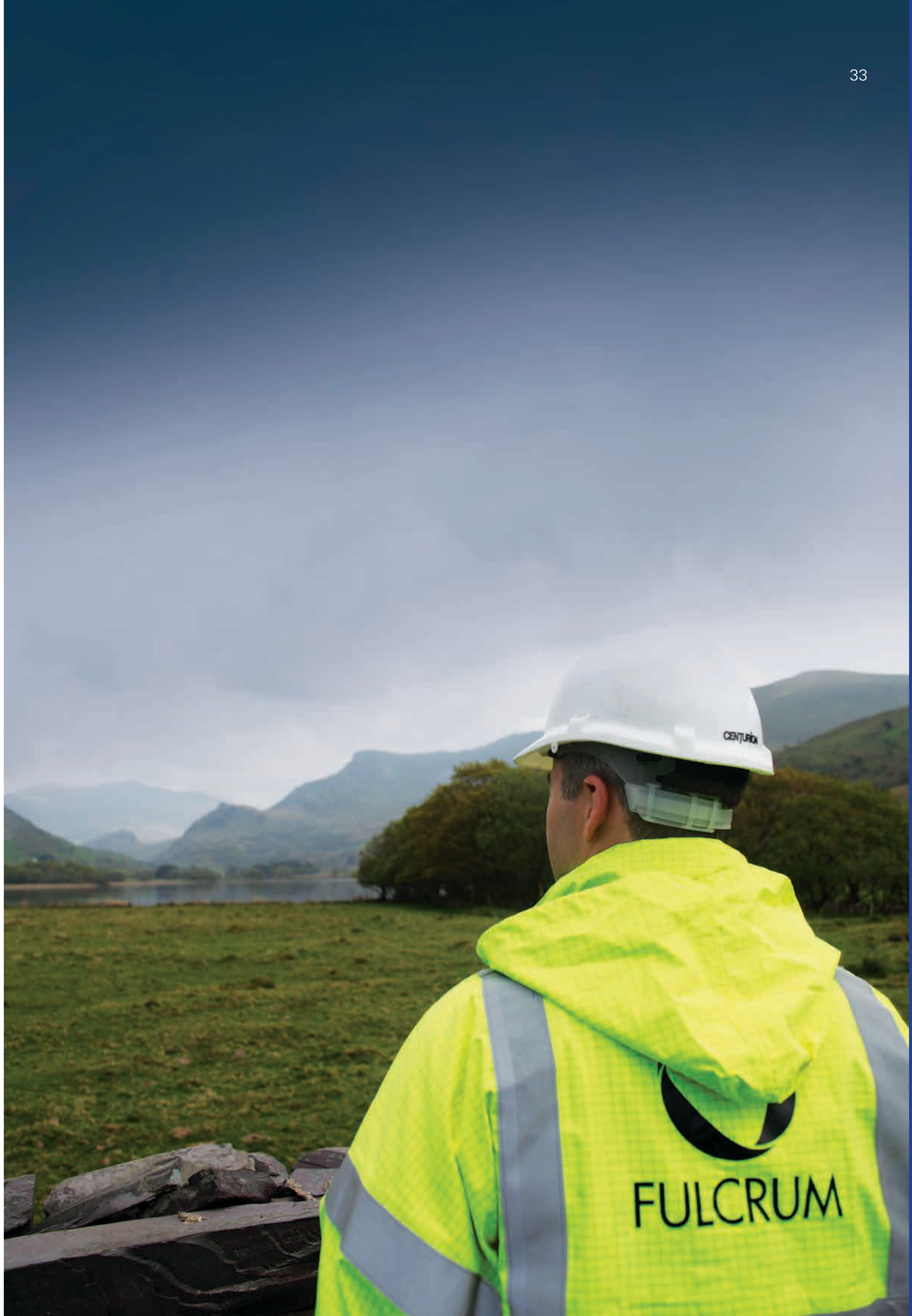
The notes on pages 38 to 62 are an integral part of these financial statements. The financial statements on pages 29 to 62 were authorised for issue by the Board of Directors on 3 June 2014 and were signed on its behalf by:

Martin Donnachie
Director

CONSOLIDATED CASH FLOW STATEMENT

	Notes	**Year ended 31 March 2014**	Year ended 31 March 2013
		£'000	£'000
Cash flows from operating activities			
Loss before tax for the year		**(4,488)**	(1,003)
Adjustments for:			
Depreciation	9	**656**	880
Amortisation of intangible assets	11	**544**	449
Loss/(profit) on disposal of property, plant and equipment		**51**	(35)
Impairment of assets held for sale	9	**1,364**	-
Finance expense		**105**	75
Equity settled share-based payment charges	20	**115**	727
Exceptionals		**2,311**	-
Decrease/(increase) in trade and other receivables		**2,346**	(1,725)
Increase in inventories		**(485)**	(30)
Decrease in trade and other payables		**(195)**	(4,551)
Decrease in provisions		**(1,731)**	(215)
Net cash generated from/(used in) operations		**593**	(5,428)
Interest received		**-**	52
Interest paid		**(103)**	(83)
Net cash generated from/(used in) operating activities		**490**	(5,459)
Cash flows from investing activities			
Additions to property, plant and equipment		**(1,408)**	(1,942)
Additions to intangibles		**(12)**	(948)
Proceeds from sales of property, plant and equipment		**5,884**	863
Net cash generated from/(used in) investing activities		**4,464**	(2,027)
Cash flows from financing activities			
Amounts (repaid)/drawn from financing facilities		**(1,293)**	1,293
Repayment of finance lease liabilities		**(246)**	(165)
Net cash (used in)/generated from financing activities		**(1,539)**	1,128
Net increase/(decrease) in cash and cash equivalents		**3,415**	(6,358)
Cash and cash equivalents at 1 April 2013		**1,911**	8,269
Cash and cash equivalents at 31 March 2014	14,17	**5,326**	1,911

The notes on pages 38 to 62 are an integral part of the financial statements.



VILLAGE ON THE GAS GRID AT LAST

Residents of the Welsh village of Nantlle, a stone's throw from Snowdon, gained access to a natural gas supply for the first time thanks to a 4.4 kilometre pipeline designed and installed by Fulcrum.

Fulcrum were appointed by Willmott Dixon Energy Services to put the six-figure pipeline in place as part of a wider Welsh Government funded scheme aimed at improving energy efficiency in specific areas across Wales.

The Fulcrum installation initially connected 70 residents to the national gas network, enabling families to switch from their existing fuel sources that include coal and oil, to more energy efficient and cost effective natural gas supplies.

Project works, which entailed significant engineering challenges including three bridge crossings, were completed a month ahead of schedule thanks to effective planning and efficient delivery by Fulcrum's onsite team.

From left to right, Aled Roberts and Natasha Mullin from Willmott Dixon Energy Services with Robin Rees (Business Development Manager), Katie Docherty (Project Coordinator) and Alan Price (Field Officer)

FINANCIAL HIGHLIGHTS

Overheads
(excluding exceptional items)
£10.2m
(down from £13.2m)

Revenue
£38.3m

EBITDA*
£0.6m
(*before share based payments and exceptional items)

Cash
£5.3m
(up from £1.9m)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

Basis of accounting

Fulcrum Utility Services Limited ("the Company") is incorporated in the Cayman Islands and registered in the Cayman Islands and in England and Wales. The Company is not required to prepare audited financial statements under Cayman Island company law, however the Company is required under AIM rule 19 to provide shareholders with audited consolidated financial statements for the year ended 31 March 2014. Parent company information is not required and has not been presented.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and IFRIC Interpretations applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are highlighted on page 42.

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable. The acquisition date is the date on which control is transferred to the acquirer. The financial information of subsidiaries is included in the consolidated financial statements from the date that control commences until the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated.

Revenue

Utility infrastructure and gas connection activities are recognised as "services revenue". The majority of projects are completed in a short time frame, and as such revenue is recognised on project completion. For longer projects, the stage of completion of the works is assessed when considering recognition of revenue. Services revenue is recognised excluding VAT and other indirect taxes. An accrual is made for services revenue in respect of work completed where invoices are yet to be generated. When payment is received in advance of the provision of services, these receipts are recorded as deferred income.

Conveyance of gas is recognised as "transportation revenue" from the date the meter is connected and made available for use and is based on gas volumes.

Leases

Assets held by the Group under lease which transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group balance sheet.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Impairment

Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate and is taken through comprehensive income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through comprehensive income as an exceptional item.

Non-financial assets

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). CGUs have been determined to correspond with operating segments.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in comprehensive income. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the unit (or group of units) allocating firstly to goodwill and then to the remaining assets on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Pension plans

The Group operates a defined contribution pension plan for the benefit of its employees. Substantially all of the Group's employees are members of this scheme. The Group pays fixed contributions to a separate entity, and the Group has no further obligations once the contributions have been paid. The contributions are recognised as an employment expense when they are due.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Share-based payment transactions

Where the Company grants rights to acquire its equity instruments, these equity-settled share-based payments are measured at fair value at the date of grant using an appropriate valuation model. The fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on an estimate of the number of shares that will eventually vest, with a corresponding entry to equity. At each balance sheet date the estimate of the number of options that are expected to vest is revised. The impact of the revision, if any, is recognised in the statement of comprehensive income with a corresponding entry to equity.

Where options are no longer expected to vest because the option holder is no longer employed by the Group, these are treated as forfeitures and a true up of the charge is recognised. Cancellations or settlements of share-based payment transactions during the vesting period by the entity or by the counterparty are accounted for as accelerated vesting; therefore, the amount that otherwise would have been recognised for services received is recognised immediately.

Provisions

A provision is recognised in the balance sheet when a present legal or constructive obligation arises as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Exceptional items

Exceptional items are those that in management's judgement need to be disclosed separately by virtue of their size or incidence in order to provide greater visibility of the underlying results of the business and which management believes provide additional meaningful information in relation to ongoing operational performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using future tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Forecasts are prepared for three years, with future profits being adjusted for the risk and probability of their realisation and discounted to their present value.

Operating segments

In accordance with IFRS 8, the Group determines its operating segments in a manner consistent with the internal reporting provided to the "chief operating decision-maker", who is responsible for allocating resources and assessing performance of the operating segments. The "chief operating decision-maker" has been identified as the Board of Directors.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. An operating segment's trading results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance.

The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure and the aggregation criteria set out in IFRS 8.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Property, plant and equipment

Property, plant and equipment excluding pipelines are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset into working condition for its intended use.

Pipeline assets are initially recognised at the value of the future discounted cashflows expected to be generated from the operation of the pipelines. Domestic pipelines are recognised at this amount, less accumulated depreciation. Industrial and commercial pipelines are subsequently shown at fair value based on independent valuations by external independent valuers, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is restated to the revalued amount of the asset.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful lives are as follows:

Pipelines	40 years
Fixtures and fittings	5 years
Computer equipment	3-5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the asset and are recognised within the statement of comprehensive income.

Business acquisitions and goodwill

The acquisition method of accounting is used to account for the acquisition of subsidiaries from unrelated parties. The cost of an acquisition is measured as the fair value of the consideration given, shares issued or liabilities undertaken at the date of acquisition. The excess of the cost of acquisition over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognised as goodwill and carried at cost less accumulated impairment losses.

All goodwill is considered to have an indefinite life and is tested for impairment annually with any resulting goodwill impairment charge recorded in the statement of comprehensive income.

When evaluating goodwill for a potential impairment, the Group estimates the recoverable amount based on the "value in use" of the cash generating unit containing the goodwill. If the carrying amount exceeds the recoverable amount, an impairment loss for the difference is recognised.

Intangible assets other than goodwill

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

Software	3-5 years

Inventories

Work in progress balances reflect direct works costs including direct labour and other attributable variable costs relating to jobs classed as incomplete. Work in progress is valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less applicable costs to complete and variable selling expenses.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, trade and other payables, and loans and other borrowings.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short term deposits.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Loans and other borrowings

Loans and other borrowings comprise finance lease liabilities and invoice discounting liabilities.

Classification of financial instruments

Following the adoption of IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in the financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

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

- Amendments to IAS 19: Employee Benefits
- Amendments to IAS 1: Presentation of Items of Other Comprehensive Income
- Amendments to IFRS 13: Fair Value Measurement
- Amendments to IFRS 7: Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities
- Annual improvements to IFRSs 2009-2011 Cycle

(b) **New standards, amendments and interpretations that are in issue but not yet effective**

- IFRS 10: Consolidated Financial Statements
- IFRS 11: Joint Arrangements
- IFRS 12: Disclosures of Interests in Other Entities
- IAS 27: Separate Financial Statements
- IAS 28: Investments in Associates and Joint Ventures
- Amendments to IAS 32: Financial Instruments: Disclosures – Offsetting Financial Assets and Liabilities
- Amendments to IAS 36: Recoverable Amount Disclosures for non-Financial Assets
- Amendments to IAS 39: Novation of Derivatives and Continuation of Hedge Accounting

Adoption of these standards is not expected to have a significant impact on the financial position or performance of the Group.

Accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Information about such judgements and estimations is contained in the accounting policies or the notes to the financial statements, and the key areas are summarised below.

Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Recoverability of deferred tax assets – accounting policies and note 8.

Key sources of estimation uncertainty that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are as follows:

- Impairment reviews of tangible and intangible fixed assets

The Group tests annually whether tangible and intangible fixed assets have suffered any impairment, based on discounted future cash flows of the assets and the total business of the Group. These calculations require the use of estimates, as detailed in note 10.

- Revenue recognition

For longer projects, the stage of completion of the works is assessed when considering recognition of revenue. Use of this percentage completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. Were the proportion of services performed to differ by 10% from management's estimates the amount of revenue recognised in the year would increase/decrease by £250,000 if the proportion performed were increased/decreased respectively.

- Provision for restructuring

The restructuring provision relates in part to the remaining committed costs of rent and maintenance of properties no longer utilised by the Group. These costs are expected to be incurred over the next year, and therefore require the use of estimates. Management have based their estimates on costs incurred to date, and advice taken from industry professionals. If the provision for restructuring were to differ by 10% from management's estimate this would increase/decrease the exceptional costs incurred in the year, and therefore the loss before tax by £64,000 if the estimate were increased/decreased respectively.

Going concern

As highlighted in the financial review, the Group had net funds at 31 March 2014 of £4.9 million. The Group had not drawn on its available financing facilities.

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

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

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

2. Operating segments

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

Fulcrum's Infrastructure Services business provides utility infrastructure and connections services. This comprises the operating segments of "Unregulated gas connections" and "Multi-utility connections" which have been aggregated in accordance with the criteria of IFRS 8.

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

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

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

Year ended 31 March 2014

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Year ended 31 March 2013

	Infrastructure Services	Pipelines	Unallocated	Total Group
	£'000	**£'000**	**£'000**	**£'000**
Reportable segment revenue	38,995	1,534	(1,760)	38,769
Underlying EBITDA	1,529	480	(730)	1,279
Share based payment charge	-	-	(878)	(878)
Depreciation and amortisation	-	(486)	(843)	(1,329)
Reportable segment operating profit/(loss) before exceptional items	**1,529**	**(6)**	**(2,451)**	**(928)**
Exceptional items	-	-	-	-
Reporting segment operating loss	1,529	(6)	(2,451)	(928)
Finance expense	-	-	(75)	(75)
Profit/(loss) before tax	**1,529**	**(6)**	**(2,526)**	**(1,003)**

Major items in the "unallocated" column comprise:

- Reportable segment revenues; the elimination of inter-segmental revenues relating to pipeline assets of £1,116,000 (2013: £1,760,000)
- Underlying EBITDA; the operating loss of the central service providers
- Depreciation and amortisation; amounts charged on all centrally held assets
- Exceptional items; amounts not directly related to the other operating segments

Geographic segments

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

Major customer

Revenues from the largest customer of the Group's Infrastructure Services segment represent £6,171,000 (2013: £5,911,000) of the Group's total revenues for the period.

3. Revenue

	Year ended 31 March 2014	Year ended 31 March 2013
	£'000	£'000
Services revenue	**37,229**	37,235
Transportation revenue	**1,056**	1,534
Total revenues	**38,285**	38,769

4. Exceptional items

	Year ended 31 March 2014	Year ended 31 March 2013
	£'000	£'000
Relocation and property costs	**124**	-
Impairment of pipeline assets upon classification as held for sale	**1,364**	-
Restructuring costs and provisions	**2,187**	-
	3,675	-

Relocation and property costs arose as a result of a reassessment of dilapidation costs associated with moving the Group's head office from Rotherham to Sheffield in 2011.

The impairment of pipeline assets upon classification as held for sale resulted from the sale of the portfolio of domestic pipeline assets as detailed in the Financial review.

Restructuring costs relate to staff severance costs.

These exceptional items are not expected to result in any tax impact.

5. Earnings per share (EPS)

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

	Year ended 31 March 2014	Year ended 31 March 2013
	'000	'000
Weighted average number of ordinary shares in issue	**154,307**	154,307

Loss for the period

	Year ended 31 March 2014	Year ended 31 March 2013
	£'000	£'000
Loss for the period attributable to shareholders	**(4,458)**	(495)
Add exceptional items	**3,675**	-
Less deferred tax asset recognised	**(30)**	(508)
Adjusted loss for the period attributable to shareholders	**(813)**	(1,003)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Loss per share

	Year ended 31 March 2014	Year ended 31 March 2013
Basic	**(2.9)p**	(0.3)p
Adjusted basic	**(0.5)p**	(0.7)p

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

6. Operating loss

Included in operating loss are the following charges/(credits):

	Year ended 31 March 2014	**Year ended 31 March 2013**
	£'000	**£'000**
Amortisation of intangible assets: owned	**468**	383
Amortisation of intangible assets: leased	**76**	66
Depreciation of property, plant and equipment: owned	**439**	772
Depreciation of property, plant and equipment: leased	**217**	108
Operating leases – plant and machinery	**324**	435
Operating leases – land and buildings	**222**	346
Loss/(profit) on disposal of property, plant and equipment	**51**	(35)
Auditors' remuneration:		
Audit of the group financial statements	**20**	20
Amounts receivable by auditors and their associates in respect of:		
- Audit of financial statements of subsidiaries pursuant to legislation	**35**	35
- Taxation services	**12**	12
Other services pursuant to legislation	**13**	16

7. Staff numbers and costs

The average monthly number of persons employed by the Group (including directors) during the period, analysed by category, was as follows:

	Number of employees	
	2014	2013
Administration	**205**	215

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2014	Year ended 31 March 2013
	£'000	£'000
Wages and salaries	**6,680**	7,184
Social security costs	**721**	814
Other pension costs	**531**	750
Share based payments	**41**	433
	7,973	9,181

Payroll costs set out above exclude staff severance costs resulting from the Group's strategy to realign its cost base. These costs have been treated as exceptional and are disclosed in note 4.

8. Taxation

	Year ended 31 March 2014	Year ended 31 March 2013
	£'000	£'000
Current tax	**-**	-
Deferred tax – origination and reversal of timing differences	**30**	508
Total tax credit	**30**	508

Deferred tax has been recognised in respect of tax losses carried forward that are expected to be utilised against future taxable profits. The rate of UK corporation tax changed from 23% to 21% on 1 April 2014. As deferred tax balances are measured at the rates that are expected to apply in the periods of the reversal, deferred tax assets at 31 March 2014 have been calculated using a long term rate of 20%.

In addition to the amount recognised above, the Group has a further £18.9 million (2013: £16.0 million) of tax losses on which no deferred tax has been recognised due to insufficient certainty surrounding the timing of their utilisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Reconciliation of effective tax rate

	Year ended 31 March 2014	Year ended 31 March 2013
	£'000	£'000
Loss before taxation	(4,488)	(1,003)
Tax using the UK corporation tax rate of 23% (2013: 24%)	1,032	241
Non-deductible expenses	(368)	(178)
Depreciation in excess of capital allowances	42	218
Unrecognised tax losses	(706)	(281)
Recognition of tax effect of previously unrecognised tax losses	30	508
Total tax credit	30	508

The Group incurred corporation tax losses in the period of approximately £3.1 million (2013: £1.1 million).

Movement in deferred tax balances

	31 March 2014		31 March 2013	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	£'000	£'000	£'000	£'000
At 1 April 2013	508	-	-	-
Recognised in profit or loss:				
Tax losses carried forward	30	-	508	-
Recognised in other comprehensive income:				
Revaluation of property, plant and equipment	-	(612)	-	-
At 31 March 2014	538	(612)	508	-

9. Property, plant and equipment

	Pipelines	Fixtures and fittings	Computer equipment	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2012	8,495	232	1,220	9,947
Additions	1,668	82	642	2,392
Disposals	-	(79)	(706)	(785)
At 31 March 2013	10,163	235	1,156	11,554
Additions	1,408	-	-	1,408
Revaluation	3,061	-	-	3,061
Disposals	(8,703)	(42)	(127)	(8,872)
At 31 March 2014	5,929	193	1,029	7,151
Accumulated depreciation				
At 1 April 2012	(660)	(78)	(248)	(986)
Depreciation charge for the period	(486)	(42)	(352)	(880)
Disposals	-	22	111	133
At 31 March 2013	(1,146)	(98)	(489)	(1,733)
Depreciation charge for the period	(347)	(51)	(258)	(656)
Impairment	(1,364)	-	-	(1,364)
Disposals	2,821	25	109	2,955
At 31 March 2014	(36)	(124)	(638)	(798)
Net book value				
At 31 March 2014	5,893	69	391	6,353
At 31 March 2013	9,017	137	667	9,821
At 1 April 2012	7,835	154	972	8,961

There were no commitments to purchase any property, plant and equipment at 31 March 2014 or 31 March 2013.

At 31 March 2014 the net book value of leased plant and equipment was £367,000 (2013: £585,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Impairment testing

Pipeline assets

For the assets within the pipeline operating segment, the recoverable amount of these assets has been calculated with reference to their value in use. The key features of this calculation are shown below:

	Year ended 31 March 2014	Year ended 31 March 2013
Period on which management approved forecasts are based	**20 years**	20 years
Discount rate	**9.0%**	9.0%
Conversion of domestic customers for existing assets	**99%**	99%
Conversion of non-domestic customers for existing assets	**50%**	50%

The forecasts include assumptions about reductions in network income as imposed by Ofgem, and also assume that cash flows will stop after 20 years. A forecast period of 20 years has been used as the business expects to generate income from these assets for a minimum of 20 years, with the amount of income being prescribed by the Regulatory Price Control mechanism.

Conversion percentage is an assumption on pipeline assets becoming cash generating on connection.

The assumptions outlined above are consistent with management's experience of these items over the period since the Group was formed.

Total business of Group

All of the goodwill held by the Group is considered to fall in the CGU of Infrastructure Services.

Given the losses for the period, management has performed an impairment review for each CGU and for the business as a whole, which includes all assets of the business. The recoverable amount of these assets has been calculated with reference to their value in use.

The key features of this calculation are shown below:

	Year ended 31 March 2014	Year ended 31 March 2013
Period on which management approved forecasts are based	**3 years**	3 years
Growth rate applied beyond approved forecast period	**1.5%**	1.5%
Discount rate	**11.0%**	11.0%

The value in use calculation is based on pre-tax cash flow projections based on financial budgets approved by management covering a three year period. Cash flows beyond the three year period are extrapolated using a conservative estimated growth rate of 1.5%. Management determined budgeted pre-tax cash flows based on past performance and the margins included in the framework contract in place with the Group's contractor.

Discount rates used

The discount rates used for both impairment reviews are based upon the pre-tax weighted average cost of capital expected to be relevant for the profile of the assets involved. The lower discount rate used for the pipeline assets compared with that used for the business as a whole reflects the lower risk associated with the income from pipeline assets.

Whilst it is conceivable that a key assumption in the calculations could change, no reasonably foreseeable change to key assumptions is considered to result in an impairment.

11. Intangible assets

	Goodwill £'000	**Software £'000**	**Total £'000**
Cost			
At 1 April 2012	2,225	1,654	3,879
Additions	-	986	986
Disposals	-	(192)	(192)
At 31 March 2013	**2,225**	**2,448**	**4,673**
Additions	-	12	12
Disposals	-	(72)	(72)
At 31 March 2014	**2,225**	**2,388**	**4,613**
Accumulated amortisation and impairment			
At 1 April 2012	-	(331)	(331)
Amortisation for the period	-	(449)	(449)
Disposals	-	16	16
At 31 March 2013	**-**	**(764)**	**(764)**
Amortisation for the period	-	(544)	(544)
Disposals	-	54	54
At 31 March 2014	**-**	**(1,254)**	**(1,254)**
Net book value			
At 31 March 2014	**2,225**	**1,134**	**3,359**
At 31 March 2013	2,225	1,684	3,909
At 1 April 2012	2,225	1,323	3,548

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

At 31 March 2014 the net book value of leased software was £65,000 (2013: £103,000).

12. Inventories

	31 March 2014 £'000	31 March 2013 £'000
Work in progress	**1,974**	1,489

Inventories recognised as cost of sales in the period amounted to £26,271,000 (2013: £23,810,000). The write-down of inventories to net realisable value amounted to £nil (2013: £nil). Any write-down is included in cost of sales in the Consolidated Statement of Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Trade and other receivables

	31 March 2014	31 March 2013
	£'000	£'000
Current		
Trade receivables	**4,005**	2,966
Other receivables	**441**	1,068
Prepayments and accrued income	**900**	3,658
	5,346	7,692

Credit quality of financial assets and impairment losses

The ageing of trade receivables at the consolidated balance sheet date was:

Trade receivables	**31 March 2014**		31 March 2013	
	Gross	**Impairment**	Gross	Impairment
	£'000	**£'000**	£'000	£'000
Not past due	**2,484**	**-**	2,270	-
Past due less than 1 month	**370**	**-**	575	-
Past due 1-2 months	**654**	**-**	94	-
More than 2 months past due	**505**	**(8)**	118	(91)
	4,013	**(8)**	3,057	(91)

All other receivables were not past due and not considered to be impaired at both 31 March 2014 and 31 March 2013.

The trade and other receivables not past due as at the reporting date are deemed to be collectible on the basis of established credit management processes such as regular analyses of the credit worthiness of existing customers and external credit checks where appropriate for new credit customers.

Due to the activities and diversified customer structure of the Group, there is no significant concentration of credit risk other than with one customer which represents approximately 21% (2013: 38%) of trade receivables. The concentration of credit risk arises due to the number of commercial agreements that the Group has with that customer. The credit risk associated with these receivables is managed through the Group's standard credit processes.

All financial assets are loans and receivables, none of which are denominated in foreign currency.

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	31 March 2014	31 March 2013
	£'000	£'000
At 1 April 2013	**91**	43
Impairment loss recognised	**8**	85
Receivables written off during the year as uncollectible	**-**	(28)
Amounts recovered that were previously provided	**(91)**	(9)
At 31 March 2014	**8**	91

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amounts considered irrecoverable are written off against the trade receivables directly.

During the period the Group has not experienced a significant deterioration in the quality of receivable balances.

There were no allowances made against other receivables during the periods ended 31 March 2014 or 31 March 2013.

14. Cash and cash equivalents

	31 March 2014	31 March 2013
	£'000	£'000
Cash at bank and on hand	**5,326**	1,911

15. Trade and other payables

	31 March 2014	31 March 2013
	£'000	£'000
Trade payables	**1,832**	5,303
Other payables	**1,266**	519
Accruals and deferred income	**19,147**	16,618
	22,245	22,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Borrowings

	31 March 2014	31 March 2013
Current	**£'000**	£'000
Finance lease liabilities	**274**	238
Invoice discounting liabilities	**-**	1,293
	274	1,531

	31 March 2014	31 March 2013
Non-current	**£'000**	£'000
Finance lease liabilities	**171**	451

Finance lease liabilities are payable as follows:

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2014	2013	**2014**	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Less than one year	**325**	326	**51**	88	**274**	238
Two to five years	**177**	502	**6**	51	**171**	451
	502	828	**57**	139	**445**	689

17. Reconciliation to net debt

	31 March 2014	31 March 2013
	£'000	£'000
Cash and cash equivalents	**5,326**	1,911
Amounts outstanding on financing facilities	**-**	(1,293)
Finance lease liabilities	**(445)**	(689)
Net funds/(debt)	**4,881**	(71)

18. Provisions

Restructuring provisions

	31 March 2014	31 March 2013
	£'000	£'000
At 1 April 2013	**798**	1,013
Utilised during the period	**(284)**	(215)
Provisions created during the period	**864**	-
At 31 March 2014	**1,378**	798

The restructuring provision relates to the costs of unused Group properties and dilapidations, plus redundancy and other costs associated with the Group restructure conducted during the year. It is classified as current as it is expected to be fully utilised within 12 months of the balance sheet date. (See note 4).

19. Pension benefits

The Group operates a defined contribution pension plan for the benefit of its employees. Substantially all of the Group's employees are members of this scheme. A defined contribution plan is a pension arrangement under which both the Company and participating members pay fixed contributions to an independently administered fund. Pension benefits for members of the plan are linked to contributions paid, the performance of each individual's chosen investments and the annuity rates at retirement. The income statement charge in respect of defined contribution plans represents the contribution payable by the Group based upon a fixed percentage of employees' pay. The Company has no exposure to investment and other experience risks.

	Year ended 31 March 2014	Year ended 31 March 2013
	£'000	£'000
Contributions payable to defined contribution plan	**531**	750

Expected contributions to pension benefit plans for the year ending 31 March 2015 are £429,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Share based payments

	Year ended 31 March 2014	Year ended 31 March 2013
	£'000	£'000
Management participation shares	**73**	294
Marwyn participation option	**74**	294
Fulcrum share option plan	**(42)**	139
EMI option plan	**10**	-
Total equity settled share based payments	**115**	727
Costs of modification of Management participation scheme	**-**	151
Total share based payments	**115**	878

Four share based payment schemes were in operation during the year.

EMI option plan

Share options are granted to directors and selected employees. The exercise price of the granted options is equal to the closing mid-market price on the day before the grant date. The share options will vest in the event that the Fulcrum Utility Services Limited share price averages 12.0p over any period of 20 consecutive working days within a 24 month period beginning on 12 February 2014 and ending on 11 February 2016. Once vested, the share options can be exercised at any time up to and including 11 February 2017. If the Fulcrum Utility Services Limited share price does not average 12.0p over any period of 20 consecutive working days within a 24 month period beginning on 12 February 2014 and ending on 11 February 2016, the share options will lapse. The Group has no legal or constructive obligation to repurchase or settle options in cash.

On 12 February 2014 11,550,000 share options were granted. At 31 March 2014, 8,700,000 were outstanding but not exercisable.

The fair value of the options granted, determined using the Monte Carlo valuation model was 1.7p per option. The significant inputs into the model were:

Share price at date of grant	7.0p
Exercise price	7.0p
Volatility	30%
Dividend yield	nil
Expected option life	2 years
Annual risk free interest rate	0.68%.

Expected volatility was based on the actual volatility of Fulcrum shares in the period since the Group's listing on the Alternative Investment Market in December 2009.

Fulcrum share option plan

On 28 March 2012 6,350,000 share options were granted with an exercise price of 20.75p. On 10 February 2014 the scheme was cancelled, with all outstanding options lapsing on that date.

At the date of cancellation, those options that would not have vested due to the option holder no longer being employed by the Group were treated as a forfeiture and a true up of the charge was recognised. The cancellation of the remaining options was treated as accelerated vesting, with the amount that otherwise would have been recognised for services rendered being recognised immediately.

Share options had been granted to directors and selected employees. The exercise price of the granted options was equal to the closing mid-market price on the day before the grant date. Options were conditional on employees completing three years' service (the vesting period). The options were exercisable starting three years from the grant date or, if earlier, on the sale or change of control of the Company. The Group had no legal or constructive obligation to repurchase or settle options in cash.

The fair value of the options granted, determined using the Binomial valuation model was 6.55p per option. The significant inputs into the model were:

Share price at date of grant	20.75p
Exercise price	20.75p
Volatility	30%
Dividend yield	nil
Expected option life	3 years
Annual risk free interest rate	1.49%.

Expected volatility was based on the actual volatility of Fulcrum shares in the period since the Group's listing on the Alternative Investment Market in December 2009.

Management participation shares

Participation shares were issued, via the Company's subsidiary Fulcrum Utility Investments Limited (formerly Marwyn Capital Investments 1 Limited) under share based payment arrangements established by the Group to incentivise directors and key employees.

On being offered, the Company may purchase the participation shares either for cash or for the issue of new ordinary shares in the Company at its discretion. The details of and value of the participation shares are discussed below. The participation shares may only be sold on this basis, if both the growth and the vesting conditions have been satisfied. If these conditions have not been satisfied, the participation shares must be sold to the Company for a nominal amount.

Growth condition

The growth condition is that the compound annual growth of the Company's equity value must be at least 12.5% per annum. The growth condition takes into account new shares issued, dividends and capital returned to shareholders.

Vesting condition

The vesting condition is that the participation shares may only be sold in the time period which begins on the third anniversary following admission to trading (i.e. 8 July 2013) and ends on the fifth anniversary following admission to trading, or on a sale, change of control or winding up of the Company. If the growth condition isn't met by the fifth anniversary of admission to trading (i.e. 8 July 2015), then the participation shares shall be sold back to the Company for a nominal amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Value

Subject to the growth and vesting conditions detailed above, the Management participation shares can be sold for a value equal to 10% of the increase in "Shareholder value" in the Company. Shareholder value is broadly defined as the increase in market capitalisation of all ordinary shares of the Company issued up to the date of sale, allowing for any dividends and other capital movements.

Modification of the scheme

During the year ended 31 March 2013, the management participation shares were cancelled pursuant to an order of the Grand Court of the Cayman Islands in which the issue of the shares was declared void. This occurred due to an administrative technicality regarding their original issuance under Cayman Islands law. Following the cancellation the Company issued 5,000,132 new management participation shares to ensure that the holders of the original shares received the same potential benefit as under the original scheme. As the new scheme was put in place to replace the original scheme it was treated as a modification of the original scheme in accordance with IFRS 2. Costs were incurred in voiding and re-issuing these shares and as these costs related exclusively to share based payments they were included in the income statement charge as set out above, but were not credited to retained earnings in the Consolidated Statement of Changes in Equity.

Marwyn participation option

The Group entered into a performance participation agreement with Marwyn Management Partners LP ("Marwyn") under which Marwyn has agreed to assist the Company in meeting its business strategy. In exchange, Marwyn was granted an option on 8 February 2010, to subscribe for ordinary shares subject to growth and vesting conditions being satisfied. The option was outstanding but not exercisable at 31 March 2014. The conditions of the option are identical to those detailed above in relation to the management participation shares.

Value

Subject to the growth and vesting conditions detailed above, the Marwyn participation option can be exercised for a value equal to 10% of the increase in "Shareholder value" in the Company. Shareholder value is broadly defined as the increase in market capitalisation of all ordinary shares of the Company issued up to the date of sale, allowing for any dividends and other capital movements.

Valuation of participation shares and participation option

When the participation shares and participation option were issued, the Company was a shell-company with share capital of £6.2 million from the initial AIM listing on 24 December 2009. Subsequently on acquisition of the Fulcrum Group from National Grid, a placing of shares for £11.0 million was carried out. The total amount paid for the management participation shares was £6,020.

At the valuation date of 8 July 2010, the fair value of the participation shares and participation option were calculated using the binomial valuation model. The total estimated increase in the fair value of the Group using this model was calculated at £8,820,000. The participation of the two schemes in this increase is 20% representing an expected value of £1,764,000. This has been recognised over the 3 year period from 8 July 2010 to 7 July 2013. In the current period £147,000 (2013: £588,000) was recognised as an expense in the Consolidated Statement of Comprehensive Income.

The binomial valuation model uses the following assumptions:

Date of valuation	8 July 2010
Share price at issue date	15.75p
Exercise price	Nil
Hurdle rate	12.5%
Expected volatility	30%
Annual risk free interest rate	2%.

21. Share capital

	31 March 2014	31 March 2013
	£'000	£'000
Authorised		
500,000,000 ordinary shares of £0.001 each	**500**	500

	31 March 2014	31 March 2013
	£'000	£'000
Allotted, issued and fully paid		
154,306,667 ordinary shares of £0.001 each	**154**	154

22. Share premium

	31 March 2014	31 March 2013
	£'000	£'000
At start and end of period	**16,182**	16,182

23. Revaluation reserve

	31 March 2014	31 March 2013
	£'000	£'000
At 1 April 2013	**-**	-
Revaluation in the period	**3,061**	-
Recognition of deferred tax liability	**(612)**	-
At 31 March 2014	**2,449**	-

24. Retained earnings

	31 March 2014	31 March 2013
	£'000	£'000
At 1 April 2013	**(16,226)**	(16,458)
Retained loss in the period	**(4,458)**	(495)
Equity settled share based payment transactions	**115**	727
At 31 March 2014	**(20,569)**	(16,226)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Financial instruments

Fair values of financial instruments

Fair value hierarchy

The Group does not have any financial instruments that are measured at fair value on a recurring basis.

Carrying values and fair values

The fair values of all financial instruments are equal to their book values. The carrying value less impairment provision of trade receivables and other receivables, and the carrying value of trade payables, are assumed to approximate their fair values.

Loans and receivables	31 March 2014	31 March 2013
	£'000	£'000
Assets as per the balance sheet		
Trade receivables	**4,005**	2,966
Other receivables	**441**	1,068
Cash and cash equivalents	**5,326**	1,911
	9,772	5,945

Other financial liabilities	31 March 2014	31 March 2013
	£'000	£'000
Liabilities as per the balance sheet		
Trade payables	**1,832**	5,303
Other payables	**1,266**	519
Loans and borrowings	**445**	1,982
	3,543	7,804

26. Financial risk management

The Group's overall risk management programme seeks to minimise potential adverse effects on its financial performance.

The Group's activities expose it to credit risk, liquidity risk and capital management risk. These risks are managed by the Chief Financial Officer under policies approved by the Board and the Audit Committee, which are summarised below.

Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and deposits with financial institutions.

The Group's treasury policy and objectives in relation to credit risk is to minimise the likelihood that the Group will experience financial loss due to counter party failure. It is considered that the failure of any single counter party would not materially impact the financial wellbeing of the Group, other than one customer, for which the risk of failure is considered to be minimal based on current market conditions and performance.

Trade, other receivables and accrued income

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base. Management considers that there is no geographical concentration of credit risk other than the UK where all customers are based.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered / terms are adjusted accordingly. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval.

In accordance with the Group's revenue policy, an accrual is estimated for services revenue in respect of work where invoices are yet to be issued to customers. These arrangements are included within the Group's credit policies.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was the carrying amount of financial assets.

Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group.

The Group forecasts on a regular basis the expected cash flows that will occur on a daily, weekly and monthly basis. This information is used in conjunction with the weekly reporting of actual cash balances at bank in order to calculate the level of funding that will be required in the short and medium term.

The carrying amount of all non-derivative financial liabilities shown in the balance sheets at 31 March 2014 and 31 March 2013 is the same as the contractual cash flows. All contractual cash flows are due within one year.

Cash flow risk management

The Group does not have any cash flow hedges.

Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Market risk - Foreign currency risk

The Group has no exposure to foreign currency risk as all the Group's trading transactions and its assets and liabilities are denominated in Sterling.

Market risk – Interest rate risk

Other than cash, the Group had no interest-bearing financial instruments. Cash is held in an interest bearing current account which has a floating rate, and is therefore exposed to changes in market interest rate. The Group monitors market interest rates to ensure that the return on the cash balance is maximised.

Market risk – Equity price risk

The Group has no equity investments and therefore has no exposure to equity price risk.

Capital risk management

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings		Other operating leases	
	2014	2013	**2014**	2013
	£'000	£'000	**£'000**	£'000
Less than one year	**173**	236	**80**	389
Between one and five years	**216**	389	**129**	174
	389	625	**209**	563

Operating lease rentals relate to property rents and short term plant hire.

28. Related parties

Key management compensation

The key management group is defined as the Board of Directors. Their compensation amounted to £775,000 (2013: £744,000) for the period as follows:

	Year ended 31 March 2014	Year ended 31 March 2013
	£'000	£'000
Short-term employee benefits	**734**	540
Share related awards	**41**	204
	775	744

Transactions with other related parties

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

The Company paid Marwyn Capital LLP a fee of £135,000 (2013: £180,000) for the year pursuant with the corporate finance advisory agreement which was ended after the year end, and £nil (2013: £45,000) for office rental. An amount of £21,000 (2013: £55,000) was owed to Marwyn Capital LLP at 31 March 2014.

The Company entered into an agreement with Marwyn Management Partners LP under which Marwyn Management Partners LP was granted an option to subscribe for ordinary shares subject to growth and vesting conditions being met. Under this agreement, the value of this benefit has been recognised as £74,000 (2013: £294,000) in the period.

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

There were no amounts due from related parties on any trading accounts at 31 March 2014.

ADVISERS

Financial Adviser

Marwyn Capital LLP
11 Buckingham Street
London
WC2N 2DF

Nominated Adviser and Broker

Cenkos Securities PLC
6-8 Tokenhouse Yard
London
EC2R 7AS

Auditor

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Solicitors to the Company as to English law

Weightmans LLP
100 Old Hall Street
Liverpool
L3 9QJ

Solicitors to the Company as to Cayman Islands law

Maples and Calder
Level 11
200 Aldersgate Street
London
EC1A 4HD

Registrars

Capita Registrars (Guernsey) Limited
Lonque Hougue House
St. Sampson
Guernsey
GY2 4JN
Channel Islands

Bankers

Lloyds Banking Group
1st Floor
14 Church Street
Sheffield
S1 1HP

GROUP TRADING COMPANIES

Utility Infrastructure Provider ("UIP")

Fulcrum Infrastructure Services Limited

Independent Gas Transporter ("IGT")

Fulcrum Pipelines Limted

Group Shared Service Provider

Fulcrum Group Holdings Limited

FULCRUM

TELEPHONE 0845 641 3010
MINICOM
(for customers who have
hearing or speech difficulties)
0845 641 3061
EMAIL enquiries@fulcrum.co.uk
WEBSITES
www.fulcrum.co.uk
www.fulcrumutilityserviceslimited.co.uk

POST
Fulcrum
2 Europa View
Sheffield Business Park
Sheffield
South Yorkshire S9 1XH
FAX
0845 641 1808