



Smart Metering Systems plc
("SMS" or "the Company")

Interim Results for the six months ended 30 June 2015

Smart Metering Systems plc (AIM: SMS.L) is pleased to announce its interim results, which show continued growth for the six months to 30 June 2015.

Financial highlights

- Revenue* increased by 36% to £25.8m (H1 2014: £18.9m)
- Total annualised recurring revenues within asset management increased by 39% to £30.5m (H1 2014: £22.0m)
 - Gas: meter recurring rent increased 33% to £25.0m and data recurring income increased to £1.5m
 - Electricity: meter recurring rent grew to £0.9m and data recurring income increased to £3.1m
- Gross profit increased by 41% to £17.2m (H1 2014: £12.2m)
- Gross profit margin 67% (H2 2014: 65%)
- Underlying EBITDA** increased by 40% to £12.2m (H1 2014: £8.7m)
- Underlying EBITDA margin 47% (H1 2014: 46%)
- Underlying PBT*** increased by 37% to £8.0m (H1 2014: £5.8m)
- Underlying earnings per share**** increased 72% to 6.90p (H1 2014: 4.02p)
- Interim dividend of 1.1p per ordinary share, an increase of 17%
- Net debt of £69.9m with net debt to EBITDA at 2.9x
- Available cash and unutilised debt facility of £35.1m at 30 June 2015
- Capital expenditure on meters rose by 37% to £21.2m

* Additional revenue streams incorporated in 2014 resulting from the acquisition of Utility Partnership Limited (UPL).

** Underlying EBITDA is before exceptional items.

*** Underlying PBT is before exceptional items and intangible amortisation.

**** Underlying earnings per share is profit after taxation but before exceptional items and intangible amortisation, divided by the weighted average number of ordinary shares in issue.

Operational highlights

- Total gas meter portfolio increased by 9% to 661,000 (December 2014: 607,000), with industrial and commercial ("I&C") meters increasing by 37% to 89,000 (December 2014: 65,000). Gas data portfolio increased by 51% to 62,000 (December 2014: 41,000)
- Electricity meters increased by 64% to 19,700 (December 2014: 12,000). Electricity data portfolio increased by 8% to 116,643 (December 2014: 107,990)
- ADM™ installations grew 42.8% to 59,000 units by 30 June 2015 (December 2014: 41,000)
- In June 2015, the Company celebrated 20 years in operation and the first anniversary of the integration of the electricity business, following the acquisition of Utility Partnership Limited ("UPL") in April 2014
- Completed rebranding of the business, bringing all group subsidiaries under the single SMS brand, setting out a simplified integrated gas and electricity offering to clients

Alan Foy, Chief Executive Officer, commented:

"We are delighted that our integrated business service model and core strategy of growing our meter asset base and data services with an emphasis on recurring income, has resulted in further financial and operational growth over the first six months of the year.

SMS is continuing to install gas and electricity meter assets generating additional recurring income from our contracts in the industrial and commercial markets. Following the UPL acquisition, we are already seeing the benefits of cross-selling of our suite of metering, data management, utility connection and energy management services across both gas and electricity markets.

We are well positioned to participate in the UK's upcoming domestic smart meter exchange programme which, we believe, will provide similar asset ownership and recurring income opportunities."

For further information:

Smart Metering Systems plc

0141 249 3850

Alan Foy, Chief Executive Officer

Glen Murray, Finance Director

Cenkos Securities

0131 220 6939 / 0207 397 8900

Neil McDonald

Nick Tulloch

Kreab

020 7074 1800

Natalie Biasin

Matthew Jervois

Chris Philipsborn

Notes to editors

About Smart Metering Systems Plc

Established in 1995, Smart Metering Systems plc ("SMS"), based in Glasgow, connects, owns, operates and maintains metering systems and databases on behalf of major energy companies.

The Company's focus is on offering its unique integrated services to the UK Industrial and Commercial gas market in which its customers have an 80% market share.

The Company has further applications for gas with its ADM™ device which allows "smart" functions such as remote reading and half-hourly consumption data to be offered to customers in addition to the normal metering services. Longer term, the Company also has additional applications for water and LPG.

SMS expanded its services into the electricity market through the acquisition of Utility Partnership Limited in April 2014. The Company now provides a fully integrated service from beginning to end to cover the installation of a gas/electricity supply/connection to the procurement, installation and management of a gas or electricity meter asset to the collection and management of customer data and ongoing energy management services.

The Company was admitted to the AIM market in July 2011 and is now part of the FTSE AIM 50 index. For more information on SMS please visit the Company's website: www.sms-plc.com.

Chairman's statement

2015 is a special year for SMS as we celebrate 20 years in operation and a rebranding of the business bringing all of our group subsidiaries under the single SMS brand. We are delighted to be reporting another strong set of results in our 20th year in business, the first six months of which have seen continued growth across all segments.

Our business

We have seen further strong expansion across both our customer base and our meter portfolio in the first half of the year.

When the SMS business story started 20 years ago, we began with a long-term vision to increase competition in the gas supply market, and to expand through the outsourced management of gas connections. Now, we have a breadth of services as an integrated service provider, positioning the business to fulfil our vision of becoming the leading independent supplier of metering services to the utility sector and with the highest level of customer service.

SMS's business model has consistently demonstrated year-on-year growth with an established and growing market position in the UK smart metering market. Our strategy in the medium-term is to maintain high levels of service to customers in the gas and electricity supplier market, increase the run rate with these customers, and continue to grow the meter asset portfolio.

The UK meter assets business continues to present a large market opportunity for significant growth with a substantial proportion of an estimated 1.6 million I&C gas meters in the UK due to be exchanged for a smart metering solution by 2020 with the added potential of a domestic market rollout of some 22 million domestic gas meters. In the electricity market, this is estimated to be 2.1 million I&C meters and 27 million domestic meters.

Our current portfolio of 661,000 gas meters and 19,700 electricity meters demonstrates both the size and scope for growth in the UK market.

Our order book for the ADM™ device has continued to grow and our current gas and electricity supplier contracts provide potential access to over 80% of UK I&C gas meters and 40% of residential gas meters. Trials of ADM™ continue overseas in gas, electricity, water and LPG.

In 2015 our strategy continues to be that of:

- 1) Continuing to grow our gas and electricity meters business organically through established contracts in the I&C market with an emphasis on driving recurring income from both the meter asset and provision of data services;
- 2) Focusing on cross-selling between gas and electricity across our horizontal suite of services: metering and data management services, utility and energy management;
- 3) Positioning the business to participate in the upcoming UK's domestic smart exchange programme providing similar gas and electricity meter asset ownership and additional recurring income opportunities;
- 4) Positioning our ADM™ smart metering technology for I&C gas meters to explore markets outside the UK, including water and LPG applications, and to trial the device in UK water markets.

SMS has developed a strong business, with scope for continued expansion in the UK market and with potential to expand overseas. SMS continues to provide an excellent service, which benefits both customers and shareholders.

People and Corporate Culture

Through the acquisition of UPL last year SMS more than doubled its workforce and we are delighted by the successful integration of the teams. Our rebranding at the end of Q2 2015 has served to strengthen our business further.

All SMS employees believe that the most important part of running a business is ensuring that we consistently provide the highest quality of service to our customers. The strong performance and successful cross-selling of our newly combined businesses is a result of the dedication and expertise that each member of the team invests in our business and in the relationships with our valued customers. We would like to thank all members of staff and customers for their continued support.

Dividend

We are delighted to announce a proposed interim cash dividend to shareholders of 1.1p per ordinary share for the half year ended 30 June 2015, a 17% increase. The interim dividend will be paid on 20 November 2015 to those shareholders on the register (record date) on 16 October 2015, with an ex-dividend date of 15 October 2015.

Outlook

SMS, our customers and shareholders, have continued to see the benefits of our strengthened dual-fuel business during the first six months of 2015, which has led to another strong set of numbers. SMS continues to be ideally positioned to maintain our competitive advantage in the UK market and make further progress on our strategic priorities. We now look ahead to the rest of the year with confidence.

Chief Executive Officer's statement

During the first half of 2015, the total gas and electricity meter portfolio increased to 680,700, an increase of nearly 62,000 since the end of December 2014.

Contracts secured in 2012 with DONG Energy, Total Gas and Power Opus Gas Supply, Flow Energy, Daligas, Crown Gas and Power and a number of energy brokers, in addition to the British Gas Business contract secured in July 2014, continue to drive portfolio growth.

Operational Review

Our integrated business model of building up the annualised recurring gas and electricity meter rental and data services income continues to ensure strong visibility of revenues.

These recurring revenues are as a result of the long-term nature of our contracts, which provide an index-linked revenue stream and are instrumental in forecasting the long-term growth of the business (the lifetime of our assets is about 25 years).

UPL acquisition: one year on

In the first half of 2015, SMS celebrated the first anniversary of UPL becoming part of the business, which has strengthened SMS's proposition, allowing us to offer our clients an integrated dual-fuel service.

Within less than a year of acquiring UPL, the businesses' operations were fully integrated and, coinciding with SMS's 20th Anniversary in Q2 2015, we completed a rebranding of the Company to cement the integration and simplify our offer to our clients.

Following the rebranding, SMS now operates three divisions under the single SMS brand: Connections Management; Metering and Data; and Energy Management, with gas and electricity running across all three divisions.

Our rebrand reflects the additional future opportunities for SMS's business, as the Company positions itself for the upcoming UK domestic smart meter exchange programme with its combined gas and electricity metering offering. In addition, SMS is exploring opportunities to increase the Company's penetration in other geographic markets, including through the energy management proposition we have already established in Italy and the Caribbean and SMS's ADM™ device, which is currently undergoing trials across three continents. There is also further opportunity to work with new water industry customers following our full accreditation for water markets in the UK.

Industrial and Commercial meters

The total gas meter portfolio increased by 9% to 661,000, and I&C meters increased by 37%; and electricity meters increased by 64% to 19,700.

ADM™

The ADM™ device is SMS's advanced metering solution which allows for remote meter reading on a half-hourly basis and has been designed in line with our own customer requirements.

We have installed 18,000 units in the first half of the year, an increase of nearly 44% since December 2014, while we continue to trial the device overseas.

Domestic Meters

Our new combined gas and electricity full service offering is gaining traction with the UK's domestic gas suppliers in preparation for the UK's smart meter exchange programme.

Financial Review

Results for the period

During the first half of 2015, SMS increased revenue by 36% to £25.8m, largely due to increasing recurring revenue, predominantly meter rental, but also data provision.

Annualised recurring meter rental revenue grew by 39% to £30.5m compared with £22.0m as at 30 June 2014.

In gas, meter recurring rent increased 33% to £25.0m and data recurring income increased by 150% to £1.5m, while in electricity, meter recurring rent more than doubled to £0.9m and data recurring income grew 36% to £3.1m.

Gross profit increased by 41% to £17.2m (H1 2014: £12.2m) and underlying EBITDA grew by 40% to £12.2m (H1 2014: £8.7m) with an underlying EBITDA margin of 47% (2013: 46%).

From its 2015 financial year onwards, SMS is now reporting financial performance across three separate segments of the business: Asset Management; Asset Installation; and Energy Management. Historically SMS has included energy management within asset installation but has now separated out this segment for greater clarity.

Asset management recurring revenue grew 50% to £14.1m, (H1 2014: £9.4m), while asset installation increased 13% to £9.6m (H1 2014: £8.5m). Energy management recurring revenue more than doubled to £2.1m (H1 2014: £1.0m).

Cash and borrowings

As at 30 June 2015, the Company had net debt of £69.9m (December 2014: £57.3m) with a net debt to EBITDA ratio of 2.9x. The Company's available cash and unutilised debt facility stood at £35.1m at 30 June 2015.

Capital investment in meter assets and ADM™ installations was £21.1m compared to £15.5m in the first half of 2014.

Treasury policies

The Company uses interest rate swaps to manage its exposure to movements in interest rates.

£28.2m of borrowings as at 30 June 2015 (December 2014: £30.0m) were subject to a fixed rate.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2015

	6 Months ended 30 June 2015 Unaudited £'000	6 Months ended 30 June 2014 Unaudited £'000	Year ended 31 December 2014 Audited £'000
REVENUE	25,789	18,934	42,386
Cost of sales	(8,547)	(6,697)	(14,766)
Gross Profit	17,242	12,237	27,620
Administrative expenses	(8,789)	(6,827)	(14,832)
Other operating income			215
PROFIT FROM OPERATIONS	8,453	5,410	13,003
Attributable to:			
Operating profit before exceptional items	9,054	6,418	14,795
Amortisation of intangibles	(601)	(118)	(1,155)
Exceptional items and fair value adjustments	-	(890)	(637)
Finance costs	(1,030)	(779)	(2,015)
Finance income	1	8	30
PROFIT BEFORE TAXATION	7,424	4,639	11,018
Taxation	(1,507)	(1,243)	(225)
PROFIT FOR THE YEAR			
ATTRIBUTABLE TO EQUITY HOLDERS	5,917	3,396	10,793
Other comprehensive income	-	-	-
Total comprehensive income	5,917	3,396	10,793
Earnings per share - basic (pence)	6.90	4.02	12.71
Earnings per share - diluted (pence)	6.65	3.85	12.23

Consolidated statement of financial position

As of 30 June 2015

	30 June 2015	30 June 2014	31 December 2014
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
ASSETS			
Non-current assets			
Intangible assets	10,445	10,310	10,932
Property, plant and equipment	109,715	73,908	91,277
Investments	83	83	83
	120,243	84,301	102,292
Current assets			
Inventories	838	2,710	1,211
Trade & other receivables	10,323	11,168	9,474
Cash and cash equivalents	2,667	4,672	4,285
Other current financial assets	-	235	-
	13,828	18,785	14,970
TOTAL ASSETS	134,071	103,086	117,262
LIABILITIES			
Current liabilities			
Trade and other payables	15,222	16,642	15,140
Bank loans and overdrafts	9,438	6,965	7,904
Obligations under hire purchase agreements	70	53	90
Other current financial liabilities	51	-	70
	24,781	23,660	23,204
Non-current liabilities			
Bank loans	63,114	46,281	53,645
Obligations under hire purchase agreements	36	50	64
Deferred tax liabilities	5,399	2,287	4,395
	68,549	48,618	58,104
TOTAL LIABILITIES	93,330	72,278	81,308
NET ASSETS	40,741	30,808	35,954
EQUITY			
Share capital	861	851	856
Share premium	9,614	8,971	9,291
Other reserves	4,258	4,258	4,258
Treasury shares	(138)		(92)
Retained earnings	26,146	16,728	21,641
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	40,741	30,808	35,954

Consolidated statement of changes in shareholders' equity

For the period ended 30 June 2015

	Share capital £'000	Share premium £'000	Other reserve £'000	Treasury shares £'000	Retained earnings £'000	Total £'000
Attributable to owners of the parent company:						
As at 1 July 2014	851	8,971	4,258	-	16,728	30,808
Profit for period	-	-	-	-	5,573	5,573
Transactions with owners in their capacity as owners:						
Dividends	-	-	-	-	(804)	(804)
Shares issued	5	320	-	-	-	325
Share held by SIP	-	-	-	(92)	-	(92)
Share options	-	-	-	-	144	144
Balance as at 31 December 2014	856	9,291	4,258	(92)	21,641	35,954
Profit for period	-	-	-	-	5,917	5,917
Transactions with owners in their capacity as owners:						
Shares issued	5	323	-	-	-	328
Dividends	-	-	-	-	(1,617)	(1,617)
Share held by SIP	-	-	-	(46)	-	(46)
Share options	-	-	-	-	205	205
Balance as at 30 June 2015	861	9,614	4,258	(138)	26,146	40,741

Consolidated cash flow statement

For the period ended 30 June 2015

	30 June 2015	30 June 2014	31 December 2014
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation	7,346	4,639	11,018
Finance costs	1,030	779	1,738
Finance income	(1)	(8)	(30)
Fair value movements on derivatives	(19)	(28)	277
Depreciation	3,146	2,066	4,526
Amortisation	601	298	1,155
Share based payment expense	204	96	148
Increase in inventories	373	138	1,636
Increase/(decrease) in trade & other receivables	(906)	(118)	1,709
Increase/(decrease) in trade & other payables	(249)	4,272	3,159
CASH GENERATED IN OPERATIONS	11,525	12,134	25,336
Taxation	(110)	76	(220)
NET CASH USED IN OPERATIONS	11,415	12,210	25,116
INVESTING ACTIVITIES			
Payments to acquire property, plant and equipment	(21,553)	(16,056)	(35,779)
Disposal of fixed asset investment	-	-	52
Payment to acquire intangible assets	(115)	(164)	(539)
Acquisition of subsidiary	-	(12,602)	(12,632)
Cash acquired with subsidiary	-	3,420	3,420
Finance income	-	8	30
NET CASH USED IN INVESTING ACTIVITIES	(21,668)	(25,394)	(45,448)
FINANCING ACTIVITIES			
New borrowings	15,511	20,592	33,003
Capital repaid	(4,508)	(2,754)	(6,862)
Net outflow from other long term creditors	(49)	94	(10)
Finance costs	(1,030)	(779)	(1,738)
Net proceeds from share issue	328	-	325
Dividends paid	(1,617)	(1,370)	(2,174)
NET CASH GENERATED FROM FINANCING ACTIVITIES	8,635	15,783	22,544
Net (decrease)/increase in cash and cash equivalents	(1,618)	2,599	2,212
Cash and cash equivalents at the beginning of the period	4,285	2,073	2,073
Cash and cash equivalents at the end of the period	2,667	4,672	4,285
Change in Net Debt			
Cash and cash equivalents	2,667	4,672	4,285
Bank loans due within one year	(9,438)	(6,965)	(7,904)
Bank loans due after one year	(63,114)	(46,281)	(53,645)
Net debt	(69,885)	(48,574)	(57,264)

Notes to the interim report

For the period ended 30 June 2015

1 Basis of preparation and accounting policies

The Group's half yearly financial report consolidates the results of the company and its subsidiary undertakings made up to 30 June 2015. The company is a limited liability company incorporated and domiciled in Scotland and whose shares are quoted on AIM, a market operated by The London Stock Exchange.

The financial information contained in this half-yearly financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. It does not therefore include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

The financial information for the six months ended 30 June 2015 is also unaudited.

The Group's statutory accounts for the year ended 31 December 2014 have been delivered to the Registrar of Companies. The report of the auditors on these accounts was unqualified and did not contain a statement under Section 498 of the Companies Act 2006.

The financial statements have been prepared on a going concern basis which the directors believe is appropriate for the following reason:

The directors have prepared cashflow forecasts which show the Group expects to meet its liabilities as they fall due for a period in excess of 12 months from the date of these financial statements. Our forecasts show continued capital investment which is funded from retained profits and external finance. At 30 June 2015, the Group had cash of £2.7m, available facilities of £32.4m and continued to be cash generative through trading operations.

Significant accounting policies

The accounting policies used in the preparation of the financial information for the six months ended 30 June 2015 are in accordance with the recognition and measurement criteria of International Financial Reporting Standards ('IFRS') as adopted by the European Union and are consistent with those which will be adopted in the annual statutory financial statements for the year ended 31 December 2015.

2 Segmental Reporting

For management purposes, the Group is organised into three core divisions, management of assets, installation of meters and energy management, which form the basis of the Group's reportable operating segments and Operating segments within those divisions are combined on the basis of their similar long-term economic characteristics and similar nature of their products and services, as follows:

The management of assets comprises regulated management of gas and electricity meters and ADM™ units within the UK.

The installation of meters comprises the installation of domestic and industrial and commercial gas and electricity meters throughout the UK.

Energy management comprises the provision of energy advice.

For greater clarity the trade in energy management business has been separated out from asset installation. Comparatives have been altered accordingly.

Management monitors the operating results of its divisions separately for the purpose of making decisions about resource allocation and performance assessment. The operating segments disclosed in the financial statements are the same as reported to the Board. Segment performance is evaluated based on gross profit or loss excluding operating costs not reported by segment; depreciation, amortisation of intangible assets and exceptional items.

The following tables present information regarding the Group's reportable segments for the six months ended 30 June 2015, six months ended 30 June 2014 and the year ended 31 December 2014.

2 Segmental Reporting (Continued)

	Asset management	Asset installation	Energy management	Unallocated	Total operations
30 June 2015	£000's	£000's	£000's	£000's	£000's
Segment revenue	14,143	9,604	2,042	-	25,789
Operating costs	(1,990)	(5,307)	(1,250)	-	(8,547)
Segment profit - group gross profit	12,153	4,297	792	-	17,242
Items not reported by segment					
Other operating costs	-	-	-	(5,074)	(5,074)
Depreciation	(2,896)	-	-	(218)	(3,114)
Amortisation	(601)	-	-	-	(601)
Exceptional items	-	-	-	-	-
Group operating profit after amortisation and exceptional items	8,656	4,297	792	(5,292)	8,453
Net finance costs	(1,029)				(1,029)
Profit before tax	7,627	4,297	792	(5,292)	7,424
Tax expense					(1,507)
Profit for period					5,917

	Asset management	Asset installation	Energy management	Unallocated	Total operations
30 June 2014	£000's	£000's	£000's	£000's	£000's
Segment revenue	9,432	8,535	967	-	18,934
Operating costs	(1,542)	(4,450)	(705)	-	(6,697)
Segment profit - group gross profit	7,890	4,085	262	-	12,237
Items not reported by segment					
Other operating costs	-	-	-	(3,888)	(3,888)
Depreciation	(1,758)	-	-	(173)	(1,931)
Amortisation	(118)	-	-	-	(118)
Exceptional items	-	-	-	(890)	(890)
Group operating profit after amortisation and exceptional items	6,014	4,085	262	(4,951)	5,410
Net finance costs	(771)	-	-	-	(771)
Profit before tax	5,243	4,085	262	(4,951)	4,639
Tax expense	-	-	-	-	(1,243)
Profit for period					3,396

2 Segmental Reporting (Continued)

	Asset management	Asset installation	Energy management	Unallocated	Total operations
31 December 2014	£000's	£000's	£000's	£000's	£000's
Segment revenue	22,404	17,639	2,343	-	42,386
Operating costs	(3,712)	(9,626)	(1,428)	-	(14,766)
Segment profit - group gross profit	18,692	8,013	915	-	27,620
Items not reported by segment					
Other operating costs	-	-	-	(8,299)	(8,299)
Depreciation	(4,200)	-	-	(326)	(4,526)
Amortisation	(746)	-	-	(409)	(1,155)
Exceptional items	-	-	-	(637)	(637)
Group operating profit after amortisation and exceptional items	13,746	8,013	915	(9,671)	13,003
Net finance costs	(1,985)	-	-	-	(1,985)
Profit before tax	11,761	8,013	915	(9,671)	11,018
Tax expense	-	-	-	-	(225)
Profit for year					10,793

All revenues and operations are based and generated in the UK.

The Group has one major customer that generated turnover within each segment as listed below:

	6 Months ended 30 June 2015 Unaudited £'000	6 Months ended 30 June 2014 Unaudited £'000	Year ended 31 December 2014 Audited £'000
Asset management	5,712	4,742	9,847
Asset installation	2,658	2,531	5,089
	8,370	7,273	14,936

2 Segmental Reporting (Continued)

No segmentation is presented for the majority of Group assets and liabilities as these are managed centrally, independently of operating segments.

Those assets and liabilities that are managed and reported on a segmental basis are detailed below.

	Asset management	Asset installation	Energy management	Total operations
30 June 2015	£000's	£000's	£000's	£000's
Assets reported by segment				
Intangible assets	11,279	-	-	11,279
Property, plant & equipment	106,996	-	-	106,996
Inventories	838	-	-	838
	119,113	-		119,113
Assets not reported by segment				14,958
Total assets				134,071
Liabilities reported by segment				
Bank loans	72,552	-	-	72,552
Obligations under hire purchase agreements	106	-	-	106
	72,658	-		72,658
Liabilities not reported by segment				20,672
Total liabilities				93,330
	Asset management	Asset installation	Energy Management	Total operations
30 June 2014	£000's	£000's	£000's	£000's
Assets reported by segment				
Intangible assets	10,237	-	-	10,237
Property, plant & equipment	71,075	-	-	71,075
Inventories	2,710	-	-	2,710
	84,022	-	-	84,022
Assets not reported by segment				19,064
Total assets				103,086
Liabilities reported by segment				
Bank loans	53,246	-	-	53,246
Obligations under hire purchase agreements	103	-	-	103
	53,349	-	-	53,349
Liabilities not reported by segment				18,929
Total liabilities				72,278

2 Segmental Reporting (Continued)

31 December 2014	Asset management £000's	Asset installation £000's	Energy management £000's	Total operations £000's
Assets reported by segment				
Intangible assets	10,932	-	-	10,932
Property, plant & equipment	88,504	-	-	88,504
Inventories	1,211	-	-	1,211
	100,647	-	-	100,647
Assets not reported by segment				16,615
Total assets				117,262
Liabilities reported by segment				
Bank loans	61,549	-	-	61,549
Obligations under hire purchase agreements	154	-	-	154
	61,703	-	-	61,703
Liabilities not reported by segment				19,605
Total liabilities				81,308

3 Earnings per share

	6 Months to 30 June 2015 £000's	6 Months to 30 June 2014 £000's	Year to 31 December 2014 £000's
Profit for year used for calculation of basic EPS	5,917	3,396	10,793
Amortisation of intangible assets	601	298	1,155
Exceptional costs	-	890	637
Tax effect of adjustments	(120)	(279)	(394)
Earnings for the purpose of adjusted EPS	6,398	4,305	12,191
Number of shares			
Weighted average number of shares for the purpose of calculating basic EPS	85,801,235	84,421,914	84,887,262
Effect of potentially dilutive ordinary shares:			
- share options	3,107,955	3,704,051	3,370,617
Weighted average number of ordinary shares for the purpose of diluted EPS	88,909,190	88,125,966	88,257,878
Earnings per share:			
- basic (pence)	6.90	4.02	12.71
- diluted (pence)	6.65	3.85	12.23
Adjusted earnings per share:			
- basic (pence)	7.46	5.10	14.36
- diluted (pence)	7.20	4.89	13.81

The Directors consider that the adjusted earnings per share calculation gives a better understanding of the Group's earnings per share.

4 Dividend

	6 Months to	6 Months to	Year to
	30 June	30 June	31 December
	2015	2014	2014
	£000's	£000's	£000's
Dividend on equity shares	1,617	1,370	2,174

After 30 June the Directors have approved an interim dividend of 1.1 pence per share for 2015, which has not been accrued as a liability as at 30 June 2015 in accordance with IAS 8. The dividend will be paid on 20 November 2015 with an ex-dividend date of 15 October 2014 and a record date of 16 October 2014.

5 The half yearly financial report was approved by the Board of Directors on 15 September 2015.

6 A copy of this half yearly financial report is available from the Company's Registered Office or by visiting our website at www.sms-plc.com.

Smart Metering Systems plc

2nd floor
48 St. Vincent Street
Glasgow G2 5TS
www.sms-plc.com