For immediate release *Monday, 3 August 2015*

Keller Group plc
Results for the six months ended 30 June 2015

Results summary:				
	H1 2015	H1 2014	**% change**	**Constant currency % change**
Revenue	**£755.8m**	£788.2m	**-4%**	**-5%**
EBITDA*	**£62.8m**	£59.8m	**+5%**	**+4%**
Operating profit*	**£37.7m**	£35.5m	**+6%**	**+4%**
Operating margin*	**5.0%**	4.5%	**+11%**	**+10%**
Profit before tax*	**£34.6m**	£32.5m	**+6%**	**+4%**
Earnings per share*	**31.1p**	29.5p	**+5%**	**+2%**
Cash generated from operations*	**£18.6m**	£31.9m	**-42%**	**-43%**
Interim dividend per share	**8.8p**	8.4p	**+5%**	**+5%**

**before exceptional items*

Highlights

- Operating profit up 6%, despite lower revenue
- First half operating margin up 0.5% to 5.0% driven by improvements in North America and EMEA, the Group's two largest divisions
- Revenue down 4%, reflecting a lower contribution from major projects
- Order book up 5% on same period last year, positioning the Group well for the second half
- Two acquisitions announced in the period, in the US and Australia, for a total initial consideration of circa £45m, further expanding the Group's product offerings
- Group remains conservatively financed, with net debt of £171.5m (1.2x annualised EBITDA)
- Interim dividend up 5% to 8.8p per share

"While conditions remain challenging in many of the markets in which we operate, the recovery in US construction, the Group's largest market, remains robust and broad-based. This, together with the benefits from improvements that the Group has implemented, means that the Board remains confident that the Group's results for the year will be in line with current market expectations".

Alain Michaelis
Chief Executive, Keller Group plc

Notes to Editors:
Keller is the world's largest independent ground engineering specialist, providing technically advanced and cost-effective foundation solutions to the construction industry. With annual revenue of £1.6bn, Keller has approximately 9,000 staff world-wide.

Keller is the clear market leader in North America, Australia and Southern Africa; it has prime positions in most established European markets; and a strong profile in many developing markets.

Cautionary Statements:
This document contains certain 'forward looking statements' with respect to Keller's financial condition, results of operations and business and certain of Keller's plans and objectives with respect to these items.

Forward looking statements are sometimes, but not always, identified by their use of a date in the future or such words as 'anticipates', 'aims', 'due', 'could', 'may', 'should', 'expects', 'believes', 'intends', 'plans', 'potential', 'reasonably possible', 'targets', 'goal' or 'estimates'. By their very nature forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future.

There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include, but are not limited to, changes in the economies and markets in which the Group operates; changes in the regulatory and competition frameworks in which the Group operates; the impact of legal or other proceedings against or which affect the Group; and changes in interest and exchange rates.

All written or verbal forward looking statements, made in this document or made subsequently, which are attributable to Keller or any other member of the Group or persons acting on their behalf are expressly qualified in their entirety by the factors referred to above. Keller does not intend to update these forward looking statements.

Nothing in this document should be regarded as a profits forecast.

This document is not an offer to sell, exchange or transfer any securities of Keller Group plc or any of its subsidiaries and is not soliciting an offer to purchase, exchange or transfer such securities in any jurisdiction. Securities may not be offered, sold or transferred in the United States absent registration or an applicable exemption from the registration requirements of the US Securities Act of 1933 (as amended).

For further information, please contact:

Keller Group plc	**www.keller.co.uk**
James Hind, Finance Director	**020 7616 7575**
Finsbury Gordon Simpson, Rowley Hudson	**020 7251 3801**

A presentation for analysts will be held at 9.30am in the Throgmorton Room, Investec, 2 Gresham Street, London EC2V 7QP.

A live audio webcast will be available from 9.30am and, on demand, from 2.00pm.

Print resolution images are available for the media to download from www.vismedia.co.uk

Group overview

Financial results[1]

Our results for the six months ended 30 June 2015 reflect a steady performance in the first half albeit after a slow start to the year.

Group revenue was down 4% at £755.8m (2014: £788.2m), reflecting a lower contribution from major projects in the first half of 2015. Despite this, Group operating profit increased to £37.7m (2014: £35.5m) and the Group operating margin was 5.0%, up on 4.5% at the end of the first half of 2014. On a constant currency basis, revenue was down 5% and the operating profit was up 4%.

Profit before tax was £34.6m (2014: £32.5m) and earnings per share were 31.1p (2014: 29.5p).

Cash generated from operations in the first half of 2015 was £18.6m. In the twelve months ended 30 June 2015, the total cash generated from operations was £152.1m, which equates to 105% of the period's EBITDA. Net debt at 30 June 2015 was £171.5m, representing 1.2 times annualised EBITDA. Capital expenditure in the first half totalled £33.8m (2014: £28.6m), which compares to depreciation of £24.5m (2014: £23.6m).

The financial position of the Group remains very strong. There is comfortable headroom in the Group's main financing facilities and we continue to operate well within all of our financial covenants.

Exceptional items

The 2015 half year results include exceptional costs of £3.0m, primarily relating to the amortisation of acquired intangible assets. There was also a £25.0m exceptional cash outflow in the period following the settlement of a major contract dispute which was provided for in 2014.

Interim dividend

The Board has decided to increase the interim dividend by 5% to 8.8p per share (2014: 8.4p). The dividend will be paid on 4 September 2015 to shareholders on the register at the close of business on 14 August 2015.

Post balance sheet events

On 2 July 2015, the Group acquired the entire issued share capital of Austral Constructions Pty Limited ("Austral") for an initial cash consideration of A$42m (£20.5m) and a deferred payment of up to A$20m (£9.8m), dependent on Austral's EBITDA earned in the three years ending 30 June 2018.

On 21 May 2015, the Group announced that it had reached a conditional agreement to acquire the net assets of the GeoConstruction group ("Bencor") of Layne Christensen Company for an initial cash consideration of around US$40m (£25.4m). This acquisition is expected to complete by the end of August.

Strategy and Business Improvement

Our strategy continues to be to extend further our global leadership in specialist ground engineering through both organic growth and targeted acquisitions. We aim to deliver this through expanding in higher growth markets, developing and transferring technologies and offering design/build and alternative solutions.

As well as pursuing our long-term strategic goals, we have a programme driving through Group-wide business improvement initiatives to: target large and complex projects and those contracts with a high element of value added; heighten our focus on risk management; and improve our use of plant and equipment.

Principal risks and uncertainties

The principal risks and uncertainties faced by Keller in the remaining six months of the year remain largely unchanged from those reported in the 2014 annual report and can be found, together with the mitigating actions in place, in pages 22 to 23 of that report.

[1] All figures are stated before net exceptional items

In summary, these are:

- Health and safety
- Market cycles
- Tendering and management of contracts
- Expansion
- People

Divisional overview

North America

Results summary*:		
	H1 2015	H1 2014
Revenue	**£415.8m**	£373.0m
Operating profit	**£28.4m**	£20.7m
Operating margin	**6.8%**	5.5%

**before exceptional items*

In North America, revenue increased by 11%. Adjusting for translation differences, like-for-like revenue was up 3%. The half year operating profit increased to £28.4m (2014: £20.7m), driven by a further improvement in profitability in our US foundation contracting businesses. For the division as a whole, the operating margin improved to 6.8% (2014: 5.5%).

<u>US</u>
In the US, which is by far our largest market, the value of total construction expenditure in the period was up 6% compared with the same period last year. Private expenditure on construction, both residential and non-residential, increased by 7%, whilst public construction spend was up 3%.

Our US businesses continue to take advantage of the improved market conditions, with activity levels picking up significantly in the second quarter after a slow start to the year due to adverse weather conditions.

Case, in particular, has been performing and bidding a record number of large projects. The Amtrak Catenary Pole Foundation work is now over halfway complete and Case secured significant work on the hydroelectric plant at Red Rock Dam on the Des Moines River in Iowa, as well as a large project on Phase 1 of the US$1.3bn Capitol Crossing private development in the District of Columbia.

More generally, our US piling companies had an excellent first half, with both revenue and profit significantly up on last year. Contract awards in the period were strong and they enter the second half with a record order book. Hayward Baker reported a steady first-half performance, helped by the final settlement of two large contracts. Results varied across its diverse regions and sectors, reflecting differences in local market conditions. Progress on the Elliott Bay seawall project in Seattle, which was delayed earlier in the year, is now back on track. All the businesses continue to look for opportunities to work together on larger jobs and to offer multi-product solutions where beneficial.

Suncoast, which is mainly focused on residential construction, had a solid first half and is well set to benefit from the recent increase in housing starts.

The previously announced acquisition of Bencor is scheduled to complete in August 2015. The addition of Bencor's diaphragm wall technology and equipment will strengthen the Group's product range and its ability to offer complete packaged solutions to customers both in North America and globally.

<u>Canada</u>
Market conditions in Canada continue to be difficult, with investment in the Canadian resources markets, particularly the oil sands market, at a very low level. As a result, we have seen increased

competition in commercial and infrastructure construction, adversely impacting margins in these areas.

Against this challenging market backdrop, Keller Canada has recorded lower revenue and profits than in the same period last year. In response to the difficult market conditions, costs have been cut in a number of areas and we will continue to keep the cost base under review as market conditions evolve.

Europe, Middle East & Africa (EMEA)

Results summary*:		
	H1 2015	H1 2014
Revenue	**£210.3m**	£214.4m
Operating profit	**£7.0m**	£2.7m
Operating margin	**3.3%**	1.3%

** before exceptional items*

Revenue in EMEA in the first half of 2015 was 2% down on the same period in 2014, although this comparison is distorted by exchange differences. On a like-for-like basis, revenue actually increased by 5%. Operating profit more than doubled and the operating margin increased to 3.3%.

Most European construction markets continue to be challenging. To date, our businesses have seen few signs of any market recovery and competition remains intense. Elsewhere in EMEA, however, there are better prospects, particularly in the Middle East and certain African countries.

Keller's German subsidiary produced a good result and our business in Poland, after a quiet first half, is well set for the remainder of the year. The major rail project in Austria announced in February is now up and running, underpinning a much improved result in the country. Having completed its major projects at Crossrail and Victoria Station, revenue in the UK was down on last year but strong recent contract awards should lead to an improved second half. Our businesses in southern Europe continue to face very difficult market conditions.

The Middle East and Africa, particularly South Africa, performed well in the first half of the year. Our work on Ada phase 2, the major jetty project on the coast of Ghana, is progressing well. We are now mobilising on the Group's major project in the Caspian region, after some delays earlier in the year.

Asia

Results summary:		
	H1 2015	H1 2014
Revenue	**£48.2m**	£56.6m
Operating profit	**£0.6m**	£3.6m
Operating margin	**1.2%**	6.4%

First half revenue in Asia decreased by 15% in 2015, reflecting the timing of revenue from major projects; the 2014 Sengkang hospital project in Singapore was undertaken mainly in the first half of the year whilst 2015 has suffered from delays to the commencement of the S$56m project in connection with the expansion of Changi airport. The much reduced revenue in Singapore, together with more difficult market conditions in the ASEAN region as a whole, has resulted in a significant decrease in operating profit.

<u>ASEAN region</u>
Depressed oil prices are now significantly impacting oil and gas investment in the region, which has traditionally provided Keller with some of its more profitable work. In addition, measures by the Singaporean Government to reduce foreign investment in real estate are adversely impacting investment in residential construction. Both factors have contributed to the significant downturn in the Group's results from this region.

Looking forward, short term prospects are more encouraging. Resource Piling has just started the foundations for another large hospital project for the Ministry of Health in Singapore whilst Ansah, the Malaysian driven piling business acquired last year, is beginning a number of packages of work on the RAPID petrochemical and refining complex in southern Malaysia.

India

Keller India had a good first half, with results ahead of expectations in a market where there are some early signs of recovery and the potential for some significant projects for Keller.

Australia

Results summary:		
	H1 2015	H1 2014
Revenue	**£81.5m**	£144.2m
Operating profit	**£4.2m**	£10.6m
Operating margin	**5.2%**	7.4%

Revenue in Australia decreased 44% to £81.5m and operating profit more than halved. On a constant currency basis, revenue was down 39%. The previously flagged significant decrease in the first-half performance of our Australian business is largely the result of the completion in the autumn of 2014 of Keller's work in connection with the on-shore LNG processing plant at Wheatstone in Western Australia, the Group's largest ever contract.

The construction market in Australia remains challenging, putting pressure on both revenue and margins. Major projects in the resources industries are scarce, commercial and residential construction remains slow and there is a lull in investment in infrastructure, not helped by changes in state governments. Keller Australia is responding to this difficult environment with further measures to cut costs and improve efficiency. Whilst there is a pipeline of significant projects being tendered, their timing remains uncertain.

Despite the overall market conditions, Waterways, our near-shore construction business based in eastern Australia, remains busy. On 2 July 2015, we announced the acquisition of Austral, a business which provides piling and civil construction services to the infrastructure and mining industries, with a particular focus on near-shore marine work, predominantly in western Australia. The business complements our existing expertise in near-shore marine work in Australia and enhances the Group's ability to compete for large complex projects.

Outlook

After a slow start to the year caused by harsh weather conditions in the US and delays on a number of major projects, performance has picked up in the second quarter. Order intake has been healthy and the Group order book at 30 June was 5% up on the same time last year.

While conditions remain challenging in many of the markets in which we operate, the recovery in US construction, the Group's largest market, remains robust and broad-based. This, together with the benefits from improvements that the Group has implemented, means that the Board remains confident that the Group's results for the year will be in line with current market expectations.

Consolidated income statement
For the half year ended 30 June 2015

	Note	**Half year to 30 June 2015** Before exceptional items £m	Exceptional items (Note 5) £m	Total £m	Half year to 30 June 2014 Before exceptional items £m	Exceptional items (Note 5) £m	Total £m	Year to 31 December 2014 Before exceptional items £m	Exceptional items (Note 5) £m	Total £m
Revenue	3	**755.8**	**-**	**755.8**	788.2	-	788.2	1,599.7	-	1,599.7
Operating costs		**(718.1)**	**(2.7)**	**(720.8)**	(752.7)	(27.5)	(780.2)	(1,507.7)	(56.7)	(1,564.4)
Operating profit	3	**37.7**	**(2.7)**	**35.0**	35.5	(27.5)	8.0	92.0	(56.7)	35.3
Finance income		**0.7**	**-**	**0.7**	1.0	-	1.0	1.5	-	1.5
Finance costs		**(3.8)**	**(0.3)**	**(4.1)**	(4.0)	(0.1)	(4.1)	(8.4)	(0.2)	(8.6)
Profit before taxation		**34.6**	**(3.0)**	**31.6**	32.5	(27.6)	4.9	85.1	(56.9)	28.2
Taxation	6	**(12.1)**	**0.7**	**(11.4)**	(10.7)	0.7	(10.0)	(29.7)	0.3	(29.4)
Profit/(loss) for the period		**22.5**	**(2.3)**	**20.2**	21.8	(26.9)	(5.1)	55.4	(56.6)	(1.2)
Attributable to:										
Equity holders of the parent		**22.3**	**(2.3)**	**20.0**	21.0	(26.9)	(5.9)	53.6	(56.6)	(3.0)
Non-controlling interests		**0.2**	-	**0.2**	0.8	-	0.8	1.8	-	1.8
		22.5	**(2.3)**	**20.2**	21.8	(26.9)	(5.1)	55.4	(56.6)	(1.2)
Earnings/(loss) per share										
Basic	8	**31.1p**		**27.9p**	29.5p		(8.3)p	75.3p		(4.2)p
Diluted	8	**30.7p**		**27.6p**	29.0p		(8.2)p	74.2p		(4.2)p

Consolidated statement of comprehensive income
For the half year ended 30 June 2015

	Half year to 30 June 2015 £m	Half year to 30 June 2014 £m	Year to 31 December 2014 £m
Profit/(loss) for the period	**20.2**	(5.1)	(1.2)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**(22.9)**	(6.8)	(3.8)
Net investment hedge gains	**2.7**	1.4	2.0
Cash flow hedge gains/(losses) taken to equity	**1.5**	2.7	(6.1)
Cash flow hedge transfers to income statement	**(1.5)**	(2.7)	6.1
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension schemes	**0.6**	(0.4)	(4.1)
Tax on remeasurements of defined benefit pension schemes	**(0.1)**	0.1	0.2
Other comprehensive income for the period, net of tax	**(19.7)**	(5.7)	(5.7)
Total comprehensive income for the period	**0.5**	(10.8)	(6.9)
Attributable to:			
Equity holders of the parent	**0.4**	(11.5)	(8.6)
Non-controlling interests	**0.1**	0.7	1.7
	0.5	(10.8)	(6.9)

Consolidated balance sheet

As at 30 June 2015

	Note	As at 30 June 2015 £m	As at 30 June 2014 £m	As at 31 December 2014 £m
ASSETS				
Non-current assets				
Intangible assets		**172.0**	178.1	183.5
Property, plant and equipment		**286.0**	281.7	295.6
Deferred tax assets		**10.2**	9.9	10.0
Other assets		**21.3**	15.2	19.9
		489.5	484.9	509.0
Current assets				
Inventories		**50.8**	62.1	48.6
Trade and other receivables		**445.2**	455.1	408.7
Current tax assets		**5.7**	9.8	4.0
Cash and cash equivalents	9	**55.3**	53.3	85.6
		557.0	580.3	546.9
Total assets		**1,046.5**	1,065.2	1,055.9
LIABILITIES				
Current liabilities				
Loans and borrowings		**(4.3)**	(107.5)	(2.7)
Current tax liabilities		**(10.7)**	(12.9)	(13.9)
Trade and other payables		**(371.7)**	(368.5)	(353.2)
Provisions		**(31.0)**	(45.1)	(50.0)
		(417.7)	(534.0)	(419.8)
Non-current liabilities				
Loans and borrowings		**(222.5)**	(107.7)	(185.1)
Retirement benefit liabilities		**(23.0)**	(22.9)	(25.4)
Deferred tax liabilities		**(18.9)**	(20.8)	(19.7)
Provisions		**(13.2)**	(6.0)	(23.3)
Other liabilities		**(16.1)**	(25.3)	(36.3)
		(293.7)	(182.7)	(289.8)
Total liabilities		**(711.4)**	(716.7)	(709.6)
Net assets		**335.1**	348.5	346.3
EQUITY				
Share capital	10	**7.3**	7.3	7.3
Share premium account		**38.1**	38.1	38.1
Capital redemption reserve		**7.6**	7.6	7.6
Translation reserve		**(11.9)**	4.7	8.3
Other reserve		**56.9**	56.9	56.9
Retained earnings		**234.0**	230.5	224.5
Equity attributable to equity holders of the parent		**332.0**	345.1	342.7
Non-controlling interests		**3.1**	3.4	3.6
Total equity		**335.1**	348.5	346.3

Condensed consolidated statement of changes in equity

For the half year ended 30 June 2015

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Translation reserve £m	Other reserve £m	Retained earnings £m	Non-controlling interests £m	**Total equity £m**
At 30 June 2014	7.3	38.1	7.6	4.7	56.9	230.5	3.4	**348.5**
At 31 December 2014	7.3	38.1	7.6	8.3	56.9	224.5	3.6	**346.3**
Total comprehensive income for the period	-	-	-	(20.2)	-	20.6	0.1	**0.5**
Dividends	-	-	-	-	-	(12.0)	(0.6)	**(12.6)**
Share-based payments	-	-	-	-	-	0.9	-	**0.9**
At 30 June 2015	7.3	38.1	7.6	(11.9)	56.9	234.0	3.1	**335.1**

Consolidated cash flow statement

For the half year ended 30 June 2015

	Note	**Half year to 30 June 2015 £m**	Half year to 30 June 2014 £m	Year to 31 December 2014 £m
Cash flows from operating activities				
Operating profit before exceptional items		**37.7**	35.5	92.0
Depreciation of property, plant and equipment		**24.5**	23.6	48.0
Amortisation of intangible assets		**0.6**	0.7	1.9
Profit on sale of property, plant and equipment		**(0.3)**	(0.2)	(0.3)
Other non-cash movements		**0.8**	1.7	8.9
Cash flows from exceptional items		**(25.0)**	-	-
Foreign exchange losses		**0.3**	0.4	0.1
Operating cash flows before movements in working capital		**38.6**	61.7	150.6
(Increase)/decrease in inventories		**(4.6)**	(1.2)	13.9
(Increase)/decrease in trade and other receivables		**(71.3)**	(51.3)	11.2
Increase/(decrease) in trade and other payables		**30.5**	23.1	(0.1)
Change in provisions, retirement benefit and other non-current liabilities		**0.4**	(0.4)	(10.2)
Cash (utilised)/generated from operations		**(6.4)**	31.9	165.4
Interest paid		**(3.3)**	(3.6)	(10.1)
Income tax paid		**(17.0)**	(11.6)	(28.4)
Net cash (outflow)/inflow from operating activities		**(26.7)**	16.7	126.9
Cash flows from investing activities				
Interest received		**0.2**	0.2	0.5
Proceeds from sale of property, plant and equipment		**3.1**	0.9	3.5
Acquisition of subsidiaries, net of cash acquired		**(2.7)**	(1.1)	(5.0)
Acquisition of property, plant and equipment		**(33.8)**	(28.6)	(63.6)
Acquisition of intangible assets		**(0.3)**	(0.1)	(0.9)
Net cash outflow from investing activities		**(33.5)**	(28.7)	(65.5)
Cash flows from financing activities				
New borrowings		**47.9**	30.8	95.3
Repayment of borrowings		**(1.8)**	(4.5)	(103.6)
Payment of finance lease liabilities		**(0.8)**	(0.5)	(1.2)
Dividends paid		**(12.6)**	(11.7)	(18.0)
Net cash inflow/(outflow) from financing activities		**32.7**	14.1	(27.5)
Net (decrease)/increase in cash and cash equivalents		**(27.5)**	2.1	33.9
Cash and cash equivalents at beginning of period		**85.6**	50.7	50.7
Effect of exchange rate fluctuations		**(5.0)**	(1.7)	1.0
Cash and cash equivalents at end of period	9	**53.1**	51.1	85.6

1. Basis of preparation

The condensed financial statements included in this interim financial report have been prepared in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2014. The same accounting policies and presentation are followed in the financial statements that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following:

– Amendments to IAS 19, 'Defined benefit plans: Employee contributions'
– Improvements to IFRSs (2010-2012)
– Improvements to IFRSs (2011-2013)

There is no material impact on this interim financial report as a result of adopting these new standards.

The following accounting standards, interpretations and amendments that are applicable to the Group have been issued by the IASB but had either not been adopted by the European Union or were not yet effective in the European Union at 30 June 2015:

– IFRS 9, 'Financial instruments'
– IFRS 15, 'Revenue from Contracts with Customers'
– Amendments to IAS 1, 'Disclosure Initiative'
– Amendments to IAS 16 and 38, 'Clarification of Acceptable Methods of Depreciation and Amortisation'
– Amendments to IAS 27, 'Equity Method in Separate Financial Statements'
– Improvements to IFRSs (2012-2014)

The Group does not expect the above standards to have a material impact on the Group results.

The figures for the year ended 31 December 2014 are not statutory accounts but have been extracted from the Group's statutory accounts for that financial year. The auditor's report on those accounts was not qualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies and has been made available on the Company's website at www.keller.co.uk.

The financial information in this interim financial report for the half years ended 30 June 2015 and 30 June 2014 has neither been reviewed, nor audited.

The key risks and uncertainties facing the Group, as explained in the Group's Annual Report for the year ended 31 December 2014, continue to be: health and safety, market cycles, tendering and management of contracts, expansion and people.

Going concern
The directors have satisfied themselves that the Group is in a sound financial position, that it has access to sufficient borrowing facilities and can reasonably expect sufficient facilities to be available to meet the Group's foreseeable cash requirements. As a consequence, the directors continue to adopt the going concern basis in preparing the condensed financial statements.

Change in accounting framework
Following the publication of FRS 100, 'Application of Financial Reporting Requirements' by the Financial Reporting Council, Keller Group plc is required to change its accounting framework for its entity financial statements for the financial year commencing 1 January 2015. The Group considers that it is in the best interests of Keller Group plc to adopt the FRS 101 Reduced Disclosure Framework for the period ended 31 December 2015. As permitted by FRS 101, the Company intends to take advantage of certain disclosure exemptions available under that standard (and will do so unless we receive objection in writing to the registered address from shareholders holding more than 5% of the allotted share capital by 30 September 2015). Where required, equivalent disclosures will be given in the consolidated group accounts of Keller Group plc. No disclosures in the current UK GAAP financial statements would be omitted on adoption of FRS 101.

2. Foreign currencies

The exchange rates used in respect of principal currencies are:

	Average for period			Period end		
	Half year to 30 June 2015	Half year to 30 June 2014	Year to 31 December 2014	**As at 30 June 2015**	As at 30 June 2014	As at 31 December 2014
US dollar	**1.52**	1.67	1.65	**1.57**	1.70	1.55
Canadian dollar	**1.88**	1.83	1.82	**1.94**	1.82	1.81
Euro	**1.36**	1.22	1.24	**1.42**	1.25	1.28
Singapore dollar	**2.05**	2.10	2.09	**2.12**	2.13	2.05
Australian dollar	**1.95**	1.82	1.83	**2.05**	1.80	1.90

3. Segmental analysis

The Group is managed as four geographical divisions and has only one major product or service: specialist ground engineering services. This is reflected in the Group's management structure and in the segment information reviewed by the Chief Operating Decision Maker. There have been no material changes to the assets and liabilities of these segments since the year end. Revenue and operating profit of the four reportable segments is given below:

	Revenue			Operating profit		
	Half year to 30 June 2015 £m	Half year to 30 June 2014 £m	Year to 31 December 2014 £m	**Half year to 30 June 2015 £m**	Half year to 30 June 2014 £m	Year to 31 December 2014 £m
North America	**415.8**	373.0	775.6	**28.4**	20.7	59.9
EMEA[1]	**210.3**	214.4	451.5	**7.0**	2.7	12.9
Asia	**48.2**	56.6	111.3	**0.6**	3.6	8.3
Australia	**81.5**	144.2	261.3	**4.2**	10.6	15.7
	755.8	788.2	1,599.7	**40.2**	37.6	96.8
Central items and eliminations	-	-	-	**(2.5)**	(2.1)	(4.8)
Before exceptional items	**755.8**	788.2	1,599.7	**37.7**	35.5	92.0
Exceptional items (Note 5)	**-**	-	-	**(2.7)**	(27.5)	(56.7)
	755.8	788.2	1,599.7	**35.0**	8.0	35.3

[1] Europe, Middle East and Africa.

4. Acquisitions

2015 acquisitions

There were no acquisitions in the period to 30 June 2015. The acquisition that completed subsequent to 30 June 2015 is set out in Note 12.

2014 acquisitions

On 14 August 2014, the Group acquired the trade and selected assets of Ansah Sdn Bhd, a business based in Kuantan, Malaysia, for an initial cash consideration of £3.5m (RM19.0m). £1.4m (RM7.6m) of the purchase price relates to property, plant and equipment, with the remaining purchase price allocated to goodwill. Contingent consideration of up to £1.5m (RM8.0m) is payable based on total earnings before interest and tax in the three-year period following acquisition. The full amount of contingent consideration is currently provided for.

On 15 May 2014, the Group acquired the remaining 45% minority shareholding of Keller Engenharia Geotecnica Ltda in Brazil for a cash consideration of £2.8m (R$10.7m) at a premium of £1.0m (R$4.1m) to net book value, which has been taken directly to reserves.

5. Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are items which are exceptional by their size or are non-trading in nature, including those relating to acquisitions.

Exceptional items comprise the following:

	Half year to 30 June 2015 £m	Half year to 30 June 2014 £m	Year to 31 December 2014 £m
Contract dispute	**-**	30.0	54.0
Amortisation of acquired intangible assets	**2.6**	3.9	6.6
Acquisition costs	**0.1**	0.2	0.5
Contingent consideration and payments	**-**	(6.9)	(4.7)
Other	**-**	0.3	0.3
Exceptional items in operating costs	**2.7**	27.5	56.7
Exceptional finance costs	**0.3**	0.1	0.2
	3.0	27.6	56.9

The contract dispute relates to a project that the Group's UK subsidiary, Keller Limited, completed in 2008. The dispute was subject to litigation proceedings involving a number of parties, but these were settled in February 2015. The final cost to Keller is subject to a number of remedial and other actions to be undertaken as part of the settlement agreement and the value of the property following these remedial actions. The exceptional charge represents management's best estimate of the net cost to Keller before taking account of future recoveries under applicable insurances, as these cannot be recognised under IFRS. During the six months to 30 June 2015, there has been a £25.0m net cash outflow as a result of payments made under the settlement agreement. The remainder of these costs expect to be incurred within the next 12 months.

Amortisation of acquired intangible assets relate to the acquisitions of Keller Canada and Franki Africa in 2013.

The contingent consideration and payments credit in 2014 mainly relates to the release of previously provided contingent consideration for the acquisition of Keller Canada which the Group no longer expects to pay.

Exceptional finance costs relate to the unwind of the discounted contingent consideration to present value for Franki Africa and the acquisitions set out in note 4.

6. Taxation

Taxation, representing management's best estimate of the average annual effective income tax rate expected for the full year, based on the profit before tax and exceptional items is 35% (half year ended 30 June 2014: 33%; year ended 31 December 2014: 35%).

7. Dividends payable to equity holders of the parent

Ordinary dividends on equity shares:

	Half year to 30 June 2015 £m	Half year to 30 June 2014 £m	Year to 31 December 2014 £m
Amounts recognised as distributions to equity holders in the period:			
Interim dividend for the year ended 31 December 2014 of 8.4p (2013: 8.0p) per share	**-**	-	6.0
Final dividend for the year ended 31 December 2014 of 16.8p (2013: 16.0p) per share	**12.0**	11.4	11.4
	12.0	11.4	17.4

In addition to the above, an interim ordinary dividend of 8.8p per share (2014: 8.4p) will be paid on 4 September 2015 to shareholders on the register at 14 August 2015. This proposed dividend has not been included as a liability in these financial statements and will be accounted for in the period in which it is paid.

8. Earnings per share

Earnings per share before exceptional items of 31.1p (half year ended 30 June 2014: 29.5p; year ended 31 December 2014: 75.3p) was calculated based on earnings of £22.3m (half year ended 30 June 2014: £21.0m; year ended 31 December 2014: £53.6m) and the weighted average number of ordinary shares in issue during the half year of 71.6m (half year ended 30 June 2014: 71.1m; year ended 31 December 2014: 71.2m).

Earnings/(loss) per share of 27.9p (half year ended 30 June 2014: (8.3)p; year ended 31 December 2014: (4.2)p) was calculated based on earnings of £20.0m (half year ended 30 June 2014: £(5.9)m; year ended 31 December 2014: £(3.0)m) and the weighted average number of ordinary shares in issue during the half year of 71.6m (half year ended 30 June 2014: 71.1m; year ended 31 December 2014: 71.2m).

Diluted earnings per share before exceptional items of 30.7p (half year ended 30 June 2014: 29.0p; year ended 31 December 2014: £74.2p) was calculated based on earnings of £22.3m (half year ended 30 June 2014: £21.0m; year ended 31 December 2014: £53.6m) and the adjusted weighted average number of ordinary shares in issue during the half year of 72.4m (half year ended 30 June 2014: 72.2m; year ended 31 December 2014: 72.2m).

Diluted earnings/(loss) per share of 27.6p (half year ended 30 June 2014: (8.2)p; year ended 31 December 2014: (4.2)p) was calculated based on earnings of £20.0m (half year ended 30 June 2014: £(5.9)m; year ended 31 December 2014: £(3.0)m) and the adjusted weighted average number of ordinary shares in issue during the half year of 72.4m (half year ended 30 June 2014: 72.2m; year ended 31 December 2014: 72.2m).

9. Analysis of closing net debt

	As at 30 June 2015 £m	As at 30 June 2014 £m	As at 31 December 2014 £m
Bank balances	**53.1**	52.6	79.7
Short-term deposits	**2.2**	0.7	5.9
Cash and cash equivalents in the balance sheet	**55.3**	53.3	85.6
Bank overdrafts	**(2.2)**	(2.2)	-
Cash and cash equivalents in the cash flow statement	**53.1**	51.1	85.6
Bank and other loans	**(221.5)**	(208.3)	(183.7)
Finance leases	**(3.1)**	(4.7)	(4.1)
Closing net debt	**(171.5)**	(161.9)	(102.2)

10. Share capital and reserves

	As at 30 June 2015 £m	As at 30 June 2014 £m	As at 31 December 2014 £m
Allotted, called up and fully paid			
Equity share capital:			
73,099,735 ordinary shares of 10p each			
(30 June 2014: 73,099,735; 31 December 2014: 73,099,735)	**7.3**	7.3	7.3

The Company has one class of ordinary shares, which carries no rights to fixed income. There are no restrictions on the transfer of these shares. The total number of shares held in Treasury was 1.3m (2014: 1.8m). Treasury shares issued in the year related to share options that were exercised.

11. Related party transactions

Transactions between the parent, its subsidiaries and jointly controlled operations, which are related parties, have been eliminated on consolidation.

12. Post balance sheet events

On 2 July 2015, the Group acquired the entire issued share capital of Austral Constructions Pty Limited ("Austral") for an initial cash consideration of A$42m (£20.5m) and a deferred payment of up to A$20m (£9.8m), dependent on Austral's EBITDA earned in the three years ending 30 June 2018. The acquisition of Austral complements the Group's existing expertise in near-shore marine work in Australia and enhances the Group's ability to compete for large complex projects.

There were no other material post balance sheet events between the balance sheet date and the date of this report.

Responsibility Statement

The half yearly financial report is the responsibility of the Directors who confirm that to the best of their knowledge:

(a) the condensed set of financial statements has been prepared in accordance with IAS34 – Interim Financial Reporting;

(b) the interim management report includes a fair review of the information required by DTR 4.2.7R – indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year; and

(c) the interim management report includes a fair review of the information required by DTR 4.2.8R – disclosure of related party transactions and changes therein.

The directors of Keller Group plc are listed in the Keller annual report for 2014; however, since the publication of the annual report, Justin Atkinson has retired from the Board and Alan Michaelis has been appointed.

Approved by the Board of Keller Group plc and signed on its behalf by:

A Michaelis
Chief Executive

J W G Hind
Finance Director

3 August 2015