For immediate release 1 August 2016

Keller Group plc
Results for the six months ended 30 June 2016

Keller Group plc ("Keller"), the world's largest geotechnical contractor, announces its results for the six months ended 30 June 2016.

Results summary table

	H1 2016	H1 2015	% change	Constant currency % change
Underlying results (before exceptional items)				
Revenue	**£849.7m**	£755.8m	**+12%**	**+9%**
Operating profit[1]	**£35.6m**	£37.7m	**-6%**	**-10%**
Earnings per share[1]	**27.4p**	31.1p	**-12%**	**-16%**
Cash generated from operations[2]	**£41.9m**	£18.6m	**+125%**	**+136%**
Interim dividend per share	**9.25p**	8.8p	**+5%**	**n/a**
Results after exceptional items				
Operating profit	**£30.9m**	£35.0m	**-12%**	**-15%**
Earnings per share	**21.9p**	27.9p	**-22%**	**-26%**
Cash generated/(utilised) from operations	**£39.8m**	(£6.4m)	**n/a**	**n/a**

Highlights

- Record first half revenue of £850m, up 12%
- Operating profit before exceptional items[1] down 6%
- Underlying cash generated from operations up 125% to £41.9m
- Strong performances from North America and EMEA
- Disappointing result from APAC
- Medium-term objectives on track to deliver
- Order book to be executed in next 12 months up 10% on prior year
- Interim dividend up 5% to 9.25p per share

[1] exceptional items before tax totals £5.2m (2015: £3.0m), primarily relating to the amortisation of acquired intangible assets
[2] exceptional cash outflows from operations total £2.1m (2015: £25.0m), relating to the 2014 exceptional contract provision

"We have seen an encouraging start to the year in North America and EMEA, our two largest Divisions. APAC made a loss in the period, due to market conditions and project delays, but we expect a return to profitability in the second half of the year. Overall, the Group continues to make good progress against our medium-term objectives, building on our strong market positions and favourable market trends."

Alain Michaelis
Chief Executive, Keller Group plc

Notes to Editors:
Keller is the world's largest geotechnical contractor, providing technically advanced geotechnical solutions to the construction industry. With annual revenue of around £1.6bn, Keller has approximately 10,000 staff world-wide.

Keller is the clear market leader in the US, Canada, Australia and South 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).

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A presentation will be held for analysts at 9.30am at the
London Stock Exchange, 10 Paternoster Square, London EC4M 7LS.

A live webcast will be available from 9.30am and, on demand, from 2.00pm at: http://www.investis-live.com/keller/577f735618e4af08000650c8/vfw3

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

Group overview

Financial results

Our results for the six months ended 30 June 2016 reflect strong revenue and profit growth in the Group's two largest divisions, North America and EMEA, offset by a disappointing performance in the Asia Pacific ("APAC") division which recorded a significant loss in the period.

Group revenue increased by 12% to £849.7m (2015: £755.8m). Excluding acquisitions and currency movements, revenue was up 4%. The Group's operating profit before exceptional items[1] reduced by 6% or £2.1m to £35.6m and the Group's operating margin before exceptional items[1] was 4.2%, down on last year's 5.0%.

Underlying profit before tax and exceptional items[1] was £30.2m (2015: £34.6m) and earnings per share before exceptional items[1] were 27.4p (2015: 31.1p).

Cash generated from operations before exceptional items[2] in the first half of 2016 was £41.9m (2015: £18.6m). In the twelve months ended 30 June 2016, the total cash generated from operations before exceptional items was £165.6m, which equates to 104% of the period's EBITDA.

Net debt at 30 June 2016 was £339.7m, representing 2.1 times annualised EBITDA. The increase in net debt mainly reflects the exceptional capital expenditure of £62m on the acquisition of the freehold of a processing and warehousing facility at Avonmouth (as announced on 13 May 2016) and the impact of currency translation movements. Other capital expenditure in the first half totalled £33.4m (2015: £33.8m), which compares to depreciation of £30.2m (2015: £24.5m).

The financial position of the Group remains robust. 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 2016 half year results include £5.2m of exceptional items before tax, primarily relating to the amortisation of acquired intangible assets. After taking account of tax and exceptional items, the Group's post-tax result for the period was a profit of £16.0m (2015: £20.2m).

Acquisitions

The Group made two small acquisitions in the first half of the year. In February, we acquired the Brazilian foundation contractor Tecnogeo for an initial consideration of £11.8m and in April the Group acquired the assets and certain liabilities of Smithbridge, a marine construction business based in Brisbane, Australia, for £1.8m. Early integration of both is proceeding well.

Interim dividend

The Board has decided to increase the interim dividend by 5% to 9.25p (2015: 8.8p), reflecting its confidence in the future direction of the Group. The dividend will be paid on 30 September 2016 to shareholders on the register at the close of business on 2 September 2016.

Post balance sheet events

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

[1] exceptional items before tax totals £5.2m (2015: £3.0m), primarily relating to the amortisation of acquired intangible assets
[2] exceptional cash outflows from operations total £2.1m (2015: £25.0m), relating to the 2014 exceptional contract provision

Divisional overview

North America

Results summary[1]:		
	H1 2016	H1 2015
Revenue	**£464.8m**	£415.8m
Operating profit	**£33.6m**	£28.4m
Operating margin	**7.2%**	6.8%

[1] before exceptional items

In North America, which accounts for over half of the Group's revenue, revenue increased by 12%. On a constant currency basis, revenue was up 6%. The half year operating profit increased to £33.6m (2015: £28.4m) and the operating margin from 6.8% to 7.2%.

US

The Group's US businesses had a good first half, with revenue and profit both up on the same period in 2015, helped by the on-going steady growth in US construction. Bidding activity remains robust across the country and the Group's contract awards in the period were above the same period last year. The US order book at the end of June was about 10% higher year-on-year.

Hayward Baker, our largest and most broadly-based business in the US, had a good first half across most sectors. Case and HJ Foundation also performed well, although HJ's core Miami market is slowing after a very strong couple of years. Bencor, the diaphragm wall specialist acquired in August 2015, has integrated well and is currently helping a number of Keller companies outside the US in bidding D-wall work. Bencor's $135m East Branch Dam job is on track and the business is just completing work on two major station boxes in downtown San Francisco.

Suncoast, which is mainly focused on residential construction, had an excellent first half, taking full advantage of the ongoing increase in housing starts. While housing permits as a whole (a lead indicator for housing starts) have flattened in recent months, those for single family homes, which generate most of Suncoast's revenue, continue to increase.

Canada

Keller Canada continues to operate in a very difficult market. The business made a small loss in the seasonally weak first half, not helped by the delayed start of our major subway contract in Toronto. This $42m job was originally due to begin in April 2016, but is now not expected to start until November 2016. Results will improve in the seasonally better second half as revenues pick up, operating conditions ease and the business benefits from cost reductions made in the first half.

EMEA

Results summary[1]:		
	H1 2016	H1 2015
Revenue	**£261.7m**	£210.3m
Operating profit	**£13.6m**	£7.0m
Operating margin	**5.2%**	3.3%

[1] before exceptional items

Revenue in EMEA in the first half of the year was 24% up on the same period for 2015. On a constant currency basis, revenue was up 23%. Operating profit nearly doubled to £13.6m and the operating margin increased from 3.3% to 5.2%.

Whilst a number of markets remain challenging, the Group's most significant European businesses (the UK, Germany, Poland and Austria) have all had a good first half. Between them, these businesses account for over half of the Division's revenue. All of these geographies enter the second half with strong order books and good prospects although, as mentioned later, the UK may be adversely impacted by a BREXIT-related slowdown in the fourth quarter.

Elsewhere, we continue to make excellent progress on the major contract in the Caspian region. We have recently been awarded further work on this contract and expect more to be awarded in the second half which would extend the job well into 2017.

Whilst we have seen some projects delayed in the Middle East as a result of the relatively low oil price, construction activity has not abated and our order book is healthy.

As previously reported, the market continues to slow in South Africa; however, there remain good opportunities in Sub-Saharan Africa which we continue to pursue.

As noted earlier, the Group acquired Tecnogeo in Brazil during the first half. The business had 2015 revenue of around £20m and we are in the process of integrating the Group's existing business in Brazil into Tecnogeo. The enlarged operation is the third largest foundations business in Brazil. Whilst the political and economic climate in Brazil is challenging at the moment, and is expected to remain so for some time, we are pleased to have acquired this high quality business.

APAC

Results summary[1]:		
	H1 2016	H1 2015
Revenue	**£123.2m**	£129.7m
Operating profit	**£(9.6)m**	£4.8m
Operating margin	**(7.8%)**	3.7%

[1] before exceptional items

As previously indicated, the Group's APAC businesses in Australia, Singapore and Malaysia have had a very difficult first half, driven by market conditions and project delays. Reported revenue for the division was 5% down on the first half of 2015. On a constant currency basis and after adjusting for acquisitions, like-for-like revenue was 13% down. The Division made a loss in the first half of the year, totalling £9.6m compared to a profit of £4.8m in the comparable period in 2015. Around two-thirds of this decline occurred in Australia, due in large part to the non-recurrence of Wheatstone profits.

As we announced in November 2015, we have restructured the Asia and Australia Divisions with a view to taking advantage of scale effects, sharing relative strengths on products, reducing costs and increasing our ability to grow in Asia. We have, so far, realised £3m of annualised cost savings through the rationalisation and expect to deliver a further £3m in operational efficiencies over the next twelve months.

In Australia, dollar revenue excluding acquisitions was 28% down on the first half of 2015, in part due to delays to the start dates of the business' two largest projects. Keller's Australian businesses made a loss of around £6m in the first half of 2016 as a result of the volume reduction and the deterioration in the pricing environment.

In Asia, revenue was broadly flat year-on-year. However, taken together, the Asian operations also recorded a loss in the first half, largely as a result of the Group's piling business in Singapore which suffered from very low volumes and some one-off costs relating to prior years. The business is being restructured under a new management team.

Elsewhere in Asia, the large ground improvement contract at Changi airport has performed well and the Indian business has had a good first half after a slow start to the year.

Looking forward, despite the cancellation of the major Pluit City contract in Indonesia, which was due to start in September, APAC's order book is over 10% ahead of June last year and revenue will improve significantly in the second half, especially in Australia as its major projects pick up speed. We expect the division to return to profitability in the second half of 2016.

Board changes

As announced on 24 May 2016, Roy Franklin retired as Chairman and from the Board on 26 July 2016 and Peter Hill was appointed Chairman of Keller.

The Board would like to thank Roy for nine years of service to Keller, first as an independent non-Executive Director and then as a highly effective Chairman for the last seven years, and to wish him well for the future. He has made a significant contribution to the growth of Keller during this time and has always been a source of wise counsel to both management and fellow directors.

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 2015 annual report and can be found, together with the mitigating actions in place, in pages 26 to 27 of the report.

In summary, these are:

Market risk: A rapid downturn in our markets

Strategic risk:
- Failure to procure new contracts
- Losing our market share
- Non-compliance with our Code of Business Conduct

Financial risk: Inability to finance our business

Operational risk:
- Product and/or solution failure
- Ineffective management of our contracts
- Causing a serious injury or fatality to an employee or member of the public
- Not having the right skills to deliver

Impact of BREXIT

The UK referendum vote to leave the European Union is expected to lead to a period of prolonged economic and political uncertainty in the country. Whilst this is likely to impact our operations in the UK, Keller's UK business represents less than 4% of Group revenue.

Since the BREXIT vote, sterling has weakened considerably against most currencies. Virtually all Keller's earnings and most of its debt are in foreign currencies, primarily the US dollar. As a result, should sterling weakness persist, there will be a beneficial effect on Keller's profits when translated into sterling. Conversely, the weakening of sterling has increased the reported level of the Group's net debt, adding nearly £40m to net debt since the end of 2015.

Outlook

Whilst conditions in a number of our markets remain difficult, the US and most of the Group's major European markets are healthy. On a constant currency basis, at the end of June the Group's order book of work to be undertaken over the next twelve months was up 10% year-on-year.

For 2016 as a whole, the Board expects the underlying combined performance of the Group's two largest divisions, North America and EMEA, to outperform its original expectation. APAC has had a very difficult period but we expect it to return to profitability in the second half of the year. Overall, we expect the full year Group results to be at the lower end of the Board's expectations.

Consolidated income statement

For the half year ended 30 June 2016

		Half year to 30 June 2016			Half year to 30 June 2015			Year to 31 December 2015		
	Note	**Before exceptional items £m**	**Exceptional items (Note 5) £m**	**Total £m**	Before exceptional items £m	Exceptional items (Note 5) £m	Total £m	Before exceptional items £m	Exceptional items (Note 5) £m	Total £m
Revenue	3	**849.7**	**-**	**849.7**	755.8	-	755.8	1,562.4	-	1,562.4
Operating costs		**(814.1)**	**(4.7)**	**(818.8)**	(718.1)	(2.7)	(720.8)	(1,459.0)	(38.7)	(1,497.7)
Operating profit	3	**35.6**	**(4.7)**	**30.9**	37.7	(2.7)	35.0	103.4	(38.7)	64.7
Finance income		**0.5**	**-**	**0.5**	0.7	-	0.7	0.8	-	0.8
Finance costs		**(5.9)**	**(0.5)**	**(6.4)**	(3.8)	(0.3)	(4.1)	(8.5)	(0.7)	(9.2)
Profit before taxation		**30.2**	**(5.2)**	**25.0**	34.6	(3.0)	31.6	95.7	(39.4)	56.3
Taxation	6	**(10.2)**	**1.2**	**(9.0)**	(12.1)	0.7	(11.4)	(33.0)	3.0	(30.0)
Profit/(loss) for the period		**20.0**	**(4.0)**	**16.0**	22.5	(2.3)	20.2	62.7	(36.4)	26.3
Attributable to:										
Equity holders of the parent		**19.7**	**(4.0)**	**15.7**	22.3	(2.3)	20.0	61.9	(36.4)	25.5
Non-controlling interests		**0.3**	**-**	**0.3**	0.2	-	0.2	0.8	-	0.8
		20.0	**(4.0)**	**16.0**	22.5	(2.3)	20.2	62.7	(36.4)	26.3
Earnings per share										
Basic	8	**27.4**		**21.9**	31.1p		27.9p	86.4p		35.5p
Diluted	8	**27.0**		**21.5**	30.7p		27.6p	85.4p		35.1p

Consolidated statement of comprehensive income

For the half year ended 30 June 2016

	Half year to 30 June 2016 £m	Half year to 30 June 2015 £m	Year to 31 December 2015 £m
Profit for the period	**16.0**	20.2	26.3
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	**48.1**	(22.9)	(22.9)
Net investment hedge (losses)/gains	**(2.9)**	2.7	1.7
Cash flow hedge (losses)/gains taken to equity	**(0.6)**	1.5	(4.2)
Cash flow hedge transfers to income statement	**0.6**	(1.5)	4.1
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension schemes	**(6.0)**	0.6	0.3
Tax on remeasurements of defined benefit pension schemes	**0.8**	(0.1)	(0.3)
Other comprehensive income for the period, net of tax	**40.0**	(19.7)	(21.3)
Total comprehensive income for the period	**56.0**	0.5	5.0
Attributable to:			
Equity holders of the parent	**55.3**	0.4	4.3
Non-controlling interests	**0.7**	0.1	0.7
	56.0	0.5	5.0

Consolidated balance sheet

As at 30 June 2016

	Note	As at 30 June 2016 £m	As at 30 June 2015 £m	As at 31 December 2015 £m
ASSETS				
Non-current assets				
Intangible assets		**181.5**	172.0	160.1
Property, plant and equipment		**383.7**	286.0	331.8
Deferred tax assets		**17.4**	10.2	13.4
Other assets		**32.0**	21.3	22.9
		614.6	489.5	528.2
Current assets				
Inventories		**56.3**	50.8	47.3
Trade and other receivables		**534.6**	445.2	423.2
Current tax assets		**11.3**	5.7	12.6
Cash and cash equivalents	9	**75.3**	55.3	63.1
		677.5	557.0	546.2
Non-current assets held for sale	10	**48.0**	-	-
Total assets		**1,340.1**	1,046.5	1,074.4
LIABILITIES				
Current liabilities				
Loans and borrowings		**(59.6)**	(4.3)	(3.5)
Current tax liabilities		**(4.1)**	(10.7)	(6.7)
Trade and other payables		**(423.9)**	(371.7)	(373.4)
Provisions		**(18.5)**	(31.0)	(34.7)
		(506.1)	(417.7)	(418.3)
Non-current liabilities				
Loans and borrowings		**(355.4)**	(222.5)	(242.6)
Retirement benefit liabilities		**(30.5)**	(23.0)	(23.1)
Deferred tax liabilities		**(32.0)**	(18.9)	(26.7)
Provisions		**(10.5)**	(13.2)	(7.1)
Other liabilities		**(28.8)**	(16.1)	(22.6)
		(457.2)	(293.7)	(322.1)
Total liabilities		**(963.3)**	(711.4)	(740.4)
Net assets		**376.8**	335.1	334.0
EQUITY				
Share capital	11	**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		**32.0**	(11.9)	(12.8)
Other reserve		**56.9**	56.9	56.9
Hedging reserve		**(0.1)**	-	(0.1)
Retained earnings		**231.4**	234.0	233.5
Equity attributable to equity holders of the parent		**373.2**	332.0	330.5
Non-controlling interests		**3.6**	3.1	3.5
Total equity		**376.8**	335.1	334.0

Condensed consolidated statement of changes in equity

For the half year ended 30 June 2016

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Translation reserve £m	Other reserve £m	Hedging Reserve £m	Retained earnings £m	Non-controlling interests £m	**Total equity £m**
At 30 June 2015	7.3	38.1	7.6	(11.9)	56.9	-	234.0	3.1	**335.1**
At 31 December 2015	7.3	38.1	7.6	(12.8)	56.9	(0.1)	233.5	3.5	**334.0**
Total comprehensive income for the period	-	-	-	44.8	-	-	10.5	0.7	**56.0**
Dividends	-	-	-	-	-	-	(13.1)	(0.6)	**(13.7)**
Share-based payments	-	-	-	-	-	-	0.5	-	**0.5**
At 30 June 2016	7.3	38.1	7.6	32.0	56.9	(0.1)	231.4	3.6	**376.8**

Consolidated cash flow statement

For the half year ended 30 June 2016

	Note	**Half year to 30 June 2016 £m**	Half year to 30 June 2015 £m	Year to 31 December 2015 £m
Cash flows from operating activities				
Operating profit before exceptional items		**35.6**	37.7	103.4
Depreciation of property, plant and equipment		**30.2**	24.5	50.9
Amortisation of intangible assets		**0.7**	0.6	1.2
Loss/(profit) on sale of property, plant and equipment		**1.1**	(0.3)	(0.3)
Other non-cash movements		**3.4**	0.8	6.4
Foreign exchange (gains)/losses		**(0.3)**	0.3	0.1
Operating cash flows before movements in working capital		**70.7**	63.6	161.7
(Increase)/decrease in inventories		**(3.3)**	(4.6)	0.5
(Increase)/decrease in trade and other receivables		**(44.3)**	(71.3)	(11.1)
Increase/(decrease) in trade and other payables		**18.9**	30.5	(1.4)
Change in provisions, retirement benefit and other non-current liabilities		**(0.1)**	0.4	(7.4)
Cash generated from operations before exceptional items		**41.9**	`18.6	142.3
Cash flows from exceptional items		**(2.1)**	(25.0)	(27.5)
Cash generated/(utilised) from operations		**39.8**	(6.4)	114.8
Interest paid		**(5.5)**	(3.3)	(6.6)
Income tax paid		**(11.0)**	(17.0)	(44.3)
Net cash inflow/(outflow) from operating activities		**23.3**	(26.7)	63.9
Cash flows from investing activities				
Interest received		**0.4**	0.2	0.5
Proceeds from sale of property, plant and equipment		**2.8**	3.1	5.1
Acquisition of property, plant and equipment		**(33.4)**	(33.8)	(74.2)
Acquisition of intangible assets		**(0.2)**	(0.3)	(0.8)
Acquisition of subsidiaries, net of cash acquired		**(12.2)**	(2.7)	(52.5)
Acquisition of other non-current assets		**(62.0)**	-	-
Net cash outflow from investing activities		**(104.6)**	(33.5)	(121.9)
Cash flows from financing activities				
New borrowings		**126.7**	47.9	71.2
Repayment of borrowings		**-**	(1.8)	(9.3)
Cash flows from derivative instruments		**(28.0)**	-	-
Payment of finance lease liabilities		**(1.1)**	(0.8)	(1.4)
Dividends paid		**(13.7)**	(12.6)	(19.1)
Net cash inflow from financing activities		**83.9**	32.7	41.4
Net increase/(decrease) in cash and cash equivalents		**2.6**	(27.5)	(16.6)
Cash and cash equivalents at beginning of period		**62.9**	85.6	85.6
Effect of exchange rate fluctuations		**8.3**	(5.0)	(6.1)
Cash and cash equivalents at end of period	9	**73.8**	53.1	62.9

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 2015. 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 2015, except for the adoption of the following:

- 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'
- Amendments to IFRS 11, 'Accounting for Acquisitions of Interests in Joint Operations'
- Annual Improvements to IFRSs 2012-2014 Cycle

There is no material impact on this interim financial report as a result of adopting these amendments and annual improvements.

There are no standards, amendments or interpretations adopted by the EU that are in issue but not yet effective that are expected to have a significant impact on the Group financial statements. The Group is considering the impact on the Group financial statements of adopting standards, amendments or interpretations not yet adopted by the EU, including IFRS 9, 'Financial instruments'; IFRS 15, 'Revenue from contracts with customers'; and IFRS 16, 'Leases'.

The figures for the year ended 31 December 2015 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 2016 and 30 June 2015 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 2015, continue to be: market risk, strategic risk, financial risk and operational risk.

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.

FRS 101

Following the publication of FRS100 Application of Financial Reporting Requirements by the Financial Reporting Council, Keller Group plc notified shareholders and changed its accounting framework for the year ended 31 December 2015 by adopting FRS101 Reduced Disclosure Framework. It is the Board's intention to continue to use FRS101 and the disclosure exemptions for the year ending 31 December 2016 (unless we receive objection in writing to the registered address from shareholders holding more than 5% of the allotted share capital by 30 September 2016). Where required, equivalent disclosures will be given in the consolidated group accounts of Keller Group plc.

2. Foreign currencies

The exchange rates used in respect of principal currencies are:

	Average for period			Period end		
	Half year to 30 June 2016	Half year to 30 June 2015	Year to 31 December 2015	**As at 30 June 2016**	As at 30 June 2015	As at 31 December 2015
US dollar	**1.43**	1.52	1.53	**1.34**	1.57	1.48
Canadian dollar	**1.90**	1.88	1.95	**1.73**	1.94	2.05
Euro	**1.28**	1.36	1.38	**1.21**	1.42	1.36
Singapore dollar	**1.98**	2.05	2.10	**1.80**	2.12	2.09
Australian dollar	**1.95**	1.95	2.03	**1.80**	2.05	2.03

3. Segmental analysis

In accordance with IFRS 8, the Group has determined its operating segments based upon the information reported to the Chief Operating Decision Maker. With effect from 1 January 2016, the Group has implemented a new organisation structure, compromising three geographical divisions which have only one major product or service: specialist ground engineering services. Australia and Asia have been combined to form the new geographical division, APAC. North America and EMEA continue to be managed as separate geographical divisions. 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 three reportable segments is given below, with comparative information restated to reflect the new geographic structure:

	Revenue			Operating profit		
	Half year to 30 June 2016 £m	Half year to 30 June 2015 £m	Year to 31 December 2015 £m	**Half year to 30 June 2016 £m**	Half year to 30 June 2015 £m	Year to 31 December 2015 £m
North America	**464.8**	415.8	851.2	**33.6**	28.4	76.4
EMEA[1]	**261.7**	210.3	441.5	**13.6**	7.0	21.3
APAC[2]	**123.2**	129.7	269.7	**(9.6)**	4.8	11.7
	849.7	755.8	1,562.4	**37.6**	40.2	109.4
Central items and eliminations	**-**	-	-	**(2.0)**	(2.5)	(6.0)
Before exceptional items	**849.7**	755.8	1,562.4	**35.6**	37.7	103.4
Exceptional items (Note 5)	**-**	-	-	**(4.7)**	(2.7)	(38.7)
	849.7	755.8	1,562.4	**30.9**	35.0	64.7

[1] Europe, Middle East and Africa.
[2] Asia-Pacific.

4. Acquisitions

2016 acquisitions

	Tecnogeo		
	Carrying amount £m	Fair value adjustment £m	Fair value £m
Net assets acquired			
Intangible assets	-	0.7	0.7
Property, plant and equipment	6.1	-	6.1
Cash and cash equivalents	1.1	-	1.1
Receivables	3.8	-	3.8
Other assets	0.3	-	0.3
Loans and borrowings	(1.6)	-	(1.6)
Deferred tax	-	(0.2)	(0.2)
Other liabilities	(1.4)	(1.9)	(3.3)
	8.3	(1.4)	6.9
Goodwill			5.4
Total consideration			**12.3**
Satisfied by			
Initial cash consideration			11.8
Contingent consideration			0.5
			12.3

On 29 February 2016, the Group acquired 100% of the share capital of the Tecnogeo group of companies, a business based in Sao Paulo, Brazil, for an initial cash consideration of £11.8m (BRL 62.1m). The fair value of the intangible assets acquired represents the fair value of customer contracts at the date of acquisition and the trade name. Goodwill arising on acquisition is attributable to the knowledge and expertise of the assembled workforce, the expectation of future contracts and customer relationships and the operating synergies that arise from the Group's strengthened market position. Contingent consideration of up to £12.3m (BRL 53m) is payable based on total earnings before interest, tax, depreciation and amortisation in the two year period following acquisition. £0.5m of the contingent consideration is currently provided for.

The fair value of the total trade receivables is not materially different from the gross contractual amounts receivable and is expected to be recovered in full. In the period to 30 June 2016, Tecnogeo contributed £5.2m to revenue and £0.1m to the net profit before exceptional items of the Group. Had the acquisition taken place on 1 January 2016, total Group turnover would have been £852.3m and total net profit before exceptional items would have been £20.0m.

On 4 April 2016, the Group acquired assets and certain liabilities of Smithbridge Group Pty Limited, a business based in Brisbane, Australia, for an initial cash consideration of £1.8m (AUD3.4m). The purchase price reflects the fair value of the assets and liabilities acquired.

The adjustments made in respect of acquisitions in the period to 30 June 2016 are provisional and will be finalised within 12 months of the acquisition date.

2015 acquisitions

	Bencor			Austral			Ellington Cross			**Total**		
	Carrying amount	Fair value adjust-ment	Fair value	Carrying amount	Fair value adjust-ment	Fair value	Carrying amount	Fair value adjust-ment	Fair value	**Carrying amount**	**Fair value adjust-ment**	**Fair value**
	£m	£m	£m	£m	£m	£m	£m	£m	£m	**£m**	**£m**	**£m**
Net assets acquired												
Intangible assets	-	3.8	3.8	-	8.7	8.7	-	0.4	0.4	**-**	**12.9**	**12.9**
Property, plant and equipment	16.7	-	16.7	9.6	1.5	11.1	0.6	-	0.6	**26.9**	**1.5**	**28.4**
Cash and cash equivalents	-	-	-	1.1	-	1.1	-	-	-	**1.1**	**-**	**1.1**
Receivables	10.0	-	10.0	3.9	-	3.9	1.2	-	1.2	**15.1**	**-**	**15.1**
Other assets	0.1	-	0.1	1.6	-	1.6	-	-	-	**1.7**	**-**	**1.7**
Loans and borrowings	-	-	-	(1.0)	-	(1.0)	-	-	-	**(1.0)**	**-**	**(1.0)**
Deferred tax	-	-	-	0.3	-	0.3	-	-	-	**0.3**	**-**	**0.3**
Other liabilities	(4.8)	-	(4.8)	(5.9)	-	(5.9)	(0.5)	-	(0.5)	**(11.2)**	**-**	**(11.2)**
	22.0	3.8	25.8	9.6	10.2	19.8	1.3	0.4	1.7	**32.9**	**14.4**	**47.3**
Goodwill			3.2			6.7			0.2			**10.1**
Total consideration			29.0			26.5			1.9			**57.4**
Satisfied by												
Initial cash consideration			29.0			19.9			1.9			**50.8**
Contingent consideration			-			6.6			-			**6.6**
			29.0			26.5			1.9			**57.4**

On 17 August 2015, the Group acquired the trade and selected assets of the GeoConstruction group (‘Bencor’) of Layne Christensen Company, a business based in Dallas, USA. The fair value of the intangible assets acquired represents the fair value of customer contracts at the date of acquisition and the trade name. Goodwill arising on acquisition is attributable to the knowledge and expertise of the assembled workforce, the expectation of future contracts and customer relationships and the opportunity to expand Bencor’s diaphragm wall technology around the Group.

On 2 July 2015, the Group acquired 100% of the share capital of Austral Construction Pty Limited (‘Austral’), a business based in Melbourne, Australia. The fair value of the intangible assets acquired represents the fair value of customer relationships and customer contracts at the date of acquisition. Goodwill arising on acquisition is attributable to the knowledge and expertise of the assembled workforce, the expectation of future contracts and customer relationships and the operating synergies that arise from the Group’s strengthened market position. Contingent consideration of up to £11.1m (A$20.0m) is payable based on total earnings before interest, tax, depreciation and amortisation in the three year period following acquisition.

On 17 August 2015, the Group acquired the trade and selected assets of Ellington Cross, LLC (‘Ellington Cross’), a business based in Charleston, USA.

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 2016 £m	Half year to 30 June 2015 £m	Year to 31 December 2015 £m
Goodwill impairment	**-**	-	31.2
Amortisation of acquired intangible assets	**5.0**	2.6	7.3
Acquisition costs	**0.2**	0.1	0.2
Other	**(0.5)**	-	-
Exceptional items in operating costs	**4.7**	2.7	38.7
Exceptional finance costs	**0.5**	0.3	0.7
	5.2	3.0	39.4

Amortisation of acquired intangible assets primarily relate to the acquisitions of Keller Canada, Franki Africa, Austral, Bencor and Tecnogeo.

Other exceptional items relate to the rental income received for the period following the acquisition of the freehold of a processing and warehousing facility at Avonmouth, near Bristol on 12 May 2016 (Note 10).

Exceptional finance costs relate to the finance costs incurred to fund the acquisition of the freehold of a processing and warehousing facility at Avonmouth, near Bristol (Note 10) and the unwinding of discounted contingent consideration for acquisitions.

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 34.0% (half year ended 30 June 2015: 35.0%; year ended 31 December 2015: 34.5%).

7. Dividends payable to equity holders of the parent

Ordinary dividends on equity shares:

	Half year to 30 June 2016 £m	Half year to 30 June 2015 £m	Year to 31 December 2015 £m
Amounts recognised as distributions to equity holders in the period:			
Interim dividend for the year ended 31 December 2015 of 8.8p (2014: 8.4p) per share	**-**	-	6.3
Final dividend for the year ended 31 December 2015 of 18.3p (2014: 16.8p) per share	**13.1**	12.0	12.0
	13.1	12.0	18.3

In addition to the above, an interim ordinary dividend of 9.25p per share (2015: 8.8p) will be paid on 30 September 2016 to shareholders on the register at 2 September 2016. 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 attributable to equity holders of the parent before exceptional items			Earnings attributable to equity holders of the parent		
	30 June 2016	30 June 2015	31 December 2015	**30 June 2016**	30 June 2015	31 December 2015
Basic and diluted earnings (£m)	**19.7**	22.3	61.9	**15.7**	20.0	25.5
Number of shares (million)						
Basic number of ordinary shares outstanding	**71.8**	71.6	71.7	**71.8**	71.6	71.7
Effect of dilutive potential ordinary shares:						
Share options and awards	**1.1**	0.8	0.8	**1.1**	0.8	0.8
Diluted number of ordinary shares	**72.9**	72.4	72.5	**72.9**	72.4	72.5
Earnings per share						
Basic earnings per share (pence)	**27.4**	31.1	86.4	**21.9**	27.9	35.5
Diluted earnings per share (pence)	**27.0**	30.7	85.4	**21.5**	27.6	35.1

9. Analysis of closing net debt

	As at 30 June 2016 £m	As at 30 June 2015 £m	As at 31 December 2015 £m
Bank balances	**73.9**	53.1	56.3
Short-term deposits	**1.4**	2.2	6.8
Cash and cash equivalents in the balance sheet	**75.3**	55.3	63.1
Bank overdrafts	**(1.5)**	(2.2)	(0.2)
Cash and cash equivalents in the cash flow statement	**73.8**	53.1	62.9
Bank and other loans	**(409.1)**	(221.5)	(242.7)
Finance leases	**(4.4)**	(3.1)	(3.2)
Closing net debt	**(339.7)**	(171.5)	(183.0)

10. Non-current assets held for sale

On 12 May 2016, the Group acquired the freehold of a processing and warehousing facility at Avonmouth, near Bristol, for a consideration of £62m. As set out in the 2015 Annual Report & Accounts, the Group's final liability with regards to the historic contract dispute involving the property is in part dependent on the value of the property after some remedial works. In order to maximize this value, the Group decided to acquire the property with a view to marketing it to third parties.

In accordance with IFRS 5, the property is being held at the lower of carrying amount and fair value less costs to sell. As the Group previously held a provision for the diminution in value of the property as part of the overall contract dispute provision, no additional impairment charge has been recognised.

11. Share capital and reserves

	As at 30 June 2016 £m	As at 30 June 2015 £m	As at 31 December 2015 £m
Allotted, called up and fully paid			
Equity share capital:			
73,099,735 ordinary shares of 10p each			
(30 June 2015: 73,099,735; 31 December 2015: 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 (30 June 2015: 1.3m; 31 December 2015: 1.3m).

12. Related party transactions

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

13. Post balance sheet events

There were no 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 2015; however, since the publication of the annual report, Roy Franklin has retired from the Board and Peter Hill CBE has been appointed as Non-Executive Chairman.

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

Alain Michaelis
Chief Executive

James Hind
Finance Director

1 August 2016