For immediate release *Monday, 4 August 2014*

Keller Group plc
Interim Results for the six months ended 30 June 2014

Keller Group plc ("Keller" or "the Group"), the international ground engineering specialist, announces its interim results for the six months ended 30 June 2014.

Results summary:			
	2014	2013	
Revenue	**£788.2m**	£644.6m	+ 22%
Operating profit*	**£35.5m**	£28.6m	+ 24%
Profit before tax*	**£32.5m**	£26.8m	+ 21%
Earnings per share*	**29.5p**	28.1p	+ 5%
Total dividend per share	**8.4p**	8.0p	+ 5%

* before exceptional items, including the charge of £30 million in respect of a contract dispute announced on 30 July 2014

Highlights include:

- Constant currency revenue is up 33%
- Excluding acquisitions, constant currency revenue increased by 22%
- Operating margin* of 4.5% (2013: 4.4%)
- Cash generated from operations £31.9m (2013: £30.2m)
- EPS* growth of 5%
- Interim dividend increased by 5% to 8.4p per share (2013: 8.0p)
- Net debt of £161.9m (1.2x annualised EBITDA)

Justin Atkinson, Keller Chief Executive said:

"We have seen an improved first-half performance, with all four of the Group's divisions achieving strong revenue growth compared to the same period last year, despite the adverse currency translation impact."

"We expect the Group's results for the full year to be in line with current market expectations and, looking further ahead, we remain optimistic about our long-term prospects. Keller continues to make positive progress against its strategy and is well positioned to take full advantage of future opportunities."

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A presentation for analysts will be held at 9.15am for 9.30am at The London Stock Exchange, 10 Paternoster Square, London, EC4M 7LS

A live audio webcast will be held at 9.30am, and available on demand from 2.00pm, on our website at: *http://www.keller.co.uk/keller/investor/result-centre/latest-results/*

Cautionary Statement

This announcement contains forward looking statements which are made in good faith based on the information available at the time of its approval. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward looking statement which could cause actual results to differ materially from those currently anticipated. Nothing in this document should be regarded as a profits forecast.

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 around £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.

Chairman's Statement

Financial overview[1]

Our results for the six months ended 30 June 2014 reflect an improved first-half performance.

Group revenue was up 22% at £788.2m (2013: £644.6m) and operating profit increased 24% to £35.5m (2013: £28.6m) despite an adverse currency translation impact of £3.5m. At constant currency, and including the benefit of acquisitions, Group revenue increased by 33%. The underlying increase in revenue was mainly driven by strong performances from our businesses in the US and Australia. The Group operating margin was 4.5%, up slightly on last year's 4.4%.

Profit before tax was £32.5m (2013: £26.8m) and earnings per share were 29.5p (2013: 28.1p).

In light of these improved results and the Board's confidence in the future prospects of the business, the Board has decided to increase the interim dividend by 5% to 8.4p per share (2013: 8.0p). The dividend will be paid on 5 September 2014 to shareholders on the register at the close of business on 15 August 2014.

Cash generated from operations was £31.9m, up 6% on last year's £30.2m. Net debt at 30 June 2014 was £161.9m, representing 1.2 times annualised EBITDA. Capital expenditure in the first half totalled £28.6m (2013: £19.5m), which compares to depreciation of £23.6m (2013: £21.9m).

Post Balance Sheet Event - Refinancing

On 4 July 2014, the Group completed the refinancing of its syndicated revolving credit facilities. A £250m revolving credit facility expiring in September 2019 was agreed, replacing both the £170m facility expiring in April 2015 and the US$150m facility expiring in July 2017.

Exceptional Items – contract dispute

On 30 July 2014, we announced that the Board had decided to make an exceptional provision of £30m in respect of a contract dispute on a project that the Group's UK subsidiary, Keller Limited, completed in 2008. The claims intimated against Keller Limited, which are currently the subject of litigation, are denied and being vigorously defended. The amount is stated before taking account of recoveries under applicable insurances which are yet to be agreed, as these cannot be recognised under IFRS.

Strategy and Business Improvement

For many years, our strategy – to extend further our global leadership in specialist ground engineering through both organic growth and targeted acquisitions – has served the Group well.

As well as pursuing our long-term strategic goals, we have implemented 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. These initiatives are on-going and, as a result, we are seeing a better performance in our business.

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[1] All figures are stated before net exceptional items of £27.6m before tax. Exceptional items mainly comprise a £30m provision for a contract dispute, £3.9m of amortisation of acquired intangible assets, offset by a credit of £6.9m for contingent consideration no longer expected to be paid.

Board
In June 2014, we announced the appointment of Nancy Tuor Moore as an independent Non-executive Director to the Board and Chairman of our Health, Safety and Environment Committee. Nancy's extensive international business experience, together with her proven record in winning and safely delivering both global and local contracts, will enable her to make a significant contribution to the Keller Board.

Health and Safety
We deeply regret that a Franki Africa employee lost his life whilst working on a jobsite in Ghana in June. This was the first fatality at Franki Africa since 1999 and following the incident, the Group Chief Executive and the Group's Health and Safety Director visited the site where a thorough safety review was carried out to ensure that the cause of the incident was fully understood and that appropriate measures were implemented to prevent a recurrence.

Operational overview

North America

In the US, which remains by far our single biggest market, the value of total construction expenditure in the year to date was up 8% compared with the same period last year[2]. Private expenditure on construction, both residential and non-residential, increased by more than 10%. Public expenditure on construction, however, was broadly flat year on year.

Investment in the Canadian resources markets, particularly the oils sands market, has declined very materially in recent months: this has had a knock-on effect on the competitive landscape in other construction markets in Canada.

Against this market backdrop, our North American operations reported revenue of £373.0m (2013: £308.0m), with underlying US dollar revenue, excluding the benefit of acquisitions, 14% ahead of last year. Operating profit increased to £20.7m (2013: £16.5m).

<u>US</u>
Our market leading positions, coast to coast national coverage and on-going refocusing work have enabled our US businesses to take advantage of the improved market conditions. US dollar revenue and profits are ahead of this time last year despite the adverse weather conditions in the first quarter of 2014 and the results in the first half of 2013 benefitting from some profitable large contracts.

Our US piling companies have had a steady first half, seeing an increase in the supply of work over the period but with markets remaining competitive. During the first half of the year we have won a number of large projects, including the NE Grid Transmission Line and the AMTRAK High Speed Rail in the north-east of the US. Our US piling companies continue to work jointly or with Hayward Baker on larger projects to deliver multi-product solutions. The Oceana Bal Harbour and One Ocean projects in Miami are examples of current joint ventures between HJ and Hayward Baker providing augercast, wet soil mixing, sheet piling and tieback anchor technology.

Hayward Baker reported a strong first-half performance although results varied across its diverse regions and sectors, reflecting differences in local market conditions. Overall progress was encouraging and results are improved year on year with a strong performance in its targeted large projects drive, as seen with the Seattle Elliott Bay seawall project and the new International Market Place in Waikiki, O'ahu in Hawaii.

At Suncoast, both revenue and profit were ahead of last year as the business continues to take full advantage of the steady growth in US housing starts and continued buoyancy in the

[2] The US Census Bureau of the Department of Commerce, 1 July 2014

Houston high-rise market. The challenge as the business grows remains in recruiting sufficient people to supplement the workforce.

Canada
The integration of Keller Canada continues to progress but against the previously mentioned market backdrop we are seeing revenue from projects in the Alberta oil sands and other resource markets replaced in part by lower margin commercial work. As a result, Keller Canada's profits are below those expected at the time of acquisition. Consequently, we do not expect to pay any deferred consideration in respect of this acquisition and the C$13.6m previously accrued has therefore been released in accordance with IFRS and credited to the income statement as an exceptional item in the first half.

We expect to see a recovery in the Canadian oil sands in the medium term with a return to strong investment in this cyclical market.

Elsewhere in Canada, Geo-Foundations, which operates primarily in infrastructure in Ontario, continues to perform well.

Europe, Middle East & Africa (EMEA)

Europe
In general, conditions in our more mature European markets were stable but still challenging. Our response has been to continue with the programme of cost controls and business improvements which have made an important contribution in these difficult markets.

Revenue from our EMEA division increased to £214.4m (2013: £185.5m) and it reported an operating profit of £2.7m (2013: £1.8m). On a constant currency basis, and after adjusting for acquisitions, revenue was up 4% on the previous year.

Once again, our German subsidiary produced a relatively good result and after a quieter period, our business in Poland is performing well having picked up work in the infrastructure market. Careful selection and execution of work in French-speaking territories overseas offset ongoing weakness in our French business' home market. Our southern European businesses had a disappointing first half.

The overall divisional result was also helped by good contributions from a number of prestigious projects, several of which have recently completed or are nearing completion. These include the Berlin State Opera House in Germany where we are operating a joint venture with Bauer and the Nowy Swiat Financial Centre in Warsaw, Poland.

Middle East and Africa
Whilst we continue to see good opportunities in the Middle East, competition remains intense. We have, encouragingly, secured our first jobs in Qatar on the new metro system. Our local team is being supported by colleagues elsewhere in EMEA in transferring specialty jet grouting to the region.

The South African market has picked up since the acquisition of Franki Africa. Franki Africa is performing well and its integration progresses as planned. The transfer of a number of technologies to this business is proceeding ahead of plan.

Latin America
Brazil reported an improved result and the development of this business continues. We continue to work on a large project in São Luís, Maranhão installing 530,000m of stone columns as part of a new road upgrade, Motorway BR-135. We continue to approach expansion in this region prudently.

Asia

In the first six months, we experienced mixed conditions in our markets in Asia, with construction in some parts of the region seemingly in a holding pattern whilst wider economic and political issues are being addressed. Reported revenue improved to £56.6m (2013: £44.4m) in the first half of the year; however operating profit fell to £3.6m, compared to £4.8m in 2013. The fall in profitability is due to both the strength of sterling and some very profitable contracts ending in early 2013. The division's operating margin was 6.4% (2013: 10.8%).

ASEAN region

Our businesses in Malaysia continue to perform well, with good performances on a number of projects including the Melawati Mall in Kuala Lumpar, a 13 storey shopping mall.

The Puteri Harbour project, a new waterfront development comprising housing, office and retail space, is the Group's first major project in the south of Johor, an area where we expect significant growth and opportunities in the medium term. Here, we have combined our bored piling expertise from both Malaysia and Singapore with the driven piling expertise of a local contractor, Ansah Sdn Bhd, to deliver a large and complex foundations package. Last week, we agreed to acquire the Ansah business for an initial consideration of £3.5m which will give us much greater access to packaged jobs in the petrochemical and infrastructure sectors in both Singapore and Malaysia.

The foundations for Sengkang Hospital, a S$66m project announced in 2013, which will be one of Singapore's largest hospitals and comprise an integrated general hospital, community hospital and specialist outpatient facilities, have been completed four months ahead of schedule.

Whilst the Singapore market remains busy we have seen increased competition from Korean and Chinese contractors attracted by major infrastructure projects.

India

In India, expectations are high that the new government will kick start a number of stalled large infrastructure projects. After a slow start, Keller India is now extremely busy and we have recently secured a S$6m contract for vibro compaction and vibro stone column work at the LNG Regas facility in Mundra, where we are also carrying out tank foundations for a repeat customer.

Across the region as a whole, the outlook remains positive.

Australia

The resources sector of Australia's construction market remains subdued but we are seeing some signs of recovery in the commercial and infrastructure sectors: Australian State and Federal governments have made large infrastructure commitments in New South Wales and there are also good prospects for infrastructure works in Victoria.

The first-half performance of our Australian business has been very good, with reported revenue of £144.2m (2013: £106.7m) and operating profit of £10.6m, compared to £8.8m in the first half last year. On a constant currency basis, revenue was more than 60% up on last year. The on-shore LNG processing plant at Wheatstone in Western Australia, the Group's largest ever contract, is progressing well and has been a key contributor to revenue and profit in the first half. The project will substantially complete in September of this year.

Piling Contractors, working in conjunction with Vibropile and KGE, is making good progress installing the foundations for the Darling Harbour Live project in Sydney, where the New South Wales government has committed A$2.5billion to the harbour's redevelopment, whilst

Waterways commenced work in May 2014 on a major upgrade to the Overseas Passenger Terminal, a project due to complete in September 2014.

Outlook

Looking into the second half, we believe that the US construction markets will continue their gradual improvement. In Canada, however, we do not see any imminent signs of a pick-up in the key oil sands markets. Taken as a whole, we do not expect any material change in market conditions within Europe which remain challenging. Further afield, the Asian markets will continue to offer good opportunities and whilst the Wheatstone project will shortly come to an end there are signs that other construction markets in Australia are slowly picking up.

The recent intake of orders, including an increased number of large contracts, has been at a good level although some of this work in Canada and Australia is at lower margins. The like-for-like period end order book for work to be executed over the next 12 months is 9% ahead of the start of the same time last year.

Overall, the Group's results for the full year are expected to be in line with current market expectations.

Roy A Franklin
Chairman
4 August 2014

Consolidated income statement
For the half year ended 30 June 2014

		Half year to 30 June 2014			Half year to 30 June 2013			Year to 31 December 2013		
	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	**788.2**	**-**	**788.2**	644.6	-	644.6	1,438.2	-	1,438.2
Operating costs		**(752.7)**	**(27.5)**	**(780.2)**	(616.0)	(9.4)	(625.4)	(1,360.4)	(21.7)	(1,382.1)
Operating profit	3	**35.5**	**(27.5)**	**8.0**	28.6	(9.4)	19.2	77.8	(21.7)	56.1
Finance income		**1.0**	**-**	**1.0**	0.9	-	0.9	3.1	-	3.1
Finance costs		**(4.0)**	**(0.1)**	**(4.1)**	(2.7)	-	(2.7)	(6.8)	(0.4)	(7.2)
Profit before taxation		**32.5**	**(27.6)**	**4.9**	26.8	(9.4)	17.4	74.1	(22.1)	52.0
Taxation	6	**(10.7)**	**0.7**	**(10.0)**	(8.3)	-	(8.3)	(23.8)	1.9	(21.9)
Profit/(loss) for the period		**21.8**	**(26.9)**	**(5.1)**	18.5	(9.4)	9.1	50.3	(20.2)	30.1
Attributable to:										
Equity holders of the parent		**21.0**	**(26.9)**	**(5.9)**	18.2	(9.4)	8.8	49.5	(20.2)	29.3
Non-controlling interests		**0.8**	**-**	**0.8**	0.3	-	0.3	0.8	-	0.8
		21.8	**(26.9)**	**(5.1)**	18.5	(9.4)	9.1	50.3	(20.2)	30.1
Earnings/(loss) per share										
Basic	8	**29.5p**		**(8.3)p**	28.1p		13.6p	73.0p		43.2p
Diluted	8	**29.0p**		**(8.2)p**	27.7p		13.4p	71.9p		42.6p

Consolidated statement of comprehensive income
For the half year ended 30 June 2014

	Half year to 30 June 2014 £m	Half year to 30 June 2013 £m	Year to 31 December 2013 £m
(Loss)/profit for the period	**(5.1)**	9.1	30.1
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to the income statement:			
Exchange differences on translation of foreign operations	**(6.8)**	3.0	(23.9)
Net investment hedge gains/(losses)	**1.4**	(2.5)	(3.0)
Cash flow hedge gains/(losses) taken to equity	**2.7**	(5.9)	1.8
Cash flow hedge transfers to income statement	**(2.7)**	5.9	(1.8)
Items that will not be reclassified subsequently to the income statement:			
Remeasurements of defined benefit pension schemes	**(0.4)**	(1.8)	(5.7)
Tax on remeasurements of defined benefit pension schemes	**0.1**	0.4	1.1
Other comprehensive (expense)/income for the period, net of tax	**(5.7)**	(0.9)	(31.5)
Total comprehensive (expense)/income for the period	**(10.8)**	8.2	(1.4)
Attributable to:			
Equity holders of the parent	**(11.5)**	7.8	(1.9)
Non-controlling interests	**0.7**	0.4	0.5
	(10.8)	8.2	(1.4)

Consolidated balance sheet

As at 30 June 2014

	Note	**As at 30 June 2014 £m**	As at 30 June 2013 £m	As at 31 December 2013 £m
ASSETS				
Non-current assets				
Intangible assets		**178.1**	100.2	187.9
Property, plant and equipment		**281.7**	251.9	281.9
Deferred tax assets		**9.9**	8.7	7.9
Other assets		**15.2**	16.6	14.9
		484.9	377.4	492.6
Current assets				
Inventories		**62.1**	65.6	62.0
Trade and other receivables		**455.1**	390.0	414.5
Current tax assets		**9.8**	11.1	5.4
Cash and cash equivalents	9	**53.3**	90.8	53.3
		580.3	557.5	535.2
Total assets		**1,065.2**	934.9	1,027.8
LIABILITIES				
Current liabilities				
Loans and borrowings		**(107.5)**	(8.6)	(48.7)
Current tax liabilities		**(12.9)**	(8.3)	(8.8)
Trade and other payables		**(368.5)**	(327.3)	(352.4)
Provisions		**(45.1)**	(11.4)	(11.3)
		(534.0)	(355.6)	(421.2)
Non-current liabilities				
Loans and borrowings		**(107.7)**	(106.7)	(148.3)
Retirement benefit liabilities		**(22.9)**	(20.2)	(23.1)
Deferred tax liabilities		**(20.8)**	(19.8)	(21.9)
Provisions		**(6.0)**	(5.8)	(4.8)
Other liabilities		**(25.3)**	(39.9)	(35.9)
		(182.7)	(192.4)	(234.0)
Total liabilities		**(716.7)**	(548.0)	(655.2)
Net assets		**348.5**	386.9	372.6
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		**4.7**	37.0	10.0
Other reserve		**56.9**	56.9	56.9
Retained earnings		**230.5**	235.3	247.9
Equity attributable to equity holders of the parent		**345.1**	382.2	367.8
Non-controlling interests		**3.4**	4.7	4.8
Total equity		**348.5**	386.9	372.6

Condensed consolidated statement of changes in equity

For the half year ended 30 June 2014

	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 2013	7.3	38.1	7.6	37.0	56.9	235.3	4.7	**386.9**
At 31 December 2013	7.3	38.1	7.6	10.0	56.9	247.9	4.8	**372.6**
Total comprehensive (expense)/ income for the period	-	-	-	(5.3)	-	(6.2)	0.7	**(10.8)**
Dividends	-	-	-	-	-	(11.4)	(0.3)	**(11.7)**
Share-based payments	-	-	-	-	-	1.2	-	**1.2**
Acquisition of non-controlling interest	-	-	-	-	-	(1.0)	(1.8)	**(2.8)**
At 30 June 2014	7.3	38.1	7.6	4.7	56.9	230.5	3.4	**348.5**

Consolidated cash flow statement
For the half year ended 30 June 2014

	Note	**Half year to 30 June 2014 £m**	Half year to 30 June 2013 £m	Year to 31 December 2013 £m
Cash flows from operating activities				
Operating profit before exceptional items		**35.5**	28.6	77.8
Depreciation of property, plant and equipment		**23.6**	21.9	45.0
Amortisation of intangible assets		**0.7**	0.9	1.4
(Profit)/loss on sale of property, plant and equipment		**(0.2)**	0.9	(0.3)
Other non-cash movements		**1.7**	1.7	7.1
Foreign exchange gains/(losses)		**0.4**	(0.6)	-
Operating cash flows before movements in working capital		**61.7**	53.4	131.0
Increase in inventories		**(1.2)**	(24.5)	(22.5)
Increase in trade and other receivables		**(51.3)**	(30.4)	(37.4)
Increase in trade and other payables		**23.1**	28.3	65.5
Change in provisions, retirement benefit and other non-current liabilities		**(0.4)**	3.4	(4.6)
Cash generated from operations		**31.9**	30.2	132.0
Interest paid		**(3.6)**	(2.3)	(5.4)
Income tax paid		**(11.6)**	(14.7)	(21.5)
Net cash inflow from operating activities		**16.7**	13.2	105.1
Cash flows from investing activities				
Interest received		**0.2**	0.4	0.4
Proceeds from sale of property, plant and equipment		**0.9**	0.5	3.6
Acquisition of subsidiaries, net of cash acquired		**(1.1)**	(11.5)	(200.4)
Acquisition of property, plant and equipment		**(28.6)**	(19.5)	(44.8)
Acquisition of intangible assets		**(0.1)**	-	(1.4)
Net cash outflow from investing activities		**(28.7)**	(30.1)	(242.6)
Cash flows from financing activities				
Proceeds from the issue of share capital		**-**	57.6	57.6
New borrowings		**30.8**	-	118.5
Repayment of borrowings		**(4.5)**	(2.9)	(24.2)
Payment of finance lease liabilities		**(0.5)**	(0.2)	(0.7)
Dividends paid		**(11.7)**	(10.0)	(15.6)
Net cash inflow from financing activities		**14.1**	44.5	135.6
Net increase/(decrease) in cash and cash equivalents		**2.1**	27.6	(1.9)
Cash and cash equivalents at beginning of period		**50.7**	54.8	54.8
Effect of exchange rate fluctuations		**(1.7)**	0.9	(2.2)
Cash and cash equivalents at end of period	9	**51.1**	83.3	50.7

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 2013. 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 2013, except for the adoption of the following:

- – IFRS 10, 'Consolidated financial statements'
- – IFRS 11, 'Joint arrangements'
- – IFRS 12, 'Disclosure of interests in other entities'
- – Amendments to IAS 27, 'Separate financial statements'
- – Amendments to IAS 28, 'Investments in associates and joint ventures'
- – Amendments to IAS 32, 'Financial instruments: Presentation'
- – Amendments to IAS 36, 'Impairment of assets'
- – Amendments to IAS 39, 'Financial instruments: Recognition and measurement'.

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

The figures for the year ended 31 December 2013 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 2014 and 30 June 2013 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 2013, continue to be: market cycles, tendering and management of contracts, expansion, safety and people.

2. Foreign currencies

The exchange rates used in respect of principal currencies are:

	Average for period			**Period end**		
	Half year to 30 June 2014	Half year to 30 June 2013	Year to 31 December 2013	**As at 30 June 2014**	As at 30 June 2013	As at 31 December 2013
US dollar	**1.67**	1.54	1.56	**1.70**	1.52	1.65
Canadian dollar	**1.83**	1.57	1.61	**1.82**	1.60	1.76
Euro	**1.22**	1.18	1.18	**1.25**	1.17	1.20
Singapore dollar	**2.10**	1.92	1.96	**2.13**	1.93	2.09
Australian dollar	**1.82**	1.52	1.62	**1.80**	1.66	1.86

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 2014 £m	Half year to 30 June 2013 £m	Year to 31 December 2013 £m	**Half year to 30 June 2014 £m**	Half year to 30 June 2013 £m	Year to 31 December 2013 £m
North America	**373.0**	308.0	699.4	**20.7**	16.5	51.6
EMEA[1]	**214.4**	185.5	399.2	**2.7**	1.8	6.8
Asia	**56.6**	44.4	96.2	**3.6**	4.8	9.0
Australia	**144.2**	106.7	243.4	**10.6**	8.8	15.6
	788.2	644.6	1,438.2	**37.6**	31.9	83.0
Central items and eliminations	**-**	-	-	**(2.1)**	(3.3)	(5.2)
Before exceptional items	**788.2**	644.6	1,438.2	**35.5**	28.6	77.8
Exceptional items (Note 5)	**-**	-	-	**(27.5)**	(9.4)	(21.7)
	788.2	644.6	1,438.2	**8.0**	19.2	56.1

[1] Europe, Middle East and Africa.

4. Acquisitions

	Keller Canada			Franki Africa			Geo-Foundations			**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	-	31.5	31.5	2.2	3.2	5.4	-	0.4	0.4	**2.2**	**35.1**	**37.3**
Property, plant and equipment	32.9	1.3	34.2	19.0	-	19.0	1.9	1.3	3.2	**53.8**	**2.6**	**56.4**
Cash and cash equivalents	-	-	-	4.2	-	4.2	0.2	-	0.2	**4.4**	**-**	**4.4**
Receivables	19.7	(0.4)	19.3	14.3	-	14.3	4.0	-	4.0	**38.0**	**(0.4)**	**37.6**
Other assets	9.6	-	9.6	5.0	-	5.0	0.4	-	0.4	**15.0**	**-**	**15.0**
Loans and borrowings	(3.8)	-	(3.8)	(2.4)	-	(2.4)	(0.5)	-	(0.5)	**(6.7)**	**-**	**(6.7)**
Deferred tax	-	(2.0)	(2.0)	(0.7)	(0.8)	(1.5)	(0.4)	(0.4)	(0.8)	**(1.1)**	**(3.2)**	**(4.3)**
Other liabilities	(4.2)	-	(4.2)	(13.0)	(0.9)	(13.9)	(0.9)	-	(0.9)	**(18.1)**	**(0.9)**	**(19.0)**
	54.2	30.4	84.6	28.6	1.5	30.1	4.7	1.3	6.0	**87.5**	**33.2**	**120.7**
Goodwill			74.8			2.5			-			**77.3**
Total consideration			159.4			32.6			6.0			**198.0**
Satisfied by												
Initial cash consideration			151.2			31.8			6.0			**189.0**
Contingent consideration			8.2			0.8			-			**9.0**
			159.4			32.6			6.0			**198.0**

2014 acquisitions

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 at a premium of £1.0m to net book value, which has been taken directly to reserves.

2013 acquisitions

On 1 January 2013, the Group acquired 100% of the share capital of Geo-Foundations Contractors, Inc. ('Geo-Foundations'), a business based in Toronto, Canada. The fair value of the intangible assets acquired represents the fair value of customer contracts at the date of acquisition. A further amount of up to £4.4m (CDN$8m) is payable based on total earnings before interest, tax, depreciation and amortisation in the five-year period following acquisition. As the payment is contingent on continued employment of the vendors until the entitlement date, this arrangement is treated as remuneration for post-acquisition services and amounts expected to be paid are accrued over the five-year period.

On 12 July 2013, the Group acquired selected assets and businesses that comprised the piling division of North American Energy Partners, Inc. (collectively 'Keller Canada'), a business based in Edmonton, Canada. The fair value of the intangible assets acquired represents the fair value of customer relationships, customer contracts at the date of acquisition, patents and trade names. 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 the use of more advanced Group technologies into a growth market. Contingent consideration of up to £50.8m (CDN$92.5m) is payable based on total earnings before interest, tax, depreciation and amortisation in the three-year period following acquisition.

On 21 November 2013, the Group acquired selected assets and businesses that comprised the geotechnical division of Esorfranki Limited (collectively 'Franki Africa'), a business based in Johannesburg, South Africa. The fair value of the intangible assets acquired represents the fair value of customer contracts at the date of acquisition and trade names. Goodwill arising on acquisition is attributable to the knowledge and expertise of the assembled workforce, operating synergies that arise from the Group's strengthened market position and the opportunity for the Group to accelerate its expansion in Africa using an established business. Contingent consideration of up to £8.3m (R150m) is payable based on total earnings before interest, tax, depreciation and amortisation in the three-year period following acquisition.

On 3 April 2013, the Group acquired the remaining 49% minority shareholding of Keller Terra S.L. in Spain for a cash consideration of £5.6m (€6.7m) which was equal to the net book value of the assets and liabilities at the acquisition date.

The adjustments made in respect of Franki Africa are provisional and will be finalised within 12 months of the acquisition date.

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 2014 £m	Half year to 30 June 2013 £m	Year to 31 December 2013 £m
Contract dispute	**30.0**	-	-
Amortisation of acquired intangible assets	**3.9**	-	6.7
Acquisition costs	**0.2**	4.9	5.9
Contingent consideration and payments	**(6.9)**	4.5	6.0
Goodwill impairments	**-**	-	3.1
Other	**0.3**	-	-
Exceptional items in operating costs	**27.5**	9.4	21.7
Exceptional finance costs	**0.1**	-	0.4
	27.6	9.4	22.1

The contract dispute relates to a project that the Group's UK subsidiary, Keller Limited, completed in 2008. The claims intimated against Keller Limited, which are currently the subject of litigation, are denied and being vigorously defended. The amount is stated before taking account of recoveries under applicable insurances which are yet to be agreed, as these cannot be recognised under IFRS.

Amortisation of acquired intangible assets and acquisition costs relate to the acquisitions set out in note 4.

Contingent consideration and payments in the current period mainly relates to the release of previously provided contingent consideration for the acquisition of Keller Canada which is not now expected to be paid. In the prior year, contingent consideration and payments primarily related to £4.8m (A$7.8m) of previously unprovided contingent consideration paid in respect of the acquisition of Waterway Constructions Group Pty Ltd due to its better than expected performance during the period.

Goodwill impairments in the year to 31 December 2013 mainly relate to Keller Specialni Zakladani, spol. s.r.o. (Czech Republic).

Exceptional finance costs relate to the unwind of the discounted contingent consideration to present value for 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 33% (half year ended 30 June 2013: 31%; year ended 31 December 2013: 32%).

7. Dividends payable to equity holders of the parent

Ordinary dividends on equity shares:

	Half year to 30 June 2014 £m	Half year to 30 June 2013 £m	Year to 31 December 2013 £m
Amounts recognised as distributions to equity holders in the period:			
Interim dividend for the year ended 31 December 2013 of 8.0p (2012: 7.6p) per share	**-**	-	5.6
Final dividend for the year ended 31 December 2013 of 16.0p (2012: 15.2p) per share	**11.4**	9.8	9.8
	11.4	9.8	15.4

In addition to the above, an interim ordinary dividend of 8.4p per share (2013: 8.0p) will be paid on 5 September 2014 to shareholders on the register at 15 August 2014. 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 29.5p (half year ended 30 June 2013: 28.1p; year ended 31 December 2013: 73.0p) was calculated based on earnings of £21.0m (half year ended 30 June 2013: £18.2m; year ended 31 December 2013: £49.5m) and the weighted average number of ordinary shares in issue during the half year of 71.1m (half year ended 30 June 2013: 64.7m; year ended 31 December 2013: 67.8m).

(Loss)/earnings per share of (8.3)p (half year ended 30 June 2013: 13.6p; year ended 31 December 2013: 43.2p) was calculated based on earnings of £(5.9)m (half year ended 30 June 2013: £8.8m; year ended 31 December 2013: £29.3m) and the weighted average number of ordinary shares in issue during the half year of 71.1m (half year ended 30 June 2013: 64.7m; year ended 31 December 2013: 67.8m).

Diluted earnings per share before exceptional items of 29.0p (half year ended 30 June 2013: 27.7p; year ended 31 December 2013: 71.9p) was calculated based on earnings of £21.0m (half year ended 30 June 2013: £18.2m; year ended 31 December 2013: £49.5m) and the adjusted weighted average number of ordinary shares in issue during the half year of 72.2m (half year ended 30 June 2013: 65.6m; year ended 31 December 2013: 68.9m).

Diluted (loss)/earnings per share of (8.2)p (half year ended 30 June 2013: 13.4p; year ended 31 December 2013: 42.6p) was calculated based on earnings of £(5.9)m (half year ended 30 June 2013: £8.8m; year ended 31 December 2013: £29.3m) and the adjusted weighted average number of ordinary shares in issue during the half year of 72.2m (half year ended 30 June 2013: 65.6m; year ended 31 December 2013: 68.9m).

9. Analysis of closing net debt

	As at 30 June 2014 £m	As at 30 June 2013 £m	As at 31 December 2013 £m
Bank balances	**52.6**	90.2	50.5
Short-term deposits	**0.7**	0.6	2.8
Cash and cash equivalents in the balance sheet	**53.3**	90.8	53.3
Bank overdrafts	**(2.2)**	(7.5)	(2.6)
Cash and cash equivalents in the cash flow statement	**51.1**	83.3	50.7
Bank and other loans	**(208.3)**	(107.4)	(189.0)
Finance leases	**(4.7)**	(0.4)	(5.4)
Closing net debt	**(161.9)**	(24.5)	(143.7)

10. Share capital and reserves

	As at 30 June 2014 £m	As at 30 June 2013 £m	As at 31 December 2013 £m
Allotted, called up and fully paid			
Equity share capital:			
73,099,735 ordinary shares of 10p each			
(30 June 2013: 73,099,735; 31 December 2013: 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 1.8m (2013: 2.2m). 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 4 July 2014, the Group completed the refinancing of its syndicated revolving credit facilities. A £250m revolving credit facility expiring in September 2019 was agreed, replacing both the £170m facility expiring in April 2015 and the US$150m facility expiring in July 2017.

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

Responsibility Statement

We confirm that to the best of our 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.

By order of the Board

J R Atkinson
Chief Executive

J W G Hind
Finance Director