For immediate release *Monday, 29 February 2016*

Keller Group plc
Results for the year ended 31 December 2015

Keller Group plc ("Keller" or "the Group"), the international ground engineering specialist, is pleased to announce its results for the year ended 31 December 2015.

Results summary:				
	2015	2014	**% change**	**Constant currency % change**
Revenue	**£1,562.4m**	£1,599.7m	**(2)%**	**(2)%**
EBITDA[1]	**£155.5m**	£141.9m	**10%**	**8%**
Operating profit[1]	**£103.4m**	£92.0m	**12%**	**8%**
Profit before tax[1]	**£95.7m**	£85.1m	**12%**	**8%**
Earnings per share[1]	**86.4p**	75.3p	**15%**	**10%**
Cash generated from operations[2]	**£142.3m**	£165.4m	**(14)%**	**(15)%**
Total dividend per share	**27.1p**	25.2p	**7.5%**	**n/a**

Highlights include:

- Revenue of £1,562.4m (2014: £1,599.7m)
- Operating profit[1] increased by 12% to £103.4m
- Operating margin[1] raised to 6.6% (2014: 5.8%)
- Return on average capital employed[1] 20.5% (2014: 18.3%)
- Earnings per share[1] of 86.4p (2014: 75.3p)
- Total dividend per share of 27.1p (2014: 25.2p), an increase of 7.5%
- Order book up 15%, with increases in all Divisions

Alain Michaelis, Keller Chief Executive said:

"The Group has performed well in 2015. We have been pleased to record another year of profit growth despite sales being lower as a result of less revenue from large projects. At the end of January, the Group order book of work to be undertaken over the next twelve months, including that of 2015 acquisitions, was 15% higher than at the same time last year, with increases in all Divisions.

Whilst conditions in our markets are varied, the ongoing strength in the US, our largest market, continuing improvements in underlying operating performance, and our strong order book mean that the Group is set for another year of progress in 2016.

Overall, 2016 results are expected to be in line with the Board's expectations."

[1] before pre-tax exceptional items of £39.4m (2014: £56.9m). £31.2m of this relates to a partial impairment of the Keller Canada goodwill balance. The balance relates primarily to the amortisation of acquired intangible assets.
[2] before £27.5m cash outflow in 2015 relating to the 2014 exceptional contract provision.

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A presentation for analysts will be held 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/56b865224731d00800e2b7c6/pr15
Print resolution images are available for the media to download from www.vismedia.co.uk

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 10,000 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).

Chairman's statement

Results[1]

I am pleased to report another year of good progress in 2015. Whilst Group revenue fell by 2% to £1,562.4m (2014: £1,599.7m), primarily due to the completion of the Group's largest ever contract, Wheatstone in Australia, towards the end of 2014, operating profit increased by 12% to £103.4m (2014: £92.0m), and profit before tax increased to £95.7m, up 12% on the previous year's £85.1m. Earnings per share were 86.4p (2014: 75.3p).

The Group's operating margin improved to 6.6% (2014: 5.8%), achieving our through-the-cycle target of 6.5%. Return on average capital employed increased from 18.3% to 20.5%. The margin uplift reflects a combination of improving conditions in certain markets, most notably the US from where Keller derives almost 50% of its revenue, further success in our drive for improvements in all aspects of the business and some good final project settlements.

Cash generated from operations[2] was £142.3m, which represents 92% of EBITDA. The Group remains focused on improving working capital ratios across the business and ensuring profits turn into cash.

Year-end net debt was £183.0m (2014: £102.2m), representing 1.2x EBITDA. This increase reflects £52.5m spent on acquisitions during the year and a £27.5m cash outflow relating to the exceptional contract provision recognised in 2014. In addition, net capital expenditure of £69.9m was up on last year's £61.0m and £17.8m in excess of depreciation and amortisation. This increase in capital expenditure results from the Group's ongoing investment in higher growth markets.

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 result includes an exceptional non-cash charge of £31.2m relating to an impairment of the goodwill arising on the 2013 acquisition of Keller Canada. After taking account of tax and exceptional items, the Group's post-tax result for the year was a profit of £26.3m (2014: loss of £1.2m).

Dividends

As a result of these improved results, the Board's confidence in the business going forward and its commitment to a progressive dividend policy, the Board has decided to recommend a final dividend of 18.3p per share (2014: 16.8p per share), to be paid on 10 June 2016 to shareholders on the register at 20 May 2016. Together with the interim dividend paid of 8.8p, this brings the total dividend per share for the year to 27.1p (2014: 25.2p), an increase of 7.5% for the year. Dividend cover, before exceptional items, for the full year was 3.2x (2014: 3.0x).

Board

On 26 September 2014, we announced that Justin Atkinson had decided to retire as Chief Executive. Justin retired on 14 May 2015 and was succeeded by Alain Michaelis.

With a new Chief Executive now in place, I have decided that 2016 is the right time for me to retire as Chairman of the Board of Keller Group plc.

I was appointed to the Board as a non-executive director in July 2007 and appointed Chairman of the Board in July 2009. I have led Keller through some challenging times since my appointment and am pleased to be leaving at a time when the Group is positioned for solid growth under a new executive leadership team.

Paul Withers, Senior Independent Director, is leading the selection process for the new Chairman which is underway and making good progress. We will make an announcement on my successor in due course.

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[2] before £27.5m cash outflow in 2015 relating to the 2014 exceptional contract provision.

Employees
Over 10,000 employees have contributed to the strong performance of the Group during 2015. On behalf of the directors, I would like to thank them for their hard work and efforts. The Board believes our people are a key component of our success and remains focused on providing leadership and oversight to engender the strength of the Keller culture, creating an environment in which our employees can thrive.

Outlook
The 2015 results demonstrate the continued strength of the Group's business. I am confident that the measures currently being implemented to improve operating performance, together with the organisational changes made under the new management team, will build on this strength.

The Group has performed well in 2015. We have been pleased to record another year of profit growth despite sales being lower as a result of less revenue from large projects. At the end of January, the Group order book of work to be undertaken over the next twelve months, including that of acquisitions, was 15% higher than at the same time last year, with increases in all Divisions.

Whilst conditions in our markets are varied, the ongoing strength in the US, our largest market, continuing improvements in underlying operating performance, and our strong order book mean that the Group is set for another year of progress in 2016.

Chief Executive Officer's review

As Chief Executive for eight months of 2015, I'm pleased to report a year of good progress for Keller. I also wish to thank my predecessor, Justin Atkinson, for his leadership in shaping much of the results we are able to report.

Financial performance in the year has been good, but I have been similarly encouraged by progress in other areas reflecting the improving health of the company on a number of fronts.

We executed an impressive array of projects around the world for our customers and can point to improving customer focus and operational discipline.

We have continued to evolve the organisation, adding some significant talent to the Group and strengthening our leadership team.

We have also taken some good strategic steps, notably with two important acquisitions, Bencor in the US and Austral in Australia.

With regard to safety we can report mixed news - we have continued to improve our safety performance around the world and our accident frequency rate has been cut by over two thirds in three years, which is excellent. However, this was sadly offset by two fatalities in Malaysia due to a sinkhole accident in February 2015.

We remain in an attractive market and have many industry leading advantages. We also have a very healthy list of opportunities to enhance the success of the Group. We are taking a significant step forward in connecting the company more deliberately and instilling a stronger common ethos and operating model. I am confident this will bring better knowledge sharing and higher performance for our customers, employees and shareholders.

Our Strategy

Growth

We will continue to grow. We estimate the global ground engineering market to be worth US$50bn, so our global market share is 5%. Even if we consider our addressable market share, this figure only rises to 10%. This is a fragmented industry which we believe will continue to consolidate. As the leading independent player and with a strong balance sheet, Keller is best placed to gain market share both organically and through further acquisitions.

Strong, customer focused businesses

To ensure we build strong, local relationships and stay responsive and competitive in local markets, we are organised by business unit. These are fully capable Profit and Loss units with distinct market strategies and full operational capabilities. Clearly the health of the Group as a whole relies on these business units continuing to evolve and strengthen. We ensure this through a robust management framework, functional expertise and Group-wide benchmarking. Typical revenue for a business unit is £40m to £100m and we currently have 22 around the world.

Leveraging scale and expertise

We also aim to be stronger than the sum of the individual business units by sensibly leveraging the scale of our Group. Keller's brand and reputation is strong across the globe and customers are attracted to the depth of knowledge, professionalism and financial security we offer. Internally, where we find "economies of scale" or "economies of skill", we leverage the opportunity across multiple business units. Good examples are shared back office functions or a common legal team across a Division. We also believe we have good opportunities to purchase direct and indirect material across multiple business units.

Engineering and Operations

Engineering and Operations are the core of Keller. We are very active in design of solutions with our customers (for 45% of our revenue) where we are able to reduce content and cost of the project. This is a clear differentiator and we aim to nurture this capability.

In areas of construct only, operational efficiency is key and we have a number of business units who perform at excellent levels. Good market share is important so that efficiencies, and therefore higher margins, can be maintained. We can share information and improve productivity further. Lean techniques from other industries are applicable to Keller given the repetitive nature of much of our operations.

We have set up formal Global Product Teams in 2015 to better share and leverage knowledge on specific products e.g. Grouting or Bored Piling. We are confident that these will be a strong driver of improvement.

We continue to invest in new facilities and equipment. In Renchen, where Keller in Germany started 155 years ago, we have added a new manufacturing hall to enable us to raise output and build the vibro and grouting machines of the future. We also made significant capital investments well above depreciation rates in 2015.

People

I would like to echo the Chairman’s thanks to the people of Keller. I have been very impressed by the level of loyalty and expertise around the Group. Although all companies will say people are their foundation, this is doubly important to Keller given the high level of specific ground engineering expertise required, coupled with a very fragmented geographic and project structure. We rely on our project teams to perform far from their base. Therefore skills and training, supported by practical procedures and technological support, are vital and we will continue to invest in this domain.

We also made changes at the Executive Committee level in 2015. We hired three new executives – Thorsten Holl – President EMEA, Serge Zimmerlin – Human Resources Director and Joe Hubback – Strategy Director. This is a significant influx of talent to the Group. We also announced that Venu Raju would succeed Wolfgang Sondermann, who is retiring after a distinguished Keller career, as Engineering and Operations Director in the fourth quarter of 2016.

We combined two divisions to form Asia Pacific (APAC) under the leadership of Mark Kliner. This has a number of natural advantages - scale effects, sharing relative strengths on products, reducing costs and an increased ability to grow in Asia. The integration is progressing well.

Keller is well placed, and I am confident this strategy will fulfil our goal of being the best geotechnical solutions company in the world.

Operating review

Conditions in our major markets

In the US, expenditure on construction increased significantly for the fourth consecutive year, with good growth in most segments of the market. Private non-residential construction grew by 12%, whilst in the residential market housing starts were up 11% year on year, with strong growth in both single-family and multi-family homes. Growth in public expenditure on construction continued, up 6% on 2014.

In Canada, construction activity in the resources markets remains very subdued although demand in the commercial and infrastructure segments fared somewhat better.

Conditions in our European markets as a whole remain mixed, with Southern Europe, in particular, remaining challenging. There are some positive signs in the central European markets of Germany, Poland and Austria, as well as in the UK.

Elsewhere, there are good opportunities in the Middle East where our construction markets have been relatively unaffected by the low oil price. The construction market in South Africa is slowing and whilst there are some exciting opportunities elsewhere in Africa, a number are in the oil and gas sector and their timing is therefore uncertain. Globally, Keller's direct exposure to oil and gas projects was 6% of revenue in 2015.

Construction expenditure in the Group's Asian markets remains varied. In India we are continuing to see signs of increasing business confidence, but the Singapore and Malaysian markets are relatively quiet.

In Australia, construction expenditure across most segments has been subdued for some time and is showing few signs of improving. An exception is the near-shore marine segment where there remain a number of projects to upgrade or expand ports and harbours.

Operations

North America

Results summary*:		
	2015	2014
Revenue	**£851.2m**	£775.6m
Operating profit	**£76.4m**	£59.9m
Operating margin	**9.0%**	7.7%

** before exceptional items*

In North America our total revenue increased by 10%. Adjusting for acquisitions and translation differences, like-for-like revenue was up 2%. The full year operating profit of £76.4m (2014: £59.9m) reflects a much improved result from our US businesses, partly offset by lower profits in Canada.

US

Our US business had a very strong second half, building on the good progress made in the first half as construction activity continues to improve across the country.

Our largest North American business, Hayward Baker, had another good year in 2015. The business improved its results in the year, despite having fewer major projects, proving the strength of its business model of performing a wide range of small to medium sized contracts across a broad range of products and geographies.

Our US piling companies performed very well, particularly Case and HJ Foundation which had record years on the back of strong regional markets and an excellent performance on a number of large projects. Highlights for Case included major projects working on the installation of catenary poles on rail lines and at a hydroelectric plant at Red Rock Dam in Iowa. HJ Foundation benefitted from buoyant conditions in its domestic south Florida market, successfully completing the foundations for a number of landmark projects in Miami, often working with other Keller companies to provide multi-product solutions.

Bencor, the diaphragm wall company acquired in August, has been successfully integrated into the Group. Work on its US$135m project to repair and upgrade the East Branch Dam in Pennsylvania is progressing to plan.

Suncoast, the Group's post-tension business which mainly serves the residential construction market, recorded a strong performance, taking full advantage of the increase in housing starts in the year.

Canada
Keller Canada has struggled in very difficult market conditions but managed to record a small profit helped by further reductions in overhead. Despite much reduced revenue, gross margins held up well and the business successfully performed the only major piling project in the year in the Alberta oil sands. On a positive note, we have just been awarded a C$43m multi-product, technically demanding project in downtown Toronto in connection with the expansion of the city's metro system.

Europe, Middle East & Africa (EMEA)

Results summary*:		
	2015	2014
Revenue	**£441.5m**	£451.5m
Operating profit	**£21.3m**	£12.9m
Operating margin	**4.8%**	2.9%

** before exceptional items*

In sterling terms, revenue in EMEA as a whole decreased by 2% in 2015. On a constant currency basis however revenue was 5% up on 2014. Operating profit grew significantly and the operating margin increased by nearly 2% to 4.8%, the highest level for six years, reflecting the benefit of continuing business improvement initiatives and a good performance on our major contract in the Caspian region.

Europe
Despite the mixed market conditions in Europe, our businesses improved their results through a focus on cost control, risk management and careful contract selection.

Our businesses in central Europe underpinned this improvement. Keller Poland benefitted from the infrastructure investment in the country and was recently awarded a €17m ground improvement contract in connection with the upgrade of the S7 motorway in northern Poland. Germany once again reported an excellent result and the Group's Austrian business performed well in a competitive market. The business is making good progress on the €31m St Kanzian contract, the major grouting project on the Koralm railway line between Graz and Klagenfurt.

The UK business also had a better year in 2015, working on a wide variety of commercial and infrastructure projects. Much effort is currently being devoted to ensure Keller secures significant work on the major infrastructure projects scheduled for the next few years in the UK.

Conditions in our larger markets in Southern Europe remain very challenging. The French construction market remains subdued whilst volumes in Spain are still at very low levels.

The European business has continued to move people and equipment around the region to those areas where there is more work and to support major projects elsewhere in the world. A good example of this was in reallocating resources from Eastern Europe to the Caspian region to undertake the major project in that area.

Middle East and Africa
Competition in the Middle East remains tough but the Group increased its profit from the region. This performance was aided by a good result in Saudi Arabia and a number of contract wins in Qatar where, within two years of starting a business, we have already built a reputation for reliability and quality.

Franki Africa had a good year, significantly increasing both revenue and profit on the back of a strong performance in South Africa and the successful completion of Ada Phase 2, a major jetty project off the coast of Ghana.

Asia

Results summary:		
	2015	2014
Revenue	**£108.2m**	£111.3m
Operating profit	**£4.5m**	£8.3m
Operating margin	**4.2%**	7.5%

After a very disappointing first half, both revenue and profit picked up significantly in Asia in the second half of the year. For the year as a whole, revenue was broadly flat but profit was down significantly, reflecting the break-even performance in the first half. The operating margin was 4.2%, down from 7.5%.

ASEAN
Despite a much improved second half, Keller's ASEAN businesses as a whole had a disappointing year, with revenue broadly flat and profit much reduced.

In Singapore, the market was quiet with no growth in commercial construction and a virtual stop in projects for the oil and gas industry. In addition, we suffered from significant delays on our major vibro-compaction contract at Changi airport for reasons beyond the Group's control.

The Malaysian construction market slowed significantly in the year as a result of the fall in the oil price. This slowdown, combined with a delay on one of our larger projects, meant that our traditional Malaysian business had a disappointing 2015. Encouragingly, however, Ansah, the small driven piling business acquired in 2014, far exceeded our expectations winning some substantial work on the RAPID petrochemical complex being constructed by Petronas in south eastern Malaysia. In total, Keller's work on RAPID will total nearly US$50m.

Towards the end of 2015, we won our first major ground improvement project in Indonesia. This is a US$25m contract to provide vibro-compaction works at Pluit City, a newly created group of islands near Jakarta.

India
Keller India performed well in 2015, helped by an improving construction market. The business has entered the near-shore marine construction market, leveraging off existing Keller expertise in Australia.

Australia

Results summary*:		
	2015	2014
Revenue	**£161.5m**	£261.3m
Operating profit	**£7.2m**	£15.7m
Operating margin	**4.5%**	6.0%

** before exceptional items*

Australian dollar revenue decreased by around 30% and operating profit by nearly 50%, despite a good final settlement on the Wheatstone contract. This reflects a very difficult market for our traditional foundation businesses and having no replacement contract of near equivalent size for Wheatstone. The operating margin also declined following the conclusion of that project.

In response to the difficult market conditions, we announced in November a merger of the Group's three piling businesses into one, to be branded Keller Foundations. This merger is proceeding to plan and has been well received by both customers and employees. As a result of this and other cost saving measures implemented during the year, we have reduced our Australian overheads by A$7m on an annualised basis.

In contrast to the construction market as a whole, the near-shore marine segment has remained robust and our businesses focusing on this segment performed well. Waterway had an excellent year and Austral, which was acquired in July 2015, has had an encouraging start as part of Keller.

In the last two months, Keller Australia has won two large projects; the construction of Mayfield No7 Wharf (A$43m) in Newcastle, New South Wales and the foundations for the next phase of a major commercial development in Sydney (A$37m). As a result of these, other contract awards and the acquisition of Austral, the Australian order book is now 20% higher than this time last year.

Organisational changes

With effect from 1 January 2016, the Asia and Australia divisions were merged to create a new Asia-Pacific ("APAC") division, under one leadership team, headquartered in Singapore. The new division provides much needed resource and capability to ensure we take advantage of the opportunities within the fast growing Asia area and a number of scale efficiencies. The new division makes up around 20% of the Group's revenue (North America being over 50% and EMEA around 30%) providing a better balanced portfolio. Going forward, we will report the Group's results in three geographic divisions; North America, EMEA (Europe, Middle East and Africa) and APAC.

Financial review

Results

Trading results[1]

Group revenue for the year was £1,562.4, down 2% on 2014 and down 4% after stripping out the effects of acquisitions and foreign exchange movements. This decrease was entirely due to Australia, where revenue fell by almost £100m in the year as a result of the completion of the Wheatstone contract, the Group's largest ever project, and a continuing decline in the Australian construction market. On a constant currency basis, the Group's other three divisions all reported increases in revenue.

EBITDA was £155.5m, compared to £141.9m in 2014, and operating profit was £103.4m, an increase of 12% on the £92.0m generated in 2014. The Group operating margin increased from 5.8% to 6.6%. This increase is due to a combination of operational improvements, some good final project settlements and improving market conditions in some countries, most notably the US from where Keller derives almost 50% of its revenue.

In North America as a whole, which represented 54% of Group revenue, operating profit increased by 28% from £59.9m in 2014 to £76.4m in 2015. In constant currency, revenue was up 3% and operating profit increased by 19%, reflecting an improved performance across virtually all the Group's US businesses, in part due to the continuing steady improvement in the US construction market. Our business in Canada continues to experience very challenging market conditions, but still made a small profit in the year.

In EMEA, conditions in our key markets remained mixed, but across the region as a whole there were signs of improvement, particularly in Northern Europe and the Middle East. While reported revenue decreased slightly, it was up 5% on a constant currency basis and operating profit increased from £12.9m to £21.3m. This improvement in profitability was mainly due to excellent performances from our businesses in Central and Eastern Europe, good progress on the major project in the Caspian region and a strong result from Franki Africa.

Revenue in Asia was broadly flat and operating profit decreased from £8.3m in 2014 to £4.5m in 2015. This reduction was almost wholly in the first half of the year due to delays in the timing of some large projects and challenging market conditions in Malaysia.

In Australia, revenue was down by nearly 40% and around 30% on a constant currency basis. Operating profit was £7.2m, down from £15.7m in 2014. This reflects the substantially reduced contribution from Wheatstone and the very difficult market conditions faced by our foundation businesses.

Net finance costs[1]

Net finance costs increased from £6.9m in 2014 to £7.7m in 2015. This increase is attributable to lower non-cash income from financial assets. Net interest payable on the Group's net debt was £6.5m, a similar level to 2014.

Exceptional items

Exceptional items in 2015 totalled £39.4m, all of which are non-trading items relating to acquisitions. £31.2m of this relates to a partial impairment of the goodwill which arose on the acquisition of Keller Canada in 2013. This business is heavily exposed to construction in the Canadian oil sands region, which has reduced dramatically following the substantial fall in the price of oil. The remaining goodwill relating to Keller Canada amounts to £27.6m. The other 2015 exceptional items primarily relate to the amortisation of other intangible assets arising on the acquisition of businesses.

Tax

The Group's effective tax rate before exceptional items was 34.5%, slightly below the 2014 effective rate of 34.9%. The effective tax rate appears high compared to the UK statutory rate because of the geographic mix of profits, with around 70% of the Group's 2015 pre-exceptional profit before tax being earned in the US, where the combined federal and state corporate tax rates total nearly 40%.

An exceptional tax credit of £3.0m has been reflected on the 2015 exceptional items. This comprises £7.7m of credits on the exceptional charges, partly offset by a £4.7m write-down of the deferred tax asset in Canada as a result of the Keller Canada goodwill impairment.

Profit for the period
Profit for the period attributable to shareholders before exceptional items was £62.7m, a 13% increase on 2014. Profit for the period after exceptional items totalled £26.3m (2014: loss of £1.2m).

Earnings and dividends
Earnings per share (EPS) before exceptional items increased to 86.4p (2014: 75.3p), an increase of 15%, in line with the increase in the Group's profit after tax.

EPS after exceptional items was 35.5p (2014: loss per share of 4.2p).

The Board has recommended a final dividend of 18.3p per share, which brings the total dividend for the year to 27.1p, a 7.5% increase on 2014. The 2015 dividend is covered 3.2x times by earnings before exceptional items.

Cash flow and financing[1]
The Group has always placed a high priority on cash generation and the active management of working capital. In 2015, cash generated from operations before exceptional items was £142.3m, representing 92% (2014: 117%) of EBITDA before exceptional items. This continues the Group's excellent record of converting profits into cash, with the aggregate of the last ten years' of cash generated from operations representing 99% of EBITDA. Year-end working capital was £97.1m, which is below the level at the end of 2014, despite making two acquisitions during the year. Net capital expenditure totalled £69.9m, compared to depreciation and amortisation of £52.1m.

At 31 December 2015, net debt amounted to £183.0m (2014: £102.2m). The increase is mainly due to expenditure of £52.5m on acquisitions during the year and an exceptional cash outflow of £27.5m relating to the exceptional contract provision announced in 2014. Based on net assets of £334.0m, year-end gearing was 55%.

The Group's term debt and committed facilities comprise US$165m of US private placements maturing between 2018 and 2024 and a £250m multi-currency syndicated revolving credit facility expiring in September 2019. At the year end, the Group had undrawn committed and uncommitted borrowing facilities totalling £153.5m.

The most significant covenants in respect of our main borrowing facilities relate to the ratio of net debt to EBITDA, EBITDA interest cover and the Group's net worth. The Group is operating well within all of its covenant limits.

Capital structure and allocation
The Group's capital structure is kept under constant review, taking account of the need for and availability and cost of various sources of finance.

The Group's objective is to deliver long-term value to its shareholders whilst maintaining a balance sheet structure that safeguards the Group's financial position through economic cycles. In this context, the Board has established clear priorities for the use of capital. In order of priority these are:

- i To fund profitable organic growth opportunities
- ii To finance bolt-on acquisitions that meet the Group's investment criteria
- iii To pay ordinary dividends at a level which allows dividend growth through the cycle
- iv Where the balance sheet allows, to deploy funds for the benefit of shareholders in the most appropriate manner

The deployment of funds to shareholders other than through ordinary dividends is unlikely to be considered where it might result in the Group's net debt exceeding 1.5x EBITDA, after taking account of other investment opportunities and the seasonality of cash flows. Such deployment could include using the existing authority to buy back the Company's shares.

Pensions
The Group has defined benefit pension arrangements in the UK, Germany and Austria. The Group closed its UK defined benefit scheme for future benefit accrual with effect from 31 March 2006 and existing active members transferred to a new defined contribution arrangement.

The last actuarial valuation of the UK scheme was as at 5 April 2014, when the market value of the scheme's assets was £35.8m and the scheme was 77% funded on an ongoing basis.

Following the valuation, the level of contributions increased marginally to £1.6m a year, a level which will be reviewed following the next triennial actuarial valuation.

The 2015 year-end IAS 19 valuation of the UK scheme showed assets of £38.2m, liabilities of £48.5m and a pre-tax deficit of £10.3m.

In Germany and Austria, the defined benefit arrangements only apply to certain employees who joined the Group prior to 1991. The IAS19 valuation of the defined benefit obligation totalled £12.8m at 31 December 2015. There are no segregated funds to cover these defined benefit obligations and the respective liabilities are included on the Group balance sheet.

All other pension arrangements in the Group are of a defined contribution nature.

Management of financial risks

Currency risk

The Group faces currency risk principally on its net assets, most of which are in currencies other than sterling. The Group aims to reduce the impact that retranslation of these assets might have on the balance sheet by matching the currency of its borrowings, where possible, with the currency of its other net assets. The majority of the Group's borrowings are held in US dollars, Canadian dollars, Euros, Australian dollars, Singapore dollars and South African rand, in order to provide a hedge against these currency net assets.

The Group manages its currency flows to minimise currency transaction exchange risk. Forward contracts and other derivative financial instruments are used to hedge significant individual transactions. The majority of such currency flows within the Group relate to repatriation of profits, intra-Group loan repayments and any foreign currency cash flows associated with acquisitions. The Group's foreign exchange cover is executed primarily in the UK.

The Group does not trade in financial instruments, nor does it engage in speculative derivative transactions.

Interest rate risk

Interest rate risk is managed by mixing fixed and floating rate borrowings depending upon the purpose and term of the financing. As at 31 December 2015, 87% of the Group's third-party borrowings bore interest at floating rates.

Credit risk

The Group's principal financial assets are trade and other receivables, bank and cash balances and a limited number of investments and derivatives held to hedge certain of the Group's liabilities. These represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group has stringent procedures to manage counterparty risk and the assessment of customer credit risk is embedded in the contract tendering processes. Customer credit risk is mitigated by the Group's relatively small average contract size, its diversity, both geographically and in terms of end markets, and by taking out credit insurance in many of the countries in which the Group operates. No individual customer represented more than 5% of revenue in 2015.

The counterparty risk on bank and cash balances is managed by limiting the aggregate amount of exposure to any one institution by reference to their credit rating and by regular reviews of these ratings.

[1] *before pre-tax exceptional items of £39.4m (2014: £56.9m). £31.2m of this relates to a partial impairment of the Keller Canada goodwill balance. The balance relates primarily to the amortisation of acquired intangible assets.*

[2] *before £27.5m cash outflow in 2015 relating to the 2014 exceptional contract provision.*

Consolidated income statement
For the year ended 31 December 2015

	Note	2015 Before exceptional items £m	2015 Exceptional items (note 5) £m	2015 £m	2014 Before exceptional items £m	2014 Exceptional items (note 5) £m	2014 £m
Revenue	3	**1,562.4**	**-**	**1,562.4**	1,599.7	-	1,599.7
Operating costs		**(1,459.0)**	**(38.7)**	**(1,497.7)**	(1,507.7)	(56.7)	(1,564.4)
Operating profit	3	**103.4**	**(38.7)**	**64.7**	92.0	(56.7)	35.3
Finance income		**0.8**	**-**	**0.8**	1.5	-	1.5
Finance costs		**(8.5)**	**(0.7)**	**(9.2)**	(8.4)	(0.2)	(8.6)
Profit before taxation		**95.7**	**(39.4)**	**56.3**	85.1	(56.9)	28.2
Taxation		**(33.0)**	**3.0**	**(30.0)**	(29.7)	0.3	(29.4)
Profit/(loss) for the period		**62.7**	**(36.4)**	**26.3**	55.4	(56.6)	(1.2)
Attributable to:							
Equity holders of the parent		**61.9**	**(36.4)**	**25.5**	53.6	(56.6)	(3.0)
Non-controlling interests		**0.8**	**-**	**0.8**	1.8	-	1.8
		62.7	**(36.4)**	**26.3**	55.4	(56.6)	(1.2)
Earnings/(loss) per share							
Basic	7	**86.4p**		**35.5p**	75.3p		(4.2)p
Diluted	7	**85.4p**		**35.1p**	74.2p		(4.2)p

Consolidated statement of comprehensive income
For the year ended 31 December 2015

	2015 £m	2014 £m
Profit/(loss) for the period	**26.3**	(1.2)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(22.9)**	(3.8)
Net investment hedge gains	**1.7**	2.0
Cash flow hedge losses taken to equity	**(4.2)**	(6.1)
Cash flow hedge transfers to income statement	**4.1**	6.1
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit pension schemes	**0.3**	(4.1)
Tax on remeasurements of defined benefit pension schemes	**(0.3)**	0.2
Other comprehensive income for the period, net of tax	**(21.3)**	(5.7)
Total comprehensive income for the period	**5.0**	(6.9)
Attributable to:		
Equity holders of the parent	**4.3**	(8.6)
Non-controlling interests	**0.7**	1.7
	5.0	(6.9)

Consolidated balance sheet
As at 31 December 2015

	Note	2015 £m	2014 £m
ASSETS			
Non-current assets			
Intangible assets		**160.1**	183.5
Property, plant and equipment		**331.8**	295.6
Deferred tax assets		**13.4**	10.0
Other assets		**22.9**	19.9
		528.2	509.0
Current assets			
Inventories		**47.3**	48.6
Trade and other receivables		**423.2**	408.7
Current tax assets		**12.6**	4.0
Cash and cash equivalents		**63.1**	85.6
		546.2	546.9
Total assets	3	**1,074.4**	1,055.9
LIABILITIES			
Current liabilities			
Loans and borrowings		**(3.5)**	(2.7)
Current tax liabilities		**(6.7)**	(13.9)
Trade and other payables		**(373.4)**	(353.2)
Provisions		**(34.7)**	(50.0)
		(418.3)	(419.8)
Non-current liabilities			
Loans and borrowings		**(242.6)**	(185.1)
Retirement benefit liabilities		**(23.1)**	(25.4)
Deferred tax liabilities		**(26.7)**	(19.7)
Provisions		**(7.1)**	(23.3)
Other liabilities		**(22.6)**	(36.3)
		(322.1)	(289.8)
Total liabilities	3	**(740.4)**	(709.6)
Net assets	3	**334.0**	346.3
EQUITY			
Share capital	8	**7.3**	7.3
Share premium account		**38.1**	38.1
Capital redemption reserve	8	**7.6**	7.6
Translation reserve		**(12.8)**	8.3
Other reserve	8	**56.9**	56.9
Hedging reserve		**(0.1)**	-
Retained earnings		**233.5**	224.5
Equity attributable to equity holders of the parent		**330.5**	342.7
Non-controlling interests		**3.5**	3.6
Total equity		**334.0**	346.3

Consolidated statement of changes in equity
For the year ended 31 December 2015

	Share capital £m	Share premium account £m	Capital redemption reserve £m	Translation reserve £m	Other reserve £m	Hedging reserve £m	Retained earnings £m	**Attributable to equity holders of the parent £m**	Non-controlling interests £m	**Total equity £m**
At 1 January 2014	7.3	38.1	7.6	10.0	56.9	-	247.9	**367.8**	4.8	**372.6**
(Loss)/profit for the period	-	-	-	-	-	-	(3.0)	**(3.0)**	1.8	**(1.2)**
Other comprehensive income										
Exchange differences on translation of foreign operations	-	-	-	(3.7)	-	-	-	**(3.7)**	(0.1)	**(3.8)**
Net investment hedge gains	-	-	-	2.0	-	-	-	**2.0**	-	**2.0**
Cash flow hedge losses taken to equity	-	-	-	-	-	(6.1)	-	**(6.1)**	-	**(6.1)**
Cash flow hedge transfers to income statement	-	-	-	-	-	6.1	-	**6.1**	-	**6.1**
Remeasurements of defined benefit pension schemes	-	-	-	-	-	-	(4.1)	**(4.1)**	-	**(4.1)**
Tax on remeasurements of defined benefit pension schemes	-	-	-	-	-	-	0.2	**0.2**	-	**0.2**
Other comprehensive income for the period, net of tax	-	-	-	(1.7)	-	-	(3.9)	**(5.6)**	(0.1)	**(5.7)**
Total comprehensive income for the period	-	-	-	(1.7)	-	-	(6.9)	**(8.6)**	1.7	**(6.9)**
Dividends	-	-	-	-	-	-	(17.4)	**(17.4)**	(0.6)	**(18.0)**
Share-based payments	-	-	-	-	-	-	1.9	**1.9**	-	**1.9**
Acquisition of non-controlling interest	-	-	-	-	-	-	(1.0)	**(1.0)**	(2.3)	**(3.3)**
At 31 December 2014 and 1 January 2015	7.3	38.1	7.6	8.3	56.9	-	224.5	**342.7**	3.6	**346.3**
Profit for the period	-	-	-	-	-	-	25.5	**25.5**	0.8	**26.3**
Other comprehensive income										
Exchange differences on translation of foreign operations	-	-	-	(22.8)	-	-	-	**(22.8)**	(0.1)	**(22.9)**
Net investment hedge gains	-	-	-	1.7	-	-	-	**1.7**	-	**1.7**
Cash flow hedge losses taken to equity	-	-	-	-	-	(4.2)	-	**(4.2)**	-	**(4.2)**
Cash flow hedge transfers to income statement	-	-	-	-	-	4.1	-	**4.1**	-	**4.1**
Remeasurements of defined benefit pension schemes	-	-	-	-	-	-	0.3	**0.3**	-	**0.3**
Tax on remeasurements of defined benefit pension schemes	-	-	-	-	-	-	(0.3)	**(0.3)**	-	**(0.3)**
Other comprehensive income for the period, net of tax	-	-	-	(21.1)	-	(0.1)	-	**(21.2)**	(0.1)	**(21.3)**
Total comprehensive income for the period	-	-	-	(21.1)	-	(0.1)	25.5	**4.3**	0.7	**5.0**
Dividends	-	-	-	-	-	-	(18.3)	**(18.3)**	(0.8)	**(19.1)**
Share-based payments	-	-	-	-	-	-	1.8	**1.8**	-	**1.8**
At 31 December 2015	7.3	38.1	7.6	(12.8)	56.9	(0.1)	233.5	**330.5**	3.5	**334.0**

Consolidated cash flow statement
For the year ended 31 December 2015

	2015	2014
	£m	£m
Cash flows from operating activities		
Operating profit before exceptional items	**103.4**	92.0
Depreciation of property, plant and equipment	**50.9**	48.0
Amortisation of intangible assets	**1.2**	1.9
Profit on sale of property, plant and equipment	**(0.3)**	(0.3)
Other non-cash movements	**6.4**	8.9
Foreign exchange losses	**0.1**	0.1
Operating cash flows before movements in working capital	**161.7**	150.6
Decrease in inventories	**0.5**	13.9
(Increase)/decrease in trade and other receivables	**(11.1)**	11.2
Decrease in trade and other payables	**(1.4)**	(0.1)
Change in provisions, retirement benefit and other non-current liabilities	**(7.4)**	(10.2)
Cash generated from operations before exceptional items	**142.3**	165.4
Cash flows from exceptional items	**(27.5)**	-
Cash generated from operations	**114.8**	165.4
Interest paid	**(6.6)**	(10.1)
Income tax paid	**(44.3)**	(28.4)
Net cash inflow from operating activities	**63.9**	126.9
Cash flows from investing activities		
Interest received	**0.5**	0.5
Proceeds from sale of property, plant and equipment	**5.1**	3.5
Acquisition of subsidiaries, net of cash acquired	**(52.5)**	(5.0)
Acquisition of property, plant and equipment	**(74.2)**	(63.6)
Acquisition of intangible assets	**(0.8)**	(0.9)
Net cash outflow from investing activities	**(121.9)**	(65.5)
Cash flows from financing activities		
New borrowings	**71.2**	95.3
Repayment of borrowings	**(9.3)**	(103.6)
Payment of finance lease liabilities	**(1.4)**	(1.2)
Dividends paid	**(19.1)**	(18.0)
Net cash inflow/(outflow) from financing activities	**41.4**	(27.5)
Net (decrease)/increase in cash and cash equivalents	**(16.6)**	33.9
Cash and cash equivalents at beginning of period	**85.6**	50.7
Effect of exchange rate fluctuations	**(6.1)**	1.0
Cash and cash equivalents at end of period	**62.9**	85.6

1. Basis of preparation

The Group's 2015 results have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU.

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:

— Amendments to IAS 19, 'Defined benefit plans: Employee contributions'
— Annual improvements to IFRSs 2010-2012 cycle
— Annual improvements to IFRSs 2011-2013 cycle
— IFRIC interpretation 21 Levies

There is no significant financial impact on the Group financial statements as a result of adopting these new and amended standards. 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 financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2015 or 2014 but is derived from the 2015 accounts. Statutory accounts for 2014 have been delivered to the Registrar of Companies. Those for 2015, prepared under IFRS as adopted by the EU, will be delivered to the Registrar of Companies and made available on the Company's website at www.keller.co.uk in March 2016. The auditors have reported on those accounts; their reports were (i) unqualified, (ii) did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and (iii) did not contain statements under section 498(2) or (3) of the Companies Act 2006.

2. Foreign currencies

The exchange rates used in respect of principal currencies are:

	Average for period		Period end	
	2015	2014	**2015**	2014
US dollar	**1.53**	1.65	**1.48**	1.55
Canadian dollar	**1.95**	1.82	**2.05**	1.81
Euro	**1.38**	1.24	**1.36**	1.28
Singapore dollar	**2.10**	2.09	**2.09**	2.05
Australian dollar	**2.03**	1.83	**2.03**	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.

	2015 Revenue £m	**2015 Operating profit £m**	2014 Revenue £m	2014 Operating profit £m
North America	**851.2**	**76.4**	775.6	59.9
EMEA[1]	**441.5**	**21.3**	451.5	12.9
Asia	**108.2**	**4.5**	111.3	8.3
Australia	**161.5**	**7.2**	261.3	15.7
	1,562.4	**109.4**	1,599.7	96.8
Central items and eliminations	**-**	**(6.0)**	-	(4.8)
Before exceptional items	**1,562.4**	**103.4**	1,599.7	92.0
Exceptional items (note 5)	**-**	**(38.7)**	-	(56.7)
	1,562.4	**64.7**	1,599.7	35.3

	2015 Segment assets £m	**2015 Segment liabilities £m**	**2015 Capital employed £m**	**2015 Capital additions £m**	**2015 Depreciation and amortisation £m**	**2015 Tangible and intangible assets £m**
North America	**508.7**	**(165.5)**	**343.2**	**30.5**	**19.8**	**245.6**
EMEA[1]	**269.9**	**(183.2)**	**86.7**	**31.4**	**17.4**	**130.9**
Asia	**97.4**	**(32.3)**	**65.1**	**6.8**	**6.5**	**45.2**
Australia	**101.9**	**(38.8)**	**63.1**	**5.7**	**8.3**	**69.6**
	977.9	**(419.8)**	**558.1**	**74.4**	**52.0**	**491.3**
Central items and eliminations[2]	**96.5**	**(320.6)**	**(224.1)**	**0.6**	**0.1**	**0.6**
	1,074.4	**(740.4)**	**334.0**	**75.0**	**52.1**	**491.9**

	2014 Segment assets £m	2014 Segment liabilities £m	2014 Capital employed £m	2014 Capital additions £m	2014 Depreciation and amortisation £m	2014 Tangible and intangible assets £m
North America	499.4	(159.9)	339.5	23.3	17.2	251.6
EMEA[1]	283.3	(215.2)	68.1	23.1	18.9	127.4
Asia	84.7	(29.4)	55.3	10.8	5.5	47.4
Australia	85.1	(44.2)	40.9	7.3	8.2	52.6
	952.5	(448.7)	503.8	64.5	49.8	479.0
Central items and eliminations[2]	103.4	(260.9)	(157.5)	-	0.1	0.1
	1,055.9	(709.6)	346.3	64.5	49.9	479.1

1 Europe, Middle East and Africa.

2 Central items include net debt and tax balances.

Revenue and non-current non-financial assets are analysed by country below:

	Revenue		**Non-current non-financial assets[3]**	
	2015 £m	2014 £m	**2015 £m**	2014 £m
United States	**773.4**	666.5	**196.7**	155.9
Australia	**161.5**	261.3	**69.6**	52.6
Canada	**77.7**	108.2	**64.9**	122.2
United Kingdom (country of domicile)	**61.8**	67.5	**19.2**	19.2
Other	**488.0**	496.2	**157.5**	145.0
	1,562.4	1,599.7	**507.9**	494.9

3 Non-current non-financial assets comprise intangible assets, property, plant and equipment and other non-current non-financial assets.

4. Acquisitions

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 £9.9m (A$20.0m) is payable based on total earnings before interest, tax, depreciation and amortisation in the three year period following acquisition. The full amount of contingent consideration is currently provided for.

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

The fair value of the total receivables in all acquisitions is not materially different from the gross contractual amounts receivable and is expected to be recovered in full. In the period to 31 December 2015, Austral, Bencor and Ellington Cross contributed £35.1m to turnover and £0.5m to the net profit before exceptional items of the Group. Had the acquisitions all taken place on 1 January 2015, total Group revenue would have been £1,606.4m and total net profit before exceptional items would have been £65.0m.

The adjustments made in respect of acquisitions in the year to 31 December 2015 are provisional and will be finalised within 12 months of the acquisition date.

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 items which are exceptional by their size or are non-trading in nature, including those relating to acquisitions. Exceptional items comprise the following:

	2015 £m	2014 £m
Goodwill impairment	**31.2**	-
Contract dispute	**-**	54.0
Amortisation of acquired intangible assets	**7.3**	6.6
Acquisition costs	**0.2**	0.5
Contingent consideration and payments	**-**	(4.7)
Other	**-**	0.3
Exceptional items in operating costs	**38.7**	56.7
Exceptional finance costs	**0.7**	0.2
	39.4	56.9

The goodwill impairment relates to Keller Canada. The results for Keller Canada have been below those expected at the time of the acquisition, primarily due to a severe slowdown in investment in the Canadian oil sands following the very significant reduction in the oil price since the time of acquisition.

The prior year charge for a 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 until they are "virtually certain". Given the uncertainty associated with any future insurance recoveries, it is not currently practicable to estimate the value of these recoveries. During 2015, the Group paid net £27.5m relating to this contract dispute. The remainder of these costs are largely expected to be incurred within the next year.

Amortisation of acquired intangible assets primarily relate to Keller Canada, Franki Africa and the acquisitions set out in note 4.

The prior year credit for contingent consideration and payments 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 discounted contingent consideration to present value.

6. Dividends payable to equity holders of the parent

Ordinary dividends on equity shares:

	2015 £m	2014 £m
Amounts recognised as distributions to equity holders in the period:		
Final dividend for the year ended 31 December 2014 of 16.8p (2013: 16.0p) per share	**12.0**	11.4
Interim dividend for the year ended 31 December 2015 of 8.8p (2014: 8.4p) per share	**6.3**	6.0
	18.3	17.4

The Board has recommended a final dividend for the year ended 31 December 2015 of £13.1m, representing 18.3p (2014: 16.8p) per share. The proposed dividend is subject to approval by shareholders at the AGM on 24 May 2016 and has not been included as a liability in these financial statements.

7. Earnings per share

Basic and diluted earnings/(loss) per share are calculated as follows:

	2015 Basic before exceptional items £m	**2015 Diluted before exceptional items £m**	**2015 Basic £m**	**2015 Diluted £m**	2014 Basic before exceptional items £m	2014 Diluted before exceptional items £m	2014 Basic £m	2014 Diluted £m
Earnings/(loss) (after tax and non-controlling interests), being net profits/(losses) attributable to equity holders of the parent	**61.9**	**61.9**	**25.5**	**25.5**	53.6	53.6	(3.0)	(3.0)
	No. of shares Million	**No. of shares Million**	**No. of shares Million**	**No. of shares Million**	No. of shares Million	No. of shares Million	No. of shares Million	No. of shares Million
Weighted average of ordinary shares in issue during the year	**71.7**	**71.7**	**71.7**	**71.7**	71.2	71.2	71.2	71.2
Add: weighted average of shares under option during the year	**-**	**0.8**	**-**	**0.8**	-	1.0	-	1.0
Adjusted weighted average of ordinary shares in issue	**71.7**	**72.5**	**71.7**	**72.5**	71.2	72.2	71.2	72.2
	Pence	**Pence**	**Pence**	**Pence**	Pence	Pence	Pence	Pence
Earnings/(loss) per share	**86.4**	**85.4**	**35.5**	**35.1**	75.3	74.2	(4.2)	(4.2)

8. Share capital and reserves

	2015 £m	2014 £m
Allotted, called up and fully paid		
Equity share capital:		
73,099,735 ordinary shares of 10p each (2014: 73,099,735)	**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 capital redemption reserve is a non-distributable reserve created when the Company's shares were redeemed or purchased other than from the proceeds of a fresh issue of shares.

The other reserve is a non-distributable reserve created when merger relief was applied to an issue of shares under section 612 of the Companies Act 2006 to part fund the acquisition of Keller Canada. The reserve becomes distributable should Keller Canada be disposed of.

The total number of shares held in Treasury was 1.3m (2014: 1.8m).

9. Related party transactions

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

The remuneration of the Directors, who are the key management personnel and related parties of the Group, is set out below:

	2015	2014
Key management personnel compensation comprised:	**£m**	£m
Short-term employee benefits	**2.7**	2.0
Post-employment benefits	**0.1**	0.1
Share-based payments	**0.9**	0.9
	3.7	3.0