For Immediate Release **6 March 2014**

Hunting PLC

(“Hunting” or “the Company” or “the Group”)

Full Year Results

Hunting PLC (LSE:HTG) the international energy services group today announces its full year results for the year ended 31 December 2013. Following the change in presentational currency announcement on 5 December 2013, these results are reported in US dollars.

Financial Highlights – continuing operations(1)

- Revenue $1,334.0m (2012 - $1,309.0m)
- Underlying profit from operations $198.5m (2012 - $202.5m)
- Reported profit from operations $137.4m (2012 - $134.6m)
- Underlying profit before tax $196.1m (2012 - $195.3m)
- Reported profit before tax $135.0m (2012 - $127.4m)
- Underlying profit for the year $144.0m (2012 - $140.6m)
- Reported profit for the year $106.2m (2012 - $99.2m)
- Underlying diluted earnings per share 93.5 cents (2012 - 90.8 cents)
- Reported diluted earnings per share 68.3 cents (2012 - 63.1 cents)
- Final dividend of 21.8 cents proposed to be paid on 27 May 2014 to shareholders on the register on 2 May 2014 (2012 - 21.3 cents)
- Net debt $205.8m (2012 - $266.4m)

(1) - Underlying results are based on continuing operations before amortisation and exceptional items. Reported results are based on the statutory results for continuing operations as reported under International Financial Reporting Standards.

Corporate Overview

- **Profits driven by activity in North America and Asia:**
  Well Construction
  - Premium Connections - strong activity in Gulf of Mexico being offset by flat onshore activity;
  - Drilling Tools - capturing increased market share in oil focused shale basins;
  - OCTG - difficult market conditions and increased competition in Canada;
  - Hunting AMG - impacted by customers unwinding inventory.

  Well Completion
  - Hunting Titan - delivering good growth in revenue and profits with increased market share in the United States and progressive internationalisation of the business;
  - Manufacturing and Accessories - growing in line with Gulf of Mexico drilling activity;
  - Canada - drilling subdued due to weather conditions;
  - Asia Pacific - ahead of expectations, due to increasing market share and new activity in emerging markets;
  - Europe - subdued with lower North Sea rig counts and project deferrals.

  Well Intervention
  - Hunting Subsea - good recovery in sales as activity in Gulf of Mexico increased demand for products;
  - Pressure Control - increased equipment sales across Middle East and Asia Pacific.

- **$132.6m investment in ongoing major capital projects to extend global manufacturing capability:**
  - $43.0m threading facility in Houston, Texas commenced in December totalling 110,000 sq ft;
  - $11.0m development and certification facility in Houston, Texas to develop, test and certify new thread forms in a more timely fashion;
  - $36.0m final phase expansion of Houma, Louisiana - adding 181,000 sq ft to manufacturing capacity;
  - $18.8m expansion of Hunting Dearborn adding 36% to manufacturing capacity;
  - $20.0m green field development in Cape Town, South Africa to service accelerating sub-Sahara activity;
  - $3.8m to establish a facility to market Hunting’s products in Saudi Arabia, operational mid-2014.

- **New products developed and introduced to customers:**
  - WEDGE-LOCK™ and SEAL-LOCK XD™ premium connection product lines introduced to customers during year;

- New generation Hunting Titan ControlFire™ detonation switch introduced to enhance in-field operational performance;
- New Hunting Titan perforating gun systems introduced for short lateral wellbores and heavy oil applications.

- **Global expansion and synergies captured:**

  - Expansion of sales presence within Asia Pacific - offices established in Shanghai, China; Jakarta, Indonesia and Perth, Australia;
  - Hunting Titan perforating guns commenced manufacture at Monterrey, Mexico; Calgary, Canada and Wuxi, China. Distribution centre for perforating guns and accessories established in Jakarta, Indonesia;
  - Hunting AMG sales presence developed in Asia Pacific.

Segmental Results from continuing operations – ***before amortisation, exceptional items, interest and share of associates' post-tax profits.***

	2013		2012	
	Revenue $m	**Profit from operations $m**	Revenue $m	Profit from operations $m
Hunting Energy Services				
Well Construction	**380.9**	**58.6**	442.7	72.5
Well Completion	**796.1**	**124.5**	725.1	116.6
Well Intervention	**108.6**	**15.7**	89.8	10.8
	1,285.6	**198.8**	1,257.6	199.9
Other Activities				
Exploration and Production	**8.0**	**1.2**	7.8	0.9
Gibson Shipbrokers	**40.4**	**(1.5)**	43.6	1.7
Total	**1,334.0**	**198.5**	1,309.0	202.5

An analyst presentation and webcast will be held at 10.30a.m. today at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN. For details of access to the webcast, please contact Buchanan.

An audio webcast will be available on:

http://mediaserve.buchanan.uk.com/2014/hunting060314/registration.asp

Commenting on the results Dennis Proctor, Chief Executive, said:

"These results together with strong cash flows demonstrate the robust platform of Hunting's global businesses. While the Group experienced a number of trading disappointments during 2013, including customers unwinding inventories and project deferrals, other areas of the Group delivered an excellent performance.

"Looking forward we anticipate a stable commodity price and investment environment within the industry, with early indications of continued growth in capital expenditures within our customer base, which should support further growth during 2014.

"2013 has seen a year of continued internal investment, which will ensure Hunting is well positioned in the medium term to serve both existing and emerging market growth for our product lines."

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Notes to Editors:

About Hunting PLC

Hunting PLC is an international energy services provider to the world's leading upstream oil and gas companies. Established in 1874, it is a premium listed public company traded on the London Stock Exchange. The Company maintains a corporate office in Houston and is headquartered in London. As well as the United Kingdom, the Company has principal operations in Canada, China, Hong Kong, Indonesia, Mexico, Netherlands, Singapore, Thailand, United Arab Emirates and the United States of America.

Chairman's Statement

During 2013, Hunting continued its strategy implemented over the past few years of internationalising its product lines throughout our global operating hubs, while at the same time investing in new facilities to meet customer and product demand.

Within our main reporting segments, Well Construction operations produced weaker than expected results due to a challenging Canadian market and as some customers within the Advanced Manufacturing Group reduced inventory levels during the year. Our Well Completion activities had a solid year with Hunting Titan performing strongly with its perforating system product lines generating strong sales combined with an excellent performance from the Asia Pacific region. The third of our segments, Well Intervention, has delivered year-on-year trading gains with Hunting Subsea improving its results and other operations expanding especially in the Middle East.

In the year, within our main operating market of the United States, onshore developments have focused on oil shale resources, while shale gas drilling remains subdued due to the pricing environment in country. Offshore, the Gulf of Mexico has continued to accelerate, leading to an overall satisfactory performance from the region. In Canada and Europe the operating environment has been more challenging due to lower activity levels, while our Asia Pacific business has been growing rapidly due to higher levels of drilling activity and continued investment by the Group to increase its regional market share.

This overall operating environment has led to underlying profits remaining broadly unchanged, with underlying profit before tax from continuing operations in 2013 being $196.1m (2012 – $195.3m). Reported profit before tax from continuing operations was $135.0m (2012 – $127.4m).

Capital investment on new and replacement facilities was broadly maintained at $95.0m (2012 – $97.4m), reflecting our continued confidence in future growth. Large capital investment programmes underway include: a new threading and testing facility in Houston; a final phase of expansion in Houma, Louisiana; and a new South African facility, where the Group sees high growth potential.

Underlying diluted earnings per share from continuing operations were 93.5 cents (2012 – 90.8 cents), an increase of 3% on the previous year. Reported diluted earnings per share from continuing operations were 68.3 cents (2012 – 63.1 cents).

We are recommending a final dividend for 2013 of 21.8 cents per share, payable on 27 May 2014 to shareholders on the register on 2 May 2014, giving a total of 29.5 cents for the year, a 4% increase. Though declared in US dollars, dividends will continue to be paid in Sterling.

Throughout the year, the Board has continued to enhance governance across the organisation, with particular attention being given to Board and senior management succession planning within key areas and businesses of the Group.

We are also pleased to highlight a new format for our Annual Report and Accounts which has been implemented following changes to legislation. The Strategic Report describes our business and operating model, our business strategy and our progress on these objectives and how this relates to our current performance, position and investment plans for the future. The new remuneration reporting regulations have also led to a revised format, with clear sections on policy and implementation to increase transparency.

Our business success continues to be defined by our people and it is the hard work of all our employees that gives us confidence that Hunting will continue to grow in the future. I am grateful to all our staff for their dedication and hard work.

Richard Hunting C.B.E
Chairman

6 March 2014

Group Performance and Development

Introduction

2013 has seen Hunting deliver another set of solid financial results. While a number of our operations experienced reduced activity levels – in particular within our Well Construction division, which was restrained by customers unwinding inventory – overall our performance has achieved a year of modest growth.

With confidence in the long-term growth of our industry, we continue to make significant investments in new manufacturing equipment and facilities, positioning ourselves with the capability to meet anticipated market demand for our extensive product portfolio.

Our plans remain focused on expansion and growth with some of our key statistics reflecting the current scale and reach of our operations: 2.8 million square feet of manufacturing floor space, in 41 manufacturing facilities with 1,104 machines supported by 34 service and distribution points. We have a physical presence in 12 countries with nearly 4,000 employees.

Overview

As expected, 2013 began slowly and was followed by a stronger performance in the second half, reflecting prevailing market conditions within the industry, which gave rise to mixed demand levels across the geographic regions.

Activity levels in the US remained healthy and overall footage drilled was up 5% year on year, supported by the continued recovery in the Gulf of Mexico. Hunting revenues increased by 2% in line with US drilling and completion spend. Our Premium Connections, Titan and Subsea businesses performed particularly well but these results were offset by a decline in the AMG businesses which suffered from customer destocking.

Trading in Canada remained difficult with adverse weather and structural supply issues impacting the market. Despite the expansion of Titan in Canada, revenues from this region fell by 22% principally due to weakness in Oil Country Tubular Goods (“OCTG”) related business.

Europe was impacted by declining rig counts in the North Sea partly due to rig maintenance programmes and customers deferring major project spend into 2014, which led to an 18% decline in revenues in the region.

Asia Pacific continues to be a strong and developing region for the Group and, in 2013, contributed 16% of the Group’s revenue (2012 – 11%).

During the year, Hunting commenced a programme of investment in Africa, establishing a regional office and temporary storage facilities in Cape Town, South Africa. Local management have been appointed and a 9 acre site was purchased in December 2013 and a new manufacturing facility of approximately 50,000 square feet is being designed. Regional repair service centres in sub-Saharan Africa are planned in the future as activity levels in the region build.

During 2013, we have focused on initiating projects to meet our strategic goals of developing proprietary products, capitalising on global sales opportunities and expanding our geographic manufacturing presence. These are discussed further below. We anticipate capital investment of approximately $150m will be incurred in 2014.

Summary Group Income Statement

	Underlying			Reported		
	2013 $m	2012 $m	*Change*	**2013 $m**	2012 $m	*Change*
Continuing operations:						
Revenue	**1,334.0**	1,309.0	*+2%*	**1,334.0**	1,309.0	*+2%*
EBITDA	**242.8**	242.9	–	**235.6**	227.7	*+3%*
Profit from operations	**198.5**	202.5	*-2%*	**137.4**	134.6	*+2%*
Profit before taxation	**196.1**	195.3	–	**135.0**	127.4	*+6%*
Profit for the year	**144.0**	140.6	*+2%*	**106.2**	99.2	*+7%*
Discontinued operations:						
Profit for the year	**–**	–		**15.4**	108.0	
Total profit for the year	**144.0**	140.6		**121.6**	207.2	
Diluted EPS – continuing operations	**93.5c**	90.8c	*+3%*	**68.3c**	63.1c	*+8%*

Group Performance and Development continued

Results from Continuing Operations

The Group generated revenue of $1,334.0m in 2013, an increase of 2% over the prior year. This helped support underlying EBITDA at $242.8m which was materially unchanged versus 2012. Underlying profit from operations was down $4.0m, or 2%, compared to 2012, partly due to difficult trading conditions in the Gibson Shipbrokers division which reported a loss of $1.5m in the year (2012 – $1.7m profit). The 2013 operating profit margin was 15% (2012 – 15%). Reported profit from operations was up 2% at $137.4m due to lower exceptional charges.

Amortisation of intangibles in 2013 at $43.4m remained virtually unchanged.

The following items are classified as exceptional items in 2013, consistent with managements' internal reporting, given their significance and in compliance with the Group's accounting policies: PP&E impairment and dry hole costs in Exploration and Production of $10.5m, the settlement of litigation costs of $2.9m, which were treated as exceptional as these related to pre-acquisition circumstances, and inventory fair value adjustments of $4.3m principally relating to the acquisition of Titan in 2011, as this does not reflect underlying performance. All the inventory fair value adjustments arising on the 2011 acquisitions have now been charged through the income statement.

Net finance costs have reduced from $8.7m in 2012 to $2.8m in 2013. This reduction was mainly due to foreign exchange gains in the year and reductions in bank interest due to lower average debt levels and lower interest rates.

Underlying profit before tax at $196.1m was marginally up on 2012 at $195.3m. The underlying tax charge for the year was $52.1m (2012 – $54.7m), resulting in an underlying profit for the year of $144.0m (2012 – $140.6m). The Group's underlying tax rate for 2013 was lower than expected at 27% (2012 – 28%). The rate of tax reflects the weighting of profits in lower tax jurisdictions, particularly Singapore where corporate tax rates are currently 17%, together with a reduced UK corporate tax rate. The Group's effective tax rate for 2014 is expected to remain at 27%; however, the actual rate will depend on the regional mix of profits. On a reported basis, profit before tax at $135.0m was 6% above 2012 and reported profit for the year up 7% at $106.2m.

Underlying diluted EPS increased by 3% to 93.5 cents (2012 – 90.8 cents) and reported diluted EPS increased by 8% to 68.3 cents (2012 – 63.1 cents).

Results from Discontinued Operations

The reported profit from discontinued operations was $15.4m (2012 – $108.0m) with profits in both years derived mainly from exceptional items relating to provision releases on the successful resolution of tax affairs in Canada arising from the sale of Gibson Energy in 2008. There are no provisions remaining on the balance sheet at 31 December 2013 for tax amounts payable in respect of this sale.

Segmental Trading Review

Hunting Energy Services

Hunting Energy Services comprises the Well Construction, Well Completion and Well Intervention segments. In 2013 Hunting Energy Services reported revenues of $1,285.6m compared to $1,257.6m in 2012 and underlying profit from operations of $198.8m compared to $199.9m in 2012.

Well Construction

		2013	2012	*Change*
Revenue	$m	**380.9**	442.7	*-14%*
Underlying profit from operations	$m	**58.6**	72.5	*-19%*
Underlying operating profit margin	%	**15**	16	
Capital investment	$m	**43.3**	38.1	
Average employees		**1,186**	1,219	
Year end employees		**1,121**	1,254	

Well Construction

The Well Construction division includes Hunting's Premium Connections, Drilling Tools, OCTG, Trenchless, Advanced Manufacturing Group and Hunting Specialty business platforms. In 2013 revenue declined by 14% to $380.9m largely due to destocking in the Electronics business and adverse trading in Canada; however, margins were maintained largely due to cost reduction initiatives, including staff reductions of 133 during the year.

Group Performance and Development continued

Premium Connections

Hunting's Premium Connections business platform is driven by its SEAL-LOCK™ and WEDGE-LOCK™ connection product lines. With the increase in activity in the Gulf of Mexico, where the Group has supplied products to key exploration projects in the region, the business has reported another strong result supported by demand within the oil shale regions across North America. The business has also seen a notable increase in global demand for its product lines.

During the year product development has focused on SEAL-LOCK XD™ product lines for application to high pressure/high temperature environments, which has now concluded testing and certification. These will be introduced to the market during 2014.

To meet the high demand for our Premium Connections products, the Group has approved construction of a $43.0m, 110,000 square foot facility near Houston, Texas and a new $11.0m testing and certification facility, enabling new products to be brought to market more rapidly. The facility is expected to be completed in 2015 and $11.1m of capital has been invested, primarily related to land and design fees.

The outlook for this business remains positive as new rigs are commissioned globally.

Drilling Tools

Hunting's Drilling Tools business delivered a year of steady growth on maintained margins. Activity levels have been driven by drilling programmes in the oil-focused shale basins which have been a major contributor to the increase in total US oil production. The business has also been successful in capturing further market share within the oil shale sector where new customers have started to use Hunting's mud motor fleet.

During 2013, the Group invested $21.7m in new drilling tools and spare parts which included the introduction of a 7" motor into its fleet. This additional product line complements the more standard 5" motors and enabled new business opportunities to be secured in the Eagle Ford and Permian basins where shale drilling continues to accelerate. The outlook for this business remains positive as the focus on drilling in the US remains on oil shales.

OCTG

Hunting's OCTG business had a weak year, with revenue down $25.7m driven by the adverse weather conditions in Canada, difficult market conditions generally and increased competition.

Hunting's Trenchless

Hunting's Trenchless business manufactures drill stems and operates through a third party distribution network to access its customers. During 2013, the business reported satisfactory results despite a competitive environment.

Advanced Manufacturing Group ("AMG")

The AMG comprises the Hunting Electronics, Hunting Dearborn and Hunting Doffing operations.

Hunting Electronics reported a significant reduction in activity levels with a $27.9m decline in year-on-year revenues as customers reduced inventory levels. In response to this, the business reduced the headcount of its US operations by some 30% over the year, while at the same time exploring and securing international growth opportunities through Hunting's global sales and manufacturing hubs, particularly in the Asia Pacific region.

Within Hunting Dearborn, the business reported flat activity levels during the year as customers unwound inventory levels. While the business reported unchanged demand for its oil and gas focused products, the business benefited from stronger sales of its aviation product lines. The business is commencing an $18.8m expansion of its facility to increase capacity and reduce customer lead times as the forward order book improves.

Customer interest in AMG's single source MWD/LWD product offering has been encouraging, with international sales efforts increasing as personnel were added to Hunting's regional hubs. The outlook for AMG is positive, with order books increasing into 2014 as activity levels build internationally.

Hunting Specialty

Hunting Specialty manufactures drill pipe screens and other MWD/LWD tool components. The business delivered an operating profit in line with 2012, despite a slow start to the year, by broadening its customer base and has started to develop international sales for its products through Hunting's international network. The business has worked closely with Hunting Drilling Tools to further develop customer interest in Hunting's broad product range, generating new customers and sales in North America.

Group Performance and Development continued

Well Completion

		2013	2012	Change
Revenue	$m	**796.1**	725.1	*+10%*
Underlying profit from operations	$m	**124.5**	116.6	*+7%*
Underlying operating profit margin	%	**16**	16	
Capital investment	$m	**31.2**	16.4	
Average employees		**2,102**	1,954	
Year end employees		**2,197**	1,985	

Well Completion

The Well Completion segment incorporates Hunting Titan, Manufacturing and Accessories and Hunting's international completion businesses. In 2013, underlying profit from continuing operations increased 7% from $116.6m in 2012 to $124.5m in 2013 with margins maintained. Employee numbers increased by more than 200 during the year with the increase focused in the high growth Titan and Asia Pacific businesses.

Hunting Titan

Hunting Titan comprises three business lines: Perforating – which includes Hunting's suite of perforating gun systems; Instruments – which includes detonation switches and gamma ray detection tools; and Energetics – which includes Hunting's range of charges and jet-cutting product lines.

During 2013 Hunting Titan reported record results, with revenues up nearly 16% driven by continued demand in the oil-focused shale basins and the ongoing international growth. A tiered pricing structure was also introduced in the year which improved our competitive position.

Hunting Titan's business model is focused on manufacturing its products at a number of core locations and selling these products through its network of distribution centres to meet customer requirements. The growth strategy of the business is to internationalise its footprint by leveraging Hunting's global network of facilities.

During 2013, Hunting Titan broadened its manufacturing capabilities commencing production at Hunting's Canadian, Mexican and Chinese facilities to service demand in these geographic regions. In May 2013, Hunting Titan acquired XL Perforating Partnership ("XLPP") providing a distribution network in Western Canada which increased Hunting Titan's exposure to activities in the heavy oil segment of the market. The acquisition has added six distribution centres. Hunting Titan also opened distribution centres in Oklahoma and Hobbs in the US as well as Jakarta and Aberdeen as further expansion into international markets continued. In parallel to these expansion activities, Hunting Titan's US manufacturing facilities continued its drive to implement lean manufacturing processes into its operations which has resulted in a number of productivity gains.

Hunting Titan has introduced a number of new product lines in the year, including a range of perforating guns suitable for heavy oil developments, a new ControlFire™ detonation switch system and new jet cutters.

Manufacturing and Accessories

Hunting's Manufacturing and Accessories business incorporates product lines which are used in the completion phase of an oil and gas well. Hunting's US facilities have been supported by ongoing investment in the oil-focused shale regions and strong activity levels in the deep water Gulf of Mexico. Within Canada, Hunting's operations have been adversely affected by lower rig counts and poor weather conditions in a number of key basins which has impacted utilisation levels.

The Board of Hunting has approved the final expansion phase of the facility in Houma, Louisiana for $36.0m which will support the increasing activity in the Gulf of Mexico and developing international demand. The facility on completion will be approximately 280,000 manufacturing square feet.

International Completion Activities

The strategy for Hunting's global completion operations is focused on ensuring the Group has an operational presence in its key geographic hubs. Year-on-year overall revenues are up 10% and margins have improved.

In Europe, activity has been impacted by low rig count levels in the North Sea, with some of our key customers deferring a number of major projects into 2014. The outlook for this region is improving as activity levels recover.

Group Performance and Development continued

Hunting's Asia Pacific operations have reported excellent results in the year as drilling activity accelerated in the region. While a slowing in momentum was noted during Q4 2013, due to the availability of rigs, the business is anticipating new opportunities within the region. Hunting's facility in Wuxi, China commenced the manufacturing of Titan perforating guns in the year and is now supplying products to Hunting's distribution centre in Jakarta.

New sales offices have also been opened in Perth, Australia, with plans to establish a presence in India and Norway underway.

Well Intervention

		2013	2012	*Change*
Revenue	$m	**108.6**	89.8	*+21%*
Underlying profit from operations	$m	**15.7**	10.8	*+45%*
Underlying operating profit margin	%	**14**	12	
Capital investment	$m	**9.2**	33.8	
Average employees		**432**	359	
Year end employees		**438**	398	

Well Intervention

The Well Intervention division includes the Hunting Subsea and Well Intervention businesses. In 2013, underlying profit from continuing operations increased from $10.8m in 2012 to $15.7m. The year-on-year reduction in capital investment reflects the completion of Houma phase 1 in 2012.

Hunting Subsea

Hunting Subsea has resolved certification issues, which followed the Deepwater Horizon incident in 2010, and this, coupled with increased activity in the Gulf of Mexico, has led to a year of strong revenue growth. Sales of hydraulic couplings have been particularly strong during the year as key customers increased their volumes, supported by demand for Subsea valve product lines.

The business has also delivered growth into international markets, leading to new sales appointments in Europe to capture opportunities in the North Sea.

Well Intervention

Well Intervention activities, which includes the Thru-Tubing product lines, has seen good demand in the Middle East and Asia Pacific during the year, with growth initiatives pursued in Thailand where a new facility was opened in June 2013.

Hunting's range of pressure control systems have continued to gain market traction during the year with robust sales throughout the Middle East and increasingly into North America.

Exploration and Production

Hunting's exploration and production division has oil and natural gas well investments mainly in the Southern US and shallow water offshore Gulf of Mexico, holding equity interests in 48 producing properties. On a Barrel of Oil Equivalent ("BOE") basis, production in the year was 128,000 barrels (2012 – 131,000 barrels), with reserves at 31 December 2013 being 1.1m barrels (2012 – 1.1m barrels). The business reported a profit from operations, before exceptional items, of $1.2m (2012 – $0.9m).

During 2013 the business, as contractually committed, participated in drilling eight oil and gas wells. This resulted in five successful outcomes and three wells, which were deemed non-commercial resulting in dry hole costs of $2.6m (2012 – $3.2m), which has been shown as an exceptional item.

Following a year-end valuation of reserves, which requires individual oil and gas properties to be impaired when the estimated realisable value is less than the book value based on future production and commodity prices, the business has taken an impairment charge of $7.9m (2012 – $8.2m), which has been shown as an exceptional item, reflecting a reduction in reserve estimates, higher retirement obligation cost estimates and a higher discount rate.

Group Performance and Development continued

Gibson Shipbrokers

Gibson is a leading international shipbroker and is expanding its global presence in line with the shifting markets in the oil, gas and bulk shipping sectors. Gibson has a strong focus on crude and tanker chartering, clean products, vegoil, dry bulk, LPG and offshore activities.

With the shipping sector enduring an uninterrupted and unprecedented downturn since 2009, there was little expectation that 2013 would offer any significant improvement. Fixing volumes for 2013 were in line with those for 2012, however the 2013 revenue of $40.4m (2012 – $43.6m) was down with rates continuing to suffer from an oversupply in the shipping market. Given the relatively fixed cost nature of the business, this decline gave rise to a loss for the year of $1.5m (2012 – profit $1.7m).

Gibson continues to expand its core shipbroking activities despite difficult trading conditions. The business targets to provide an international, premium shipbroking service and is well positioned to benefit from future market recovery.

Summary Group Cash Flow

	2013 **$m**	2012 $m
EBITDA before amortisation and exceptional items	**242.8**	242.9
Working capital movements	**(20.3)**	(29.9)
Net interest paid and bank fees	**(6.3)**	(8.4)
Tax paid	**(20.4)**	(23.9)
Replacement capital investment	**(45.0)**	(42.6)
Other operating cash and non-cash movements	**(4.9)**	(1.2)
Free cash flow	**145.9**	136.9
Expansion capital investment	**(50.0)**	(54.8)
Dividends to equity holders and non-controlling interests	**(45.8)**	(38.3)
Purchase of subsidiaries	**(10.7)**	(3.5)
Tax indemnity refunds	**17.7**	27.2
Other	**4.1**	4.0
Foreign exchange	**(0.6)**	1.5
Reduction in net debt in the year	**60.6**	73.0

Cash Flow

EBITDA was materially unchanged versus 2012. Working capital movements during 2013 gave rise to an outflow of $20.3m largely driven by trade payables with the UK front-loading inventory purchases in the first half of the year. Trade receivable positions also reduced with collection performance improving.

Net interest and bank fees paid reduced by $2.1m due to lower average debt levels and resulting reductions in the interest charged on our revolving credit facility. Tax paid reduced by $3.5m through the use of capital losses in the UK.

Replacement capital investment at $45.0m was broadly in line with 2012. The key components were $16.3m on replacement drilling tools and $9.5m in Exploration and Production, with the residual of $19.2m largely being machinery replacement.

As a result of the above, free cash flow increased by 7% from $136.9m in 2012 to $145.9m in 2013.

Expansion capital investment in the year of $50.0m was $4.8m lower than 2012 with the initiation of a number of key capital projects occurring in the second half. Investment included $11.1m for AmeriPort and the new testing facility, $5.4m on new drilling tools and $5.1m for South Africa. Total capital investment for 2013 was $95.0m, a decrease of $2.4m. Capital investment in 2014 is expected to be approximately $150m.

Total dividend payments of $45.8m were paid, with $3.3m of this relating to non-controlling interests. The $42.5m paid to equity shareholders reflected the payment of the final dividend for 2012 of 21.3 cents (14.0 pence) and the 2013 interim dividend of 7.7 cents (4.75 pence). All subsequent dividends, including the 2013 final dividend will be declared in cents. The final dividend for 2013 is proposed at 21.8 cents, and, if approved by shareholders, is expected to result in an outflow of $32m.

Payments for the purchase of subsidiaries included $8.7m for the acquisition of XLPP by Hunting Titan, and earn out payments related to the acquisitions made in 2011.

Group Performance and Development continued

During 2013, a $17.7m repayment of tax and interest was received from the Canadian tax authorities on the resolution of disputes related to Gibson Energy, a division sold in 2008.

After other cash flows of $4.1m, offset by foreign exchange movements of $0.6m, net debt reduced by $60.6m during 2013.

Group funding and position at year end

Financial Capital Management

2013 has been a year of developing and integrating the businesses acquired towards the end of 2011. Market conditions for companies in the oil and gas sector have been relatively stable at a global level, albeit with regional variations. Notwithstanding these neutral external factors, net debt has reduced significantly in the year to $205.8m (2012 – $266.4m), with gearing falling to 15% at 31 December 2013 (2012 – 20%) while capital investment has been maintained at recent historical levels.

The Group's financial position remains robust, with total credit facilities of $688.8m in place (2012 – $676.5m) of which $621.1m or £375.0m (2012 – $609.6m or £375.0m) is committed. The committed facility is a £375.0m Sterling denominated multi-currency revolving credit facility ("RCF") from a syndicate of ten banks which extends to 5 August 2016. Further details regarding the facility can be found in note 29 of the 2013 Annual Report and Accounts. Given the Group's treasury management is now US dollar oriented it is expected that future facilities will be denominated in US dollars.

The ratio of net debt to EBITDA permitted under the RCF must not exceed a maximum of 3.0 times. EBITDA must also cover relevant finance charges by a minimum of 4 times. At 31 December 2013 both these covenants were comfortably met.

Management's judgement is that the level of headroom remaining is adequate to provide ongoing flexibility and to support the investment in key projects outlined in our strategic review.

Return on average capital employed is a KPI management use to assess business unit performance. The Group's underlying return on average capital employed has reduced to around 12% (2012 – 13%) reflecting the ongoing capital investment programme on expansion projects, which do not provide an immediate financial return. Rates of capital return are expected to increase as these expansion projects become operational and contribute to Group results.

The Board considers each ordinary dividend proposed based on the merits of the information available to it at the time. Consideration is given to the financial projections of business performance and capital investment needs, together with feedback from shareholder discussions. The final dividend for 2013, and future dividends, will now be declared in cents.

The Group operates a centralised treasury function with policies and procedures approved by the Board. These cover funding, banking relationships, foreign currency, interest rate exposures, cash management and the investment of surplus cash. Further detail on financial risks is provided within note 29 of the 2013 Annual Report and Accounts.

The Group operates on a global basis and hence results originate in a number of currencies. The US dollar is the most significant functional currency used; however, where this is not the case the Group is subject to the effects of foreign exchange rate fluctuations with respect to currency conversions. Currency exposure on the balance sheet is, where practical, reduced by financing assets with borrowings in the same currency. Spot and forward foreign exchange contracts are used to cover the net exposure of purchases and sales in non-domestic currencies.

Group funding and position at year end continued

Balance Sheet

	2013 $m	2012 $m
Goodwill	**495.2**	495.0
Other intangible assets	**263.0**	301.1
Property, plant and equipment	**431.8**	403.8
Working capital	**467.6**	435.2
Taxation (current and deferred)	**(48.7)**	(40.1)
Provisions	**(33.4)**	(48.0)
Other net assets	**45.1**	52.1
Capital employed	**1,620.6**	1,599.1
Net debt	**(205.8)**	(266.4)
Net assets	**1,414.8**	1,332.7
Non-controlling interests	**(30.9)**	(29.7)
Equity attributable to owners of the parent	**1,383.9**	1,303.0

Goodwill has increased marginally over 2012 following the XLPP acquisition. The Group has conducted its impairment reviews and has concluded that there is appropriate justification to carry this asset based on future cash projections. All cash generating units carrying goodwill have sufficient headroom to cover reasonably foreseeable downside cases.

Other intangible assets have reduced by $38.1m, with the amortisation expense for the year of $43.4m being offset by the capitalisation of technology and software development costs of $5.0m.

Property, plant and equipment has increased by $28.0m. Additions of $95.0m together with $1.7m of PPE acquired with XLPP were offset by $44.3m of depreciation, $10.5m impairment in Exploration and Production, net book value on disposals of $13.0m and other movements of $0.9m.

Working capital has increased by $32.4m since 2012 principally due to a reduction in trade and other payables of $35.9m, with the UK having front loaded inventory purchases in the first half of the year. Inventories report a small decrease of $4.8m to end the year at $386.3m.

Tax balances have increased by $8.6m to $48.7m at 31 December 2013. The increase mainly relates to increased deferred tax liabilities on pensions.

Provisions have reduced by $14.6m during the year primarily due to the resolution of a Canadian tax dispute as noted earlier.

Overall, capital employed in the Group has remained relatively steady at $1,620.6m (2012 – $1,599.1m).

Thanks to strong cash generation the overall cash inflow in 2013 of $60.6m has reduced net debt to $205.8m at 31 December 2013.

Net assets at 31 December 2013 were $1,414.8m, which, after non-controlling interests of $30.9m, result in equity shareholders' funds of $1,383.9m. This is an increase of $80.9m over 31 December 2012, which reflects the retained result for the year of $117.9m and other items of $5.5m offset by $42.5m dividend payments.

Outlook

Markets for Hunting are more often customer and region specific. While the macro elements of the oil and gas industry are important, the Group's attention to historical customers and their needs plays a more important role in our view of future growth. Granted, our customers represent some of the largest E & P companies and major service companies, but individual contracts and activity levels vary year to year. Accordingly, we work closely with their management to assess their expectations, often 2–3 years forward. Certainly oil prices, energy demand, global rig count, E & P spending growth and industry forecasts are favourable and strongly underpin our confidence in capital investment and global expansion for 2014.

Gas and oil prices are key drivers to drilling activity and equipment demand. While the North American natural gas supply gap narrowed and drove gas prices higher in the last quarter of 2013, forecasts suggest more pricing pressure throughout 2014. Accordingly, exports are critical for growth in US production, which may not occur until 2020. Gas directed drilling appears to have found some stability on the downside. Having fallen nearly 50% in 2012, the gas rig count fell "only" 13% in 2013, currently just below 400 rigs. Globally, natural gas demand is expected to grow annually at a rate of 1.8% driven by China and India as well as Latin America and other gas poor countries.

Oil prices averaged $98 per barrel in 2013, $4 per barrel more than the average in 2012. Forecasts for 2014 range from $93 to $99 per barrel. The US oil rig count has been relatively unchanged since May 2012, averaging 1,380 rigs. Globally, oil consumption is forecast to reach 91.59 million barrels per day – a 1% increase over 2013. Supply disruptions present considerable uncertainty over the forecast period because issues underpinning the disruptions in most countries remain unresolved.

Given the above, the US industry sentiment reflects US capital investment of nearly $160 billion for 2014, an 11% increase over 2013. Producers onshore are utilising more geology specific drilling and completion equipment resulting in longer well bores and specific supplier products. Further, the US Gulf of Mexico activity is anticipating 57 rigs operating, a 5% increase. This growth is the basis for our increased capital investment on additional facilities, but unfortunately, will not be available until late in the year. Incremental machine capacity, coupled with more efficient operations will soften the delay and enable the Company to capture the expected increase in business.

In Canada, unusual flooding occurred throughout the Alberta province, delaying and, in some cases, cancelling drilling programmes. Calgary, home to most operators' headquarters, was disrupted by the flood for several weeks. Coupled with high inventories, our Canadian operations saw a record profit year in 2012 turn to a loss for 2013. Operations have returned to higher levels and 2014 should return to profitability.

The North Sea, another disappointment for 2013, started the year with 22 rigs and expectations of excellent activity. With contracts to provide support for nine of these rigs, the facilities were prepared for high production levels and supported by higher inventories. The rig activity declined to 10, with exploration wells drilled at the lowest level since 1965, and profits fell to half of expectations. Drilling activity levels have recovered and expectations are for a return to 2012 results.

Our Middle East operations have the highest potential for best percentage growth in future months and years. The region contains and continues to develop some of the world's largest "giant" fields – those fields with a recoverable reserve of 500 MMboe or more. A new joint venture in Saudi Arabia and a licence agreement with the new Arcelor Mittal seamless mill in Saudi Arabia will commence and should have a significant impact on business development.

Outside of the US, the Asia Pacific region continues to be the largest and fastest growing region in the Group. Past investment has performed extremely well, with expectations to continue as more capacity, new sales offices and distribution points are added.

Regardless of the euphoria and media attention over shale oil and gas, future oil and gas supply will continue to be dominated by conventional reserves found mostly offshore. The International Energy Agency (IEA) predicts that unconventional oil will contribute only 13% of global supply and unconventional gas 26% by 2035. Hunting's variety of product lines can be utilised in all types of reservoirs both onshore and offshore. Accordingly, our efforts extend far beyond the US shale plays and the Gulf of Mexico despite the volume of wells drilled and the attention received.

Outlook continued

Following years of acquisitions and facility growth, the Group has and will continue to provide its vast product offering within each region. Perforating equipment is now produced or distributed in each location. Premium connections are produced or repaired throughout the Group's facilities. Pressure control, wire line tools, drilling tools, OCTG and accessories are produced at facilities closest to the operator's drilling activity. Our goal to provide the customer with any product from any of our 41 manufacturing plants or 34 distribution centres having the identical quality assurance is maturing but will be further enhanced in 2014.

Regional growth has and will continue to be important in order to service our global customers. Equally important is the advancement and new developments of our product line.

Looking at the profit from operations generated by a number of our key business units:

- Premium Connections – 2013 year on year growth was flat due to specific customer project delays. High single digit growth for 2014.
- Drilling Tools – Up 4% year on year from increased utilisation in various shale plays in the US. Low double digit growth for 2014 from delivery of additional tools.
- North American OCTG – Canada down 86% and US down 28%, but both regions expect double digit improvements in 2014.
- International Completion Activities – Results varied during 2013 dependent on regional activities, with Asia Pacific up 60% and North Sea down 27%. In 2014, both regions expect mid to high single digit growth.
- AMG – Excluding the Electronics division, down 22% primarily due to timing of deliveries slipping into 2014. Low double digit growth for 2014.
- Electronics – Significantly down 60% as customers destocked from an excessive pre-purchase of product in 2012. Modest improvement in 2014 as customers continue working off inventory.
- Perforating Products – Strong 2013 year on year growth due to US market share capture and establishment of international manufacturing and distribution facilities. High, single digit growth is expected in 2014.
- US Manufacturing – No change year on year with low double digit growth expected in 2014.
- Subsea – Excellent recovery of 202% following recertification issues in 2012 with expectations for additional 50%+ growth in 2014.

Your Company has and will continue to build a unique business that is highly focused on the well bore within the oil and gas industry. Drilling and completion characteristics continue to be more complex in high pressure, high temperature deviated environments requiring sophisticated components. People skills, attitudes, quality conformance and manufacturing competence exist in Hunting to meet the demands of the industry. Growth is our passion, not just a financial necessity. The assets are well placed and opportunities exist to accomplish our goals in the coming year.

Supplementary Information

The following disclosures can be found at the end of this announcement:

- Business Model and Strategy;
- Performance Indicators;
- Principal Risk and Uncertainties.

Statement of Directors' Responsibilities

The Directors confirm that the 2013 Annual Report and Accounts, which will be issued on 13 March 2014, complies with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority in respect of the requirement to produce an annual financial report.

The Directors confirm that to the best of their knowledge and belief:

- the financial statements have been prepared in accordance with International Financial Reporting Statements ("IFRSs") as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the loss of the Company;
- the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy;
- the Strategic Report in the 2013 Annual Report and Accounts, from which this narrative is extracted, comprising the Group Performance Summary and Corporate and Social Responsibility Report, includes a fair review of the development and performance of the Group's operations and the year-end position of the Group and the Company, together with a description of the principal risks and uncertainties they face. The Strategic Report also details the Group's policies on human rights, gender balance and its scope 1 and 2 greenhouse gas emissions.

A list of current Directors is maintained on the Hunting PLC website: www.huntingplc.com

This responsibility statement has been prepared in connection with the 2013 Annual Report and Accounts of the Company for the year ended 31 December 2013. Certain parts of the Annual Report and Accounts are not presented within this announcement.

By order of the Board

Ben Willey
Company Secretary
6 March 2014

Forward-looking statements

This announcement contains certain forward-looking statements. The forward-looking statements are not intended to be guarantees of future performance but are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors that may cause actual results to differ from any future results or developments expressed or implied from the forward-looking statements.

Consolidated Income Statement

For the Year ended 31 December 2013

	Notes	2013 Before amortisation and exceptional items $m	2013 Amortisation and exceptional items (note 5) $m	2013 Total $m	Restated 2012 Before amortisation and exceptional items $m	Restated 2012 Amortisation and exceptional items (note 5) $m	Restated 2012 Total $m
Revenue	4	**1,334.0**	**-**	**1,334.0**	1,309.0	-	1,309.0
Cost of sales		**(898.9)**	**(14.8)**	**(913.7)**	(886.5)	(23.4)	(909.9)
Gross profit		**435.1**	**(14.8)**	**420.3**	422.5	(23.4)	399.1
Other operating income		**7.6**	**-**	**7.6**	6.3	1.8	8.1
Operating expenses		**(244.2)**	**(46.3)**	**(290.5)**	(226.3)	(46.3)	(272.6)
Profit from continuing operations	3	**198.5**	**(61.1)**	**137.4**	202.5	(67.9)	134.6
Finance income		**12.0**	**-**	**12.0**	3.8	-	3.8
Finance expense		**(14.8)**	**-**	**(14.8)**	(12.5)	-	(12.5)
Share of associates' post-tax profits		**0.4**	**-**	**0.4**	1.5	-	1.5
Profit before tax from continuing operations		**196.1**	**(61.1)**	**135.0**	195.3	(67.9)	127.4
Taxation	7	**(52.1)**	**23.3**	**(28.8)**	(54.7)	26.5	(28.2)
Profit for the year:							
From continuing operations		**144.0**	**(37.8)**	**106.2**	140.6	(41.4)	99.2
From discontinued operations	8	**-**	**15.4**	**15.4**	-	108.0	108.0
Profit for the year		**144.0**	**(22.4)**	**121.6**	140.6	66.6	207.2
Profit attributable to:							
Owners of the parent		**140.3**	**(22.4)**	**117.9**	135.7	66.6	202.3
Non-controlling interests		**3.7**	**-**	**3.7**	4.9	-	4.9
		144.0	**(22.4)**	**121.6**	140.6	66.6	207.2
Earnings per share							
Basic - from continuing operations	9	**95.8c**		**70.0c**	93.0c		64.6c
- from discontinued operations	9	**-**		**10.5c**	-		74.1c
Group total		**95.8c**		**80.5c**	93.0c		138.7c
Diluted - from continuing operations	9	**93.5c**		**68.3c**	90.8c		63.1c
- from discontinued operations	9	**-**		**10.3c**	-		72.2c
Group total		**93.5c**		**78.6c**	90.8c		135.3c

Consolidated Statement of Comprehensive Income

For the Year ended 31 December 2013

	2013	Restated 2012
	$m	$m
Comprehensive income		
Profit for the year	**121.6**	207.2
Components of other comprehensive income after tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange adjustments	**(0.9)**	12.7
Fair value gains and losses:		
- gain on available for sale investment arising during the year	**0.2**	-
- gains originating on cash flow hedges arising during the year	**1.5**	0.7
	0.8	13.4
Items that have been reclassified to profit or loss:		
Fair value gains and losses:		
- gains transferred to income statement on disposal of cash flow hedges	**(0.2)**	(0.1)
Release of foreign exchange adjustments on disposal of subsidiary	**-**	(2.2)
	(0.2)	(2.3)
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit pension schemes	**2.8**	(0.7)
Other comprehensive expense after tax	**3.4**	10.4
Total comprehensive income for the year	**125.0**	217.6

Total comprehensive income attributable to:		
Owners of the parent	**120.5**	211.6
Non-controlling interests	**4.5**	6.0
	125.0	217.6

Consolidated Balance Sheet

At 31 December 2013

	Notes	2013 $m	Restated 2012 $m	Restated 2011 $m
ASSETS				
Non-current assets				
Property, plant and equipment	10	**431.8**	403.8	359.4
Goodwill		**495.2**	495.0	494.0
Other intangible assets	11	**263.0**	301.1	343.2
Investments in associates		**9.9**	11.0	9.2
Investments		**9.0**	6.4	0.4
Retirement benefit assets		**29.6**	22.8	19.9
Trade and other receivables		**7.5**	6.1	3.4
Deferred tax assets		**3.1**	8.7	4.6
		1,249.1	1,254.9	1,234.1
Current assets				
Inventories		**386.3**	391.1	359.0
Trade and other receivables		**264.8**	278.0	270.7
Current tax assets		**3.9**	10.6	10.0
Investments		**2.0**	5.1	3.7
Cash and cash equivalents		**167.4**	165.3	106.9
Assets classified as held for sale		**-**	-	21.1
		824.4	850.1	771.4
LIABILITIES				
Current liabilities				
Trade and other payables		**176.5**	215.7	228.1
Current tax liabilities		**21.0**	17.6	39.4
Borrowings		**135.9**	132.1	67.1
Provisions	14	**8.0**	20.3	65.8
Liabilities classified as held for sale		**-**	-	13.1
		341.4	385.7	413.5
Net current assets		**483.0**	464.4	357.9
Non-current liabilities				
Borrowings		**239.3**	304.7	385.9
Deferred tax liabilities		**34.7**	41.8	30.8
Provisions	14	**25.4**	27.7	28.2
Other payables		**17.9**	12.4	0.2
		317.3	386.6	445.1
Net assets		**1,414.8**	1,332.7	1,146.9
Equity attributable to owners of the parent				
Share capital		**61.3**	61.0	60.7
Share premium		**150.6**	149.1	146.9
Other components of equity		**41.6**	42.0	30.8
Retained earnings		**1,130.4**	1,050.9	882.4
		1,383.9	1,303.0	1,120.8
Non-controlling interests		**30.9**	29.7	26.1
Total equity		**1,414.8**	1,332.7	1,146.9

Consolidated Statement of Changes in Equity

	Year ended 31 December 2013						
	Share capital $m	**Share premium $m**	**Other components of equity $m**	**Retained earnings $m**	**Total $m**	**Non-controlling interests $m**	**Total equity $m**
At 1 January restated (note 1)	**61.0**	**149.1**	**42.0**	**1,050.9**	**1,303.0**	**29.7**	**1,332.7**
Profit for the year	**-**	**-**	**-**	**117.9**	**117.9**	**3.7**	**121.6**
Other comprehensive (expense) income	**-**	**-**	**(0.2)**	**2.8**	**2.6**	**0.8**	**3.4**
Total comprehensive (expense) income	**-**	**-**	**(0.2)**	**120.7**	**120.5**	**4.5**	**125.0**
Dividends	**-**	**-**	**-**	**(42.5)**	**(42.5)**	**(3.3)**	**(45.8)**
Shares issued							
– share option schemes and awards	**0.3**	**1.5**	**-**	**-**	**1.8**	**-**	**1.8**
Treasury shares							
– purchase of treasury shares	**-**	**-**	**-**	**(6.7)**	**(6.7)**	**-**	**(6.7)**
Share options and awards							
– value of employee services	**-**	**-**	**3.4**	**-**	**3.4**	**-**	**3.4**
– discharge	**-**	**-**	**(3.6)**	**9.2**	**5.6**	**-**	**5.6**
– taxation	**-**	**-**	**-**	**(1.3)**	**(1.3)**	**-**	**(1.3)**
Other	**-**	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
Total transactions with owners	**0.3**	**1.5**	**(0.2)**	**(41.2)**	**(39.6)**	**(3.3)**	**(42.9)**
At 31 December	**61.3**	**150.6**	**41.6**	**1,130.4**	**1,383.9**	**30.9**	**1,414.8**

	Restated Year ended 31 December 2012						
	Share capital $m	Share premium $m	Other components of equity $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
At 1 January restated (note 1)	60.7	146.9	30.8	882.4	1,120.8	26.1	1,146.9
Profit for the year	-	-	-	202.3	202.3	4.9	207.2
Other comprehensive income (expense)	-	-	10.0	(0.7)	9.3	1.1	10.4
Total comprehensive income	-	-	10.0	201.6	211.6	6.0	217.6
Dividends	-	-	-	(36.2)	(36.2)	(2.4)	(38.6)
Shares issued							
– share option schemes and awards	0.3	2.2	-	-	2.5	-	2.5
Treasury shares							
– purchase of treasury shares	-	-	-	(1.3)	(1.3)	-	(1.3)
Share options and awards							
– value of employee services	-	-	4.0	-	4.0	-	4.0
– discharge	-	-	(2.8)	4.6	1.8	-	1.8
– taxation	-	-	-	(0.4)	(0.4)	-	(0.4)
Other	-	-	-	0.2	0.2	-	0.2
Total transactions with owners	0.3	2.2	1.2	(33.1)	(29.4)	(2.4)	(31.8)
At 31 December	61.0	149.1	42.0	1,050.9	1,303.0	29.7	1,332.7

Consolidated Statement of Cash Flows

For the Year ended 31 December 2013

	Notes	2013 $m	Restated 2012 $m
Operating activities			
Profit from operations		**137.4**	134.6
Depreciation, amortisation and impairment		**98.2**	93.1
(Profit) loss on disposal of property, plant and equipment		**(0.1)**	4.7
Proceeds from disposal of property, plant and equipment held for rental		**8.9**	4.9
Purchase of property, plant and equipment held for rental		**(26.1)**	(26.8)
Decrease (increase) in inventories		**11.0**	(27.6)
(Increase) decrease in receivables		**(0.8)**	11.9
Decrease in payables		**(26.2)**	(2.2)
Decrease in provisions		**(4.2)**	(3.5)
Taxation paid		**(20.4)**	(23.9)
Other non-cash flow items		**2.3**	0.8
Net cash inflow from operating activities		**180.0**	166.0
Investing activities			
Interest received		**2.6**	1.9
Dividends received from associates		**1.2**	0.3
Purchase of subsidiaries	15	**(10.7)**	(3.5)
Proceeds from disposal of subsidiaries		**-**	5.0
Indemnity receipts in respect of disposed subsidiaries		**17.7**	27.2
Net movement on loans to and from associates		**0.3**	(1.1)
Proceeds from disposal of property, plant and equipment		**5.4**	0.3
Purchase of property, plant and equipment		**(68.9)**	(70.6)
Purchase of intangible assets		**(5.1)**	(2.2)
Decrease (increase) in receipt of bank deposit investments		**3.0**	(1.2)
Net cash outflow from investing activities		**(54.5)**	(43.9)
Financing activities			
Interest and bank fees paid		**(8.9)**	(10.3)
Equity dividends paid	13	**(42.5)**	(35.9)
Non-controlling interest dividend paid		**(3.3)**	(2.4)
Share capital issued		**1.8**	2.5
Purchase of treasury shares		**(6.7)**	(1.3)
Proceeds from new borrowings		**11.3**	7.2
Repayment of borrowings		**(71.5)**	(90.3)
Net cash outflow from financing activities		**(119.8)**	(130.5)
Net cash inflow (outflow) in cash and cash equivalents		**5.7**	(8.4)
Cash and cash equivalents at the beginning of the year		**47.2**	54.5
Effect of foreign exchange rates		**(0.5)**	1.1
Cash and cash equivalents at the end of the year		**52.4**	47.2
Cash and cash equivalents at the end of the year comprise:			
Cash at bank and in hand		**167.4**	165.3
Bank overdrafts included in borrowings		**(115.0)**	(118.1)
		52.4	47.2

Notes to the Financial Statements

1. Basis of Preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and those International Financial Reporting Standards ("IFRS") and IFRIC Interpretations as adopted by the European Union. The financial statements have been prepared on a going concern basis under the historical cost convention as modified by the revaluation of available for sale financial assets and those financial assets and financial liabilities held at fair value through profit or loss.

Where a change in the presentational format between the prior year and current year financial statements has been made during the period, comparative figures have been restated accordingly.

The principal accounting policies applied in the preparation of these financial statements are the same as those used in the last published set of financial statements, with the exception of the changes discussed below. These policies have been consistently applied to all the years presented.

The financial information set out below does not constitute the Company's statutory accounts for the years ended 31 December 2013, 31 December 2012 or 31 December 2011, but is derived from those accounts. Statutory accounts for 2012 have been delivered to the Registrar of Companies and those for 2013 will be delivered in due course. The auditors have reported on those accounts; their reports were unqualified, did not draw attention to any matter by way of emphasis without qualifying their report and did not contain statements under s498(2) or (3) Companies Act 2006. Whilst the financial information included in this preliminary announcement has been computed in accordance with International Financial Reporting Standards this announcement does not itself contain sufficient information to comply with IFRS.

Change in Functional Currency
IAS 21 The Effects of Changes in Foreign Exchange Rates describes functional currency as "the currency of the primary economic environment in which an entity operates". A change in functional currency reflects the accumulation over time of those factors which are the main determinants of functional currency. Having considered the aggregate effect of all relevant factors, the Directors concluded that the functional currency of Hunting PLC had changed from Sterling to US dollars in the first quarter of 2013. Accordingly, the change in functional currency of Hunting PLC is effective from 1 January 2013.

In accordance with IAS 21 this change has been accounted for prospectively from this date.

Change in Presentational Currency
Following the acquisition programme undertaken in recent years that focused on US domiciled businesses, the Hunting Group's US operations have expanded and become the most significant operations of the Group. The dominant functional currency of the operating subsidiaries is the US dollar. This is not only driven by US domiciled businesses but also by businesses outside the US, which have a US dollar functional currency. The Group's revenues, cash flows and economic returns are now principally denominated in US dollars. Hunting PLC has changed the currency in which it presents its consolidated and parent Company Financial Statements from Sterling to US dollars, as this will give a more meaningful view of the Group's and Company's financial performance and position.

A change in presentational currency is a change in accounting policy which is accounted for retrospectively. Financial information reported in Sterling in the Group's 2012 Annual Report has been restated into US dollars using the procedures outlined below:

a) assets and liabilities denominated in non-US dollar currencies were translated into US dollars at closing rates of exchange. Non-US dollar trading results were translated into US dollars at average rates of exchange. Differences resulting from the retranslation of the opening net assets and the results for the year have been taken to the translation reserve;

b) the cumulative translation reserve was set to nil at 1 January 2004 (i.e. the transition date to IFRS). All subsequent movements comprising differences on the retranslation of the opening net assets of non-US dollar subsidiaries have been charged to the translation reserve; and

c) share capital, share premium and capital redemption reserves were translated at the historic rates prevailing at the dates of transactions.

Notes to the Financial Statements continued

1. Basis of Preparation continued

d) The average exchange rates used to translate the Group's results into US dollars and the closing rates for each reporting period included in this report are as follows:

Exchange rates	2012	2011	2010	2009
US$/£ - average	0.6309	0.6233	0.6452	0.6369
US$/£ - period end	0.6152	0.6435	0.6369	0.6211

Reclassification of Costs
Within the consolidated income statement for the year ended 31 December 2012, certain costs within cost of sales and operating expenses have been reclassified to correctly present these in line with the Group's accounting policies.

Adoption of New Standards, Amendments and Interpretations
IAS 19 (revised) Employee Benefits
IAS 19 (revised) Employee Benefits has been adopted from 1 January 2013. The Group has applied the standard retrospectively in accordance with the transition provisions of the standard. Under IAS 19 (revised), scheme expenses are now recognised as incurred rather than charged against a reserve within the defined benefit obligation. This has increased operating expenses by $1.7m for the year ended 31 December 2012. The cost reserve is consequently no longer required and its derecognition has increased the retirement benefit net asset by $13.0m at 31 December 2012 and $12.4m at 31 December 2011. The combination of the expected return on assets and interest cost on the defined benefit obligation is replaced by the net interest on the defined benefit asset. This change, combined with the effect of removing the scheme expenses reserve, results in a credit to the total expense recognised in profit or loss of $1.1m in the year ended 31 December 2012.

The impact on the financial statements for the year ended 31 December 2012 has been set out in the tables on pages 22 and 23. The impact on the Balance Sheet as at 31 December 2011 was to increase the retirement benefit asset by $12.4m to $19.9m, decrease deferred tax assets by $3.1m to $4.6m, decrease other components of equity by $1.3m to $30.8m and increase retained earnings by $10.6m to $882.4m.

IFRS 13 Fair Value Measurement
IFRS 13 Fair Value Measurement, which is to be applied prospectively as of 1 January 2013, describes how fair value is to be measured for all IFRS reporting standards and extends the disclosures to be made on fair value measurement, but does not stipulate in which cases fair value is to be used. For the disclosures resulting from the first-time application of IFRS 13, see note 28, Financial instruments: Fair Values in the 2013 Annual Report and Accounts.

Amendment to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets
The Group has adopted early the amendment to IAS 36, which removes the requirement to disclose the recoverable amount of CGUs with significant carrying amounts of goodwill.

There are no other new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning 1 January 2013 that have a material impact on the Group's financial performance or position.

Standards, Amendments and Interpretations Effective Subsequent to the Year End
- IFRS 9 Financial Instruments*
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (revised) Separate Financial Statements
- IAS 28 (revised) Investments in Associates and Joint Ventures
- Amendment to IAS 32 – Offsetting Financial Assets and Financial Liabilities
- Amendment to IAS 19 – Defined Benefit Plans: Employee Contributions*
- Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)
- Annual Improvements to IFRSs 2010–2012*
- Annual Improvements to IFRSs 2011–2013*

* Not yet endorsed by the European Union.

New requirements contained within International Financial Reporting Standards, referred to above, are currently being assessed to determine whether there is a significant impact on the Group's results or financial position.

Notes to the Financial Statements continued

1. Basis of Preparation continued

	Year ended 31 December 2012 (previously reported)* $m	IAS 19 (revised) change in accounting policy $m	Amend classification of costs $m	Restated Year ended 31 December 2012 $m
Consolidated Income Statement				
Revenue	1,309.0	-	-	1,309.0
Cost of sales	(914.5)	-	4.6	(909.9)
Gross profit	394.5	-	4.6	399.1
Other operating income	8.1	-	-	8.1
Operating expenses	(266.3)	(1.7)	(4.6)	(272.6)
Profit from continuing operations	136.3	(1.7)	-	134.6
Finance income	2.7	1.1	-	3.8
Finance expense	(12.5)	-	-	(12.5)
Share of associates' post-tax profits	1.5	-	-	1.5
Profit before tax from continuing operations	128.0	(0.6)	-	127.4
Taxation	(28.3)	0.1	-	(28.2)
Profit for the year:				
From continuing operations	99.7	(0.5)	-	99.2
From discontinued operations	108.0	-	-	108.0
Profit for the year	207.7	(0.5)	-	207.2
Earnings per share				
Basic - from continuing operations	64.9c	(0.3)c	-	64.6c
- from discontinued operations	74.1c	-	-	74.1c
Group total	139.0c	(0.3)c	-	138.7c
Diluted - from continuing operations	63.4c	(0.3)c	-	63.1c
- from discontinued operations	72.2c	-	-	72.2c
Group total	135.6c	(0.3)c	-	135.3c
Consolidated Statement of Comprehensive Income				
Comprehensive income				
Profit for the year	207.7	(0.5)	-	207.2
Other comprehensive income after tax				
Exchange adjustments	12.3	0.4	-	12.7
Remeasurement of defined benefit pension schemes	(1.4)	0.7	-	(0.7)
Other comprehensive income items	(1.6)	-	-	(1.6)
Other comprehensive income after tax	9.3	1.1	-	10.4
Total comprehensive income for the year	217.0	0.6	-	217.6

* These amounts were previously reported in Sterling.

Notes to the Financial Statements continued

1. Basis of Preparation continued

	Year ended 31 December 2012 (previously reported)*	IAS 19 (revised) change in accounting policy	Amend classification of costs	Restated Year ended 31 December 2012
	$m	$m	$m	$m
Consolidated Balance Sheet				
Retirement benefit assets	9.8	13.0	-	22.8
Deferred tax assets	11.7	(3.0)	-	8.7
Other non-current assets	1,223.4	-	-	1,223.4
Current assets	850.1	-	-	850.1
Current liabilities	(385.7)	-	-	(385.7)
Non-current liabilities	(386.6)	-	-	(386.6)
Net assets	1,322.7	10.0	-	1,332.7
Retained earnings	1,040.1	10.8	-	1,050.9
Cumulative translation reserve	30.0	(0.8)	-	29.2
Other equity reserves	252.6	-	-	252.6
Total equity	1,322.7	10.0	-	1,332.7
Consolidated Statement of Cash Flows				
Operating activities				
Profit from operations	136.3	(1.7)	-	134.6
Other non-cash flow items	(0.9)	1.7	-	0.8
Other cash flows from operating activities	30.6	-	-	30.6
Net cash inflow from operating activities	166.0	-	-	166.0
Net cash outflow from investing activities	(43.9)	-	-	(43.9)
Net cash outflow from financing activities	(130.5)	-	-	(130.5)
Net cash outflow in cash and cash equivalents	(8.4)	-	-	(8.4)

* These amounts were previously reported in Sterling.

Notes to the Financial Statements continued

2. Critical Accounting Estimates and Judgements

The preparation of financial statements requires management to make judgements and assumptions about the future, resulting in the use of accounting estimates. These will, by definition, seldom equal the related actual results and adjustments will consequently be necessary. Estimates are continually evaluated, based on experience, consultation with experts and reasonable expectations of future events. Accounting estimates are applied in determining the carrying amounts of the following significant assets and liabilities:

Asset/liability	Nature of estimates
Goodwill Carrying value at 31 December 2013 $495.2m (2012 - $495.0m)	- The Group comprises a number of cash generating units ("CGUs") with each one having independent business profiles and cash flows. When goodwill is initially recognised upon a business combination, it is allocated to the CGUs that are expected to benefit from the combination. - The goodwill of each CGU is subsequently reviewed for impairment at least annually by comparing its carrying value with the present value of the estimated future gross cash flows that are expected to be generated by the CGU. - The estimated future gross cash flows are based on the Directors' view of their future trading prospects and are discounted at a rate that is determined for each CGU in isolation by consideration of their business risk profiles. - Any shortfall in the present value of the cash flows is charged to the income statement immediately.
Property, plant and equipment and other intangible assets Combined carrying value at 31 December 2013 $694.8m (2012-$704.9m)	- The Group's property, plant and equipment and intangible assets (except goodwill) are depreciated at rates that are intended to spread the irrecoverable cost of the assets over their useful lives. The Directors must therefore estimate the useful lives of the assets, their residual values and the pattern of consumption of their carrying values. Each asset is also regularly reviewed to ensure it remains consistent with the Directors' assumptions and, when required, adjustments are made prospectively. - The depreciation rates currently in use are disclosed in the 2013 Annual Report and Accounts. Further details of the Group's property, plant and equipment and the other intangible assets are disclosed in notes 10 and 11 respectively.
Provisions Carrying value at 31 December 2013 $33.4m (2012-$48.0m)	- The measurement of provisions is predominantly based on the Directors' estimate of the present value of the Group's onerous net cash outflows that are expected to be paid after the balance sheet date but to which the Group is committed at the balance sheet date. - The provisions at 31 December 2013 are principally in respect of onerous property leases for which the Directors have estimated the period of time each property is expected to remain onerous, the cash flows expected to arise during that period and the risk-free discount rate required to measure the present value of the cash flows. - Details of the Group's provisions are disclosed in note 14.
Taxation Carrying value of net tax liability at 31 December 2013 $48.7m (2012 - $40.1m)	- The deferred tax balances at 31 December 2013 represent an estimate of the amounts that are expected to be paid or recovered from the tax authorities in future periods if assets and liabilities in the balance sheet were recovered at their carrying values based on tax laws and rates that have been substantively enacted by the balance sheet date. - Measurement of deferred tax balances therefore requires management to assess the substantively enacted tax laws and rates, the timing of the reversal of existing taxable and deductible temporary differences and the nature, timing and amount of taxable income which would potentially be available to support the recognition of deferred tax assets. - In determining current tax estimates, management has to consider the likelihood of tax authority challenges and estimates tax payable accordingly.

Notes to the Financial Statements continued

3. Segmental Reporting

Group

The Group reports on seven operating segments, two of which are discontinued operations, in its internal management reports, which are used to make strategic decisions. The Group's segments are strategic business units that offer different products and services to international oil and gas companies, undertake exploration and production activities and provide broking services to the shipping sector. The discontinued operations comprise Field Aviation, which was sold on 27 April 2012, and Gibson Energy, which was sold in 2008. Gibson Energy and Field Aviation continue to generate accounting entries due to sale related transactions and are required for reconciliation purposes.

The Well Construction segment provides products and services used by customers for the drilling phase of oil and gas wells, along with associated equipment used by the underground construction industry for telecommunication infrastructure build-out and precision machining services for the energy, aviation and power generation sectors.

The Well Completion segment provides products and services used by customers for the completion phase of oil and gas wells.

The Well Intervention segment provides products and services used by customers for the production, maintenance and restoration of existing oil and gas wells.

The Exploration and Production segment includes the Group's oil and gas exploration and production activities in the Southern US and offshore Gulf of Mexico. The Board of Hunting will not be making any new capital investment, beyond where the division has contractual commitments and so the division will in future focus on producing out its remaining reserves, with a view to winding down the operation.

Gibson Shipbrokers is a global energy shipping broker headquartered in London. Crude oil, fuel oil and bio fuels are shipped along with dry bulk such as coal, iron ore and grain. Gibson Shipbrokers is also involved in the shipping of liquefied petroleum gas ("LPG"), petrochemicals and liquefied natural gas ("LNG").

The following tables present the results of the operating segments on the same basis as that used for internal reporting purposes to the Chief Operating Decision Maker.

The Group measures the performance of its operating segments based on revenue and profit from operations, before exceptional items and the amortisation of intangible assets. Accounting policies used for segment reporting reflect those used for the Group. Inter-segment sales are priced on an arm's length basis. Costs and overheads incurred centrally are apportioned to the continuing operating segments on the basis of time attributed to those operations by senior executives.

There has been no change in the basis of measurement of segment profit or loss since the year ended 31 December 2012. The information for the year ended 31 December 2012 has been represented to take into account the change in accounting policy following the adoption of IAS 19 (revised) on 1 January 2013.

3. **Segmental Reporting** continued

Results from operations

	Year ended 31 December 2013					
	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	Profit from operations before amortisation and exceptional items $m	Amortisation and exceptional items $m	Total $m
Continuing operations:						
Hunting Energy Services						
Well Construction	**387.9**	**(7.0)**	**380.9**	**58.6**	**(7.4)**	**51.2**
Well Completion	**805.6**	**(9.5)**	**796.1**	**124.5**	**(42.3)**	**82.2**
Well Intervention	**108.6**	**-**	**108.6**	**15.7**	**(0.9)**	**14.8**
	1,302.1	**(16.5)**	**1,285.6**	**198.8**	**(50.6)**	**148.2**
Other Activities						
Exploration and Production	**8.0**	**-**	**8.0**	**1.2**	**(10.5)**	**(9.3)**
Gibson Shipbrokers	**40.4**	**-**	**40.4**	**(1.5)**	**-**	**(1.5)**
Total from continuing operations	**1,350.5**	**(16.5)**	**1,334.0**	**198.5**	**(61.1)**	**137.4**
Net finance expense				**(2.8)**	**-**	**(2.8)**
Share of associates' post-tax profits				**0.4**	**-**	**0.4**
Profit before tax from continuing operations				**196.1**	**(61.1)**	**135.0**
Discontinued operations:						
Gibson Energy	**-**	**-**	**-**	**-**	**15.7**	**15.7**
Field Aviation	**-**	**-**	**-**	**-**	**(0.2)**	**(0.2)**
Total from discontinued operations	**-**	**-**	**-**	**-**	**15.5**	**15.5**
Taxation				**-**	**(0.1)**	**(0.1)**
Profit from discontinued operations				**-**	**15.4**	**15.4**

3. Segmental Reporting continued

	Restated Year ended 31 December 2012					
	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	Profit from operations before amortisation and exceptional items $m	Amortisation and exceptional items $m	Total $m
Continuing operations:						
Hunting Energy Services						
Well Construction	450.3	(7.6)	442.7	72.5	(8.1)	64.4
Well Completion	742.8	(17.7)	725.1	116.6	(47.5)	69.1
Well Intervention	89.9	(0.1)	89.8	10.8	(0.9)	9.9
	1,283.0	(25.4)	1,257.6	199.9	(56.5)	143.4
Other Activities						
Exploration and Production	7.8	-	7.8	0.9	(11.4)	(10.5)
Gibson Shipbrokers	43.6	-	43.6	1.7	-	1.7
Total from continuing operations	1,334.4	(25.4)	1,309.0	202.5	(67.9)	134.6
Net finance expense				(8.7)	-	(8.7)
Share of associates' post-tax profits				1.5	-	1.5
Profit before tax from continuing operations				195.3	(67.9)	127.4
Discontinued operations:						
Gibson Energy	-	-	-	-	90.1	90.1
Field Aviation	16.0	-	16.0	-	0.2	0.2
Total from discontinued operations	16.0	-	16.0	-	90.3	90.3
Taxation				-	17.7	17.7
Profit from discontinued operations				-	108.0	108.0

Other Segment Items

	2013			2012		
	Depreciation $m	**Amortisation of intangible assets $m**	**Impairment $m**	Depreciation $m	Amortisation of intangible assets $m	Impairment $m
Hunting Energy Services						
Well Construction	**19.3**	**7.4**	**-**	17.3	8.6	-
Well Completion	**16.6**	**35.1**	**-**	15.5	35.0	-
Well Intervention	**6.1**	**0.9**	**-**	4.9	0.9	-
	42.0	**43.4**	**-**	37.7	44.5	-
Other Activities						
Exploration and Production	**2.0**	**-**	**10.5**	2.4	-	8.2
Gibson Shipbrokers	**0.3**	**-**	**-**	0.3	-	-
Continuing operations	**44.3**	**43.4**	**10.5**	40.4	44.5	8.2

3. Segmental Reporting continued
Geographical Information

The Group operates across a number geographical areas. The UK is the domicile of Hunting PLC. The table below shows revenues from external customers, which are attributed to individual countries on the basis of the location in which the sale originated. Information on the location of non-current assets is also presented below. Non-current assets exclude defined benefit assets and deferred tax assets.

	External revenue		Profit from operations before amortisation and exceptional items		Non-current assets	
	2013 $m	2012 $m	**2013 $m**	2012 $m	**2013 $m**	2012 $m
Hunting Energy Services						
USA	**798.8**	785.0	**155.8**	155.9	**1,007.4**	1,014.8
Canada	**75.3**	96.7	**(2.4)**	8.3	**38.9**	37.4
North America	**874.1**	881.7	**153.4**	164.2	**1,046.3**	1,052.2
UK	**148.6**	185.5	**11.3**	13.8	**88.6**	85.3
Rest of Europe	**27.4**	28.1	**3.0**	2.7	**5.0**	4.5
Europe	**176.0**	213.6	**14.3**	16.5	**93.6**	89.8
Singapore	**144.7**	126.1	**28.1**	16.4	**12.7**	14.9
Rest of Asia Pacific	**72.2**	19.2	**2.3**	1.8	**23.7**	27.3
Asia Pacific	**216.9**	145.3	**30.4**	18.2	**36.4**	42.2
Middle East, Africa and Other	**18.6**	17.0	**0.7**	1.0	**10.5**	7.6
	1,285.6	1,257.6	**198.8**	199.9	**1,186.8**	1,191.8
Other Activities						
UK	**35.4**	39.3	**(0.8)**	1.5	**2.9**	2.9
USA	**8.0**	7.8	**1.2**	0.9	**26.5**	28.5
Other	**5.0**	4.3	**(0.7)**	0.2	**0.2**	0.2
Continuing operations	**1,334.0**	1,309.0	**198.5**	202.5	**1,216.4**	1,223.4
Unallocated assets:						
Deferred tax assets					**3.1**	8.7
Retirement benefit assets					**29.6**	22.8
Total non-current assets					**1,249.1**	1,254.9

Major Customer Information
The Group had no customers (2012 – nil) who accounted for more than 10% of the Group's external revenue during the year.

Notes to the Financial Statements continued

4. Revenue

Group

	2013 $m	2012 $m
Sale of goods	**1,076.4**	1,061.2
Revenue from services	**135.3**	129.8
Revenue from rental equipment	**122.3**	118.0
Continuing operations	**1,334.0**	1,309.0

Revenue from services includes revenue from shipbroking activities of $40.4m (2012 – $43.6m).

Revenue in 2012 has been reclassified between the different categories of revenue to correctly present these in line with the Group's accounting policies.

5. Amortisation and Exceptional Items

Group

	2013 $m	2012 $m
Fair value uplift to inventories charge	**4.3**	12.0
Impairment of property, plant and equipment	**7.9**	8.2
Dry hole costs	**2.6**	3.2
Charged to cost of sales	**14.8**	23.4
Amortisation of intangible assets (note 11)	**43.4**	44.5
Retention bonuses for management of acquired businesses	**-**	1.8
Settlement of litigation and associated legal expenses	**2.9**	-
Charged to operating expenses	**46.3**	46.3
Release of contingent consideration liability – credited to operating income	**-**	(1.8)
Amortisation and exceptional items	**61.1**	67.9
Taxation on amortisation and exceptional items (note 7)	**(23.3)**	(26.5)
Continuing operations	**37.8**	41.4

Under IFRS, at acquisition, inventory values are adjusted from their carrying values (generally at cost of production) to a fair value, which includes profit attributable to the degree of completion of the inventory. This uplift is charged to the income statement as the inventory is sold, thereby reducing reported operating profits. In 2013, the charge was $4.3m (2012 – $12.0m) relating to the four acquisitions completed in the second half of 2011.

The recoverable amount of oil and gas development expenditure is based on value in use. These calculations use discounted cash flow projections based on estimated oil and gas reserves, future production and the income and costs in generating this production. Cash flows are based on productive lives between one and fifteen years and are discounted using a nominal pre-tax rate of 13% (2012 – 12%). An impairment charge of $7.9m (2012 - $8.2m) was incurred in the year. This resulted from a number of factors, including reductions in reserve estimates, higher retirement obligation cost estimates and a higher discount rate.

Dry hole costs of $2.6m (2012 – $3.2m) have been incurred and paid during the year from our Exploration and Production activities.

The $1.8m charge for bonuses for key employee retention in 2012 relates to the 2011 acquisitions. During 2012, bonuses of $4.4m were paid to relevant employees and the liability was discharged.

During 2013, the Group settled a pre-acquisition litigation case brought against one of its subsidiaries. The settlement cost and associated legal expenses amounted to $2.9m. Cash paid during 2013 was $2.9m (2012 – $nil).

A credit of $1.8m was amortisation in the income statement in 2012 for the Doffing contingent consideration arrangement, as the future payments were not likely to be required.

Notes to the Financial Statements continued

6. EBITDA

Group

	2013 **$m**	Restated 2012 $m
Reported profit from continuing operations (page 15)	**137.4**	134.6
Add: amortisation and exceptional items (note 5)	**61.1**	67.9
Add: depreciation	**44.3**	40.4
Underlying EBITDA	**242.8**	242.9
Less: exceptional items impacting EBITDA	**(7.2)**	(15.2)
Reported EBITDA	**235.6**	227.7

EBITDA is a non-GAAP measure and underlying EBITDA is defined as pre-exceptional profit from continuing operations before interest, tax, depreciation, amortisation and impairment to property, plant and equipment. Underlying EBITDA is used by the Board as a measure of performance of the Group.

EBITDA includes a $0.7m (2012 – $1.3m) charge in respect of acquisition related costs incurred during the year.

7. Taxation

Group

	2013			Restated 2012		
	Before amortisation and exceptional items $m	**Amortisation and exceptional items $m**	**Total $m**	Before amortisation and exceptional items $m	Amortisation and exceptional items $m	Total $m
Current tax						
- current year expense	**63.8**	**(22.2)**	**41.6**	53.2	(25.2)	28.0
- adjustment in respect of prior years	**(8.0)**	**-**	**(8.0)**	(9.3)	-	(9.3)
	55.8	**(22.2)**	**33.6**	43.9	(25.2)	18.7
Deferred tax						
- origination and reversal of temporary differences	**(2.0)**	**(1.4)**	**(3.4)**	10.5	(1.3)	9.2
- change in tax rate	**(0.1)**	**-**	**(0.1)**	0.5	-	0.5
- adjustment in respect of prior years	**(1.6)**	**0.3**	**(1.3)**	(0.2)	-	(0.2)
	(3.7)	**(1.1)**	**(4.8)**	10.8	(1.3)	9.5
Total tax charged to the income statement – continuing operations	**52.1**	**(23.3)**	**28.8**	54.7	(26.5)	28.2

The weighted average applicable tax rate for continuing operations before amortisation and exceptional items is 27% (2012 – 28%).

The tax credit in the income statement for amortisation and exceptional items principally comprises $16.5m (2012 – $17.0m) for amortisation, $3.1m (2012 – $3.0m) for the impairment of oil and gas development expenditure, $1.0m (2012 – $1.1m) for dry hole costs, $nil (2012 – $0.7m) for retention bonuses, $1.1m (2012 – $nil) for settlement of litigation and associated costs and $1.6m (2012 – $4.7m) for the fair value uplift to inventories charge.

Notes to the Financial Statements continued

7. Taxation continued

The total tax charge for the year is lower (2012 – lower) than the standard rate of UK corporation tax of 23.25% (2012 – 24.5%) for the following reasons:

	2013 $m	Restated 2012 $m
Profit before tax from continuing operations	**135.0**	127.4
Tax at 23.25% (2012 – 24.5%)	**31.4**	31.2
Permanent differences	**(0.2)**	2.8
Recognition of previously unrecognized deferred taxes	**(0.2)**	(1.0)
Non-tax deductible (untaxed) exceptional items	**0.1**	(0.3)
Higher rate of tax on overseas profits	**7.1**	4.5
Change in tax rates	**(0.1)**	0.5
Adjustments in respect of prior years	**(9.3)**	(9.5)
Tax charge for the year – continuing operations	**28.8**	28.2

Tax effects relating to each component of other comprehensive income:

	2013			Restated 2012		
	Before tax $m	**Tax (charged) credited $m**	**After tax $m**	Before tax $m	Tax (charged) credited $m	After tax $m
Exchange adjustments	**(1.7)**	**0.8**	**(0.9)**	9.8	2.9	12.7
Release of foreign exchange adjustments on disposal of subsidiary	**-**	**-**	**-**	(2.0)	(0.2)	(2.2)
Fair value gains and losses:						
- gain on available for sale investment arising during the year	**0.2**	**-**	**0.2**	-	-	-
- gains originating on cash flow hedges arising during the year	**1.8**	**(0.3)**	**1.5**	0.8	(0.1)	0.7
- gains transferred to income statement on disposal of cash flow hedges	**(0.2)**	**-**	**(0.2)**	(0.1)	-	(0.1)
Remeasurement of defined benefit pension schemes	**2.3**	**0.5**	**2.8**	(1.3)	0.6	(0.7)
	2.4	**1.0**	**3.4**	7.2	3.2	10.4

In respect of the tax on the remeasurement of defined benefit pension schemes, a $0.2m charge (2012 - $0.3m credit) arises on the current year's movement and a $0.7m credit (2012 - $0.2m credit) is due to a change in tax rates.

A number of changes to the UK corporation tax system were announced in the March 2013 Budget Statement. From 1 April 2013 the main rate of corporation tax was reduced to 23% and the impact of this change has been recognised in calculating the effective rate of tax for the year ended 31 December 2013. Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015 was included in the Finance Act 2013, which received Royal Assent on 17 July 2013 and, accordingly, have been used in the calculation of deferred tax balances. The changes have not had a material impact on the Group's deferred tax balances.

Notes to the Financial Statements continued

8. Discontinued Operations

Group

The results from discontinued operations comprise the following:

	2013			2012		
	Field Aviation $m	**Gibson Energy $m**	**Total $m**	Field Aviation $m	Gibson Energy $m	Total $m
Trading results						
Revenue	**-**	**-**	**-**	16.0	**-**	16.0
Cost of sales	**-**	**-**	**-**	(15.2)	**-**	(15.2)
Gross profit	**-**	**-**	**-**	0.8	**-**	0.8
Other operating income	**-**	**-**	**-**	1.3	**-**	1.3
Operating expenses	**-**	**-**	**-**	(2.1)	**-**	(2.1)
Profit from operations	**-**	**-**	**-**	**-**	**-**	**-**
Finance income	**-**	**-**	**-**	**-**	**-**	**-**
Profit before tax	**-**	**-**	**-**	**-**	**-**	**-**
Taxation	**-**	**-**	**-**	**-**	**-**	**-**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**
Gain on disposal:						
(Loss)/gain on sale before tax	**(0.2)**	**15.7**	**15.5**	0.2	90.1	90.3
Taxation	**-**	**(0.1)**	**(0.1)**	0.3	17.4	17.7
(Loss)/gain on sale after tax	**(0.2)**	**15.6**	**15.4**	0.5	107.5	108.0
Total profit from discontinued operations	**(0.2)**	**15.6**	**15.4**	0.5	107.5	108.0

Field Aviation

On 27 April 2012, the Group sold its aviation engineering services business, Hunting Canadian Airport Holdings Ltd and its subsidiaries, including Field Aviation Company Inc. (together referred to as “Field Aviation”).

Gibson Energy

The sale of Gibson Energy Inc., Hunting’s midstream services operation, was completed on 12 December 2008.

Following the sale of Gibson Energy, Hunting established provisions for tax indemnities given in respect of two tax disputes with the Canadian Revenue Agency (“CRA”). The CRA ended their enquiry into the larger of the two tax disputes and dropped their challenge in 2012. The enquiry into the second tax dispute has now partially ended, resulting in a release of provisions and refund of cash from the tax authorities. The resulting gain to the income statement of $15.7m comprises $11.5m release of provisions, $4.0m refund of tax payments previously made and other movements of $0.2m.

9. Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing the earnings attributable to Ordinary shareholders by the weighted average number of Ordinary shares outstanding during the year.

For diluted earnings per share, the weighted average number of outstanding Ordinary shares is adjusted to assume conversion of all dilutive potential Ordinary shares. The dilution in respect of share options applies where the exercise price is less than the average market price of the Company's Ordinary shares during the year and the possible issue of shares under the Group's long-term incentive plans.

Reconciliations of the earnings and weighted average number of Ordinary shares used in the calculations are set out below:

	2013 $m	2012 $m
Basic and diluted earnings attributable to Ordinary shareholders:		
From continuing operations	**102.5**	94.3
From discontinued operations	**15.4**	108.0
Total	**117.9**	202.3
Basic and diluted earnings attributable to Ordinary shareholders before amortisation and exceptional items:		
From continuing operations	**102.5**	94.3
Add: amortisation and exceptional items after taxation (note 5)	**37.8**	41.4
Total	**140.3**	135.7
From discontinued operations	**15.4**	108.0
Add: exceptional items after tax	**(15.4)**	(108.0)
Total	**-**	-
	millions	millions
Basic weighted average number of Ordinary shares	**146.5**	145.9
Dilutive outstanding share options	**1.1**	1.2
Long-term incentive plans	**2.4**	2.4
Adjusted weighted average number of Ordinary shares	**150.0**	149.5
	cents	cents
Basic EPS:		
From continuing operations	**70.0**	64.6
From discontinued operations	**10.5**	74.1
	80.5	138.7
Diluted EPS:		
From continuing operations	**68.3**	63.1
From discontinued operations	**10.3**	72.2
	78.6	135.3
Earnings per share before amortisation and exceptional items:		
Basic EPS:		
From continuing operations	**95.8**	93.0
From discontinued operations	**-**	-
	95.8	93.0
Diluted EPS:		
From continuing operations	**93.5**	90.8
From discontinued operations	**-**	-
	93.5	90.8

10. Property, Plant and Equipment

	2013				
	Land and buildings $m	Plant, machinery and motor vehicles $m	Rental tools $m	Oil and gas exploration and development $m	Total $m
Cost:					
At 1 January	**172.7**	**250.6**	**124.0**	**162.3**	**709.6**
Exchange adjustments	**0.9**	**(0.7)**	**0.1**	**-**	**0.3**
Additions	**20.3**	**37.5**	**26.4**	**10.8**	**95.0**
Acquisitions	**-**	**1.7**	**-**	**-**	**1.7**
Disposals	**(4.5)**	**(4.6)**	**(15.3)**	**-**	**(24.4)**
Reclassification to other intangible assets	**2.7**	**(3.0)**	**-**	**-**	**(0.3)**
Reclassification to other receivables	**-**	**-**	**-**	**(1.8)**	**(1.8)**
At 31 December	**192.1**	**281.5**	**135.2**	**171.3**	**780.1**
Accumulated depreciation and impairment:					
At 1 January	**18.4**	**114.0**	**36.1**	**137.3**	**305.8**
Exchange adjustments	**(0.1)**	**(0.6)**	**-**	**-**	**(0.7)**
Charge for the year	**4.6**	**26.2**	**11.5**	**2.0**	**44.3**
Impairment of assets (note 3)	**-**	**-**	**-**	**10.5**	**10.5**
Disposals	**(2.2)**	**(4.1)**	**(5.1)**	**-**	**(11.4)**
Reclassification to other intangible assets	**2.0**	**(2.2)**	**-**	**-**	**(0.2)**
At 31 December	**22.7**	**133.3**	**42.5**	**149.8**	**348.3**
Net book amount	**169.4**	**148.2**	**92.7**	**21.5**	**431.8**

Oil and gas exploration and development includes expenditure on the exploration for and evaluation of mineral resources, which is recognised at cost and is not depreciated until production commences, or is impaired if the exploration of the mineral resources is not commercially viable. The amount recognised in cost at 31 December 2013 is $nil (2012 – $0.3m), including additions during the year of $2.6m (2012 – $0.3m), offset by reclassifications of $0.3m (2012 - $nil) and an impairment loss of $2.6m (2012 – $nil).

Included in the net book amount is expenditure relating to assets in the course of construction of $6.2m (2012 – $0.5m) for land and buildings, $5.0m (2012 – $3.4m) for oil and gas exploration and development, $10.7m (2012 – $10.3m) for plant and machinery and $0.6m (2012 - $nil) for rental tools.

Group capital expenditure committed, for the purchase of property, plant and equipment, but not provided for in these financial statements amounted to $19.2m (2012 – $12.8m).

The net book amount of land and buildings of $169.4m (2012 – $154.3m) comprises freehold land and buildings of $165.3m (2012 – $152.5m) and short leasehold land and buildings of $4.1m (2012 – $1.8m).

Notes to the Financial Statements continued

10. Property, Plant and Equipment continued

	2012				
	Land and buildings $m	Plant, machinery and motor vehicles $m	Rental tools $m	Oil and gas exploration and development $m	Total $m
Cost:					
At 1 January	141.4	214.8	110.0	152.6	618.8
Exchange adjustments	2.9	5.0	0.4	-	8.3
Additions	24.8	38.1	27.8	9.7	100.4
Disposals	(0.2)	(3.5)	(14.2)	-	(17.9)
Reclassification	3.8	(3.8)	-	-	-
At 31 December	172.7	250.6	124.0	162.3	709.6
Accumulated depreciation and impairment:					
At 1 January	11.6	91.5	29.6	126.7	259.4
Exchange adjustments	0.8	3.9	0.2	-	4.9
Charge for the year	3.5	24.4	10.1	2.4	40.4
Impairment of assets (note 3)	-	-	-	8.2	8.2
Disposals	(0.1)	(3.2)	(3.8)	-	(7.1)
Reclassification	2.6	(2.6)	-	-	-
At 31 December	18.4	114.0	36.1	137.3	305.8
Net book amount	154.3	136.6	87.9	25.0	403.8

The net book amount of property, plant and equipment at 1 January 2012 was $359.4m.

Notes to the Financial Statements continued

11. Other Intangible Assets

Group

	2013				
	Customer relationships $m	Unpatented technology $m	Patents and trademarks $m	Other $m	Total $m
Cost:					
At 1 January	**247.7**	**53.4**	**50.4**	**19.9**	**371.4**
Exchange adjustments	**-**	**-**	**-**	**0.1**	**0.1**
Additions	**-**	**-**	**2.8**	**2.2**	**5.0**
Acquisitions	**0.1**	**-**	**-**	**0.2**	**0.3**
Reclassification from PPE	**-**	**-**	**-**	**0.3**	**0.3**
At 31 December	**247.8**	**53.4**	**53.2**	**22.7**	**377.1**
Accumulated amortisation:					
At 1 January	**40.1**	**6.9**	**13.6**	**9.7**	**70.3**
Exchange adjustments	**0.1**	**-**	**-**	**0.1**	**0.2**
Charge for the year	**26.1**	**5.3**	**7.5**	**4.5**	**43.4**
Reclassification from PPE	**-**	**-**	**-**	**0.2**	**0.2**
At 31 December	**66.3**	**12.2**	**21.1**	**14.5**	**114.1**
Net book amount	**181.5**	**41.2**	**32.1**	**8.2**	**263.0**

	2012				
	Customer relationships $m	Unpatented technology $m	Patents and trademarks $m	Other $m	Total $m
Cost:					
At 1 January	247.5	53.4	50.4	17.5	368.8
Exchange adjustments	0.2	-	-	0.2	0.4
Additions	-	-	-	2.2	2.2
At 31 December	247.7	53.4	50.4	19.9	371.4
Accumulated amortisation:					
At 1 January	13.8	1.5	5.2	5.1	25.6
Exchange adjustments	0.2	-	-	-	0.2
Charge for the year	26.1	5.4	8.4	4.6	44.5
At 31 December	40.1	6.9	13.6	9.7	70.3
Net book amount	207.6	46.5	36.8	10.2	301.1

The net book amount of total other intangible assets at 1 January 2012 was $343.2m.

Other intangible assets include non-compete agreements of $3.1m (2012 – $6.8m) and software of $4.1m (2012 – $2.7m).

Internally generated intangible assets have been included within Patents and Trademarks, with additions during the year of $2.7m (2012 – $nil) and the carrying value at the end of the year $2.7m (2012 – $nil).

All amortisation charges relating to intangible assets have been charged to operating expenses.

All intangible assets are regarded as having a finite life and are amortised accordingly.

12. Changes in Net Debt
Group

Net debt is a non-GAAP measure. The analysis below is provided in order to reconcile the movement in borrowings and cash and cash equivalents during the year.

	At 1 January 2013 $m	Cash flow $m	Exchange movements $m	Amortisation of loan facility fees $m	**At 31 December 2013 $m**
Cash and cash equivalents	165.3	2.9	(0.8)	-	**167.4**
Bank overdrafts	(118.1)	2.8	0.3	-	**(115.0)**
	47.2	5.7	(0.5)	-	**52.4**
Current investments	5.1	(3.0)	(0.1)	-	**2.0**
Non-current borrowings	(304.7)	67.1	-	(1.7)	**(239.3)**
Current borrowings	(14.0)	(6.9)	-	-	**(20.9)**
Total net debt	(266.4)	62.9	(0.6)	(1.7)	**(205.8)**

13. Dividends Paid
Group and Company

	2013		2012	
	Cents per share	**$m**	Cents per share	$m
Ordinary dividends:				
2013 interim paid	**7.7**	**11.3**	-	-
2012 final paid	**21.3**	**31.2**	-	-
2012 interim paid	**-**	**-**	7.1	10.5
2011 final paid	**-**	**-**	17.6	25.4
	29.0	**42.5**	24.7	35.9

Interim dividends per share have been converted from pence per share into cents per share using the exchange rate on the date they were paid and final dividends have been converted into cents per share using the exchange rate on the date they were approved.

A final dividend of 21.8c per share has been proposed by the Board, amounting to an estimated distribution of $32m. The dividend will be paid in sterling on 27 May 2014 and the sterling value of the dividend payable per share will be fixed and announced approximately two weeks prior to the payment date based on the average spot exchange rate over the three business days preceding the announcement date. The proposed final dividend is subject to approval by the shareholders at the Annual General Meeting to be held on 16 April 2014 and has not been provided for in these financial statements.

14. Provisions
Group

	Onerous contracts $m	Warranties and tax indemnities $m	Other $m	**Total $m**
At 1 January 2013	24.9	14.2	8.9	**48.0**
Exchange adjustments	0.3	(0.7)	-	**(0.4)**
Charged to income statement	0.6	0.6	-	**1.2**
Charged to property, plant and equipment	-	-	1.2	**1.2**
Provisions utlised	(3.0)	(0.5)	(0.7)	**(4.2)**
Untilised amounts reversed	-	(11.5)	(0.5)	**(12.0)**
Unwinding of discount	0.1	-	0.1	**0.2**
Change in discount rate	(0.4)	-	-	**(0.4)**
Other	-	-	(0.2)	**(0.2)**
At 31 December 2013	22.5	2.1	8.8	**33.4**

Provisions are due as follows:

	2013 $m	2012 $m
Current	**8.0**	20.3
Non-current	**25.4**	27.7
	33.4	48.0

14. Provisions continued

The Group has commitments in respect of leasehold properties, some of which are not used for Group trading purposes and are vacant or sub-let to third parties. The provision for onerous contracts reflects the uncertainty of future conditions in the sub-letting market. It is expected that $3.5m of the provision will be utilised in 2014, $3.2m in 2015 and the remaining balance of $15.8m utilised from 2016 to 2023. Provision is made on a discounted basis, at a risk-free rate of between 0.29% and 2.86% p.a., for the net rental deficit on these properties to the end of the lease term.

Asset decommissioning and remediation obligations of $6.1m (2012 – $5.6m) relate to the Group's obligation to dismantle, remove and restore items of property, plant and equipment and have been included in other provisions. The provision reflects uncertainty in the timing and amounts of the costs expected to arise in meeting this obligation. Provision is made on a discounted basis and is expected to be utilised over a period of one to fourteen years.

Following the sale of Gibson Energy in 2008, Hunting established provisions for tax indemnities given in respect of two tax disputes with the Canadian Tax Authorities ("CRA"). The CRA have now ended their enquiry into the disputes and have dropped their challenge.

15. Acquisitions

XL Perforating Partnership
On 29 May 2013, the Group acquired the trade and assets of XL Perforating Partnership ("XLPP"), for a consideration of $8.7m. XLPP is a Canadian based manufacturer and distributor of perforating gun systems, tubing conveyed systems, instrument hardware and explosive devices to the oil and gas industry. This business has been classified as part of the Well Completion segment.

Details of the acquired net assets, goodwill and consideration are set out below:

	Provisional fair values $m
Property, plant and equipment	1.7
Other intangible assets	0.3
Inventories	5.4
Net assets acquired	7.4
Goodwill	1.3
Consideration	8.7

Consideration comprised $8.7m cash paid on 29 May 2013.

Goodwill on the acquisition represents the value of the assembled workforce at the time of acquisition and the future economic benefits that are expected to accrue from opportunities to supply a complete perforating system in the Canadian market as well as other products and services from Hunting's portfolio. The provisional amount of goodwill that is expected to be deductible for tax purposes is $1.0m.

The fair values of the net assets acquired are provisional as work is continuing in respect of the fair value exercise. Acquisition-related costs of $0.7m have been included in operating expenses in the income statement.

XLPP has contributed revenue of $10.3m, profit from operations of $1.1m, profit before tax of $1.1m and profit for the period of $0.8m to the Group's performance from the date of acquisition to 31 December 2013. If XLPP had been acquired on 1 January 2013, the Group's revenue would have been $1,340.1m, profit from operations $137.4m, profit before tax $135.0m and profit for the year $106.2m.

Hunting Specialty Supply LLP
On 12 March 2013, a payment of $2.0m was made to the sellers of Specialty in respect of the contingent consideration arrangement.

Supplementary Information

Business Strategy

Hunting's strategy is to be a key global provider of components and tools to companies who explore, develop and produce oil and gas resources and those primary service companies who support them. The Group seeks to deliver growth in long-term shareholder value by progressing the following objectives:

Underlying these objectives is a commitment to manufacture and deliver the highest quality products and services with a reputation for reliability and on time delivery under the Hunting brand.

Strategic objective	Develop leading proprietary products and services	Acquire complementary businesses	Capture product sales synergies
Strategic driver	The energy industry is a competitive market – where best in class products, manufacturing know-how and intellectual property contribute to market leadership and increases barriers to entry.	In some circumstances it is more cost effective to purchase companies who have already developed successful products than develop these in-house. Hunting therefore expects to continue to grow by acquisition, adding products and services that complement the existing portfolio.	Hunting's market leverage can be enhanced by ensuring many of our products are available in all geographic regions. These revenue based synergies are the driving force behind our sales efforts to maximise our market position.
Our approach	Hunting is investing in a portfolio of leading proprietary technologies aligned to increasingly complex customer requirements. Hunting offers enhanced end-to-end services which integrate into the customer supply chain and offers customers the high level of quality and service which are critical to our sector.	Our approach to acquisitions follows a strict discipline. We acquire businesses with a strong technology offering and market share, often with clearly identified synergies with our existing business lines to achieve further pricing leverage. Each acquisition is also highly dependent on customer needs and the nature of new products.	We target to manufacture and sell Hunting's complete product offering across our global manufacturing hubs. Often our technology is developed and introduced into the North American energy market and then adopted into other global regions. Our aim is to ensure our products are sold in every relevant geographic region.

Strategic objective	Develop a global presence	Build close relationships with customers and suppliers	Market the Hunting brand globally	Target a high market share for our high value products
Strategic driver	Exploration and production for oil and gas is undertaken globally requiring an appropriate geographic manufacturing footprint. E&P spend and drilling activity is occurring in more diverse and challenging environments. Our industry increasingly demands close points of presence to key areas of exploration and production activity.	Hunting supplies products and tools to many tiers of the upstream industry. The energy industry is evolving, both in the complexity of its activities and regulatory environment. This means that trusted relationships with business partners are critical to success.	Hunting has a long established pedigree and reputation in its core base of operations. As the business develops, the brand is used in new markets and exploited as acquired businesses and product lines are integrated into the Hunting Group.	A key success factor in the energy supply chain is achieving critical mass within a product or service line. This can support charging a market premium.
Our approach	The commitment to our customers is on time delivery of quality assured products to their locations. Hunting is targeting further expansion of capacity to meet expected customer demands providing there is a sound business case. Hunting's expansion strategy includes developing a presence in fiscally and politically stable countries to ensure our investment is protected in the long term.	Our aim is to engage closely with our customer base, supported by our key suppliers. Our focus remains on building and deepening these relationships to maintain our competitive edge. We seek to acquire knowledge and respond rapidly to local needs by becoming an integral part of our customers supply chain and thereby increase our market presence.	Hunting continues to develop its global brand through the standardisation of production, quality, employment and HSE practices throughout its operations.	Hunting targets to be the supplier of choice for its key product lines and to achieve this we aim to secure a meaningful market share to give our customers confidence in our technology offering and the ability to supply into any global region.

Performance Indicators

Key Performance Indicators ("KPIs")

KPIs are used to compare the development, business performance and position of the Group and its business segments. Performance measures are looked at for continuing operations on an underlying basis and are regularly reviewed to ensure they remain appropriate and meaningful monitors of the Group's performance.

External KPIs	Unit	**2013**	2012	2011
Industry E&P spend	$bn	**682**	617	556
US E&P spend	$bn	**144**	141	116
Industry footage drilled	m ft	**827**	802	749
US footage drilled	m ft	**386**	369	326
Oil price	$/barrel	**97.61**	94.05	97.00
Natural gas price	$/mmBtu	**3.73**	2.83	4.03

Internal KPIs *	Unit	**2013**	2012	2011
Revenue	$m	**1,334.0**	1,309.0	975.1
EBITDA #	$m	**242.8**	242.9	162.5
Profit from operations #	$m	**198.5**	202.5	128.1
Operating margin #	%	**15**	15	13
Profit before tax #	$m	**196.1**	195.3	127.4
Diluted earnings per share #	cents	**93.5**	90.8	61.8
ROCE #	%	**12**	13	15
Capital Investment #	$m	**95.0**	97.4	93.0
Free cash flow #	$m	**145.9**	136.9	62.2

* KPIs are calculated using underlying results for the year.

Non-GAAP measure.

Supplementary Information continued

Performance Indicators

Supplementary indicators

Supplementary indicators are used to provide additional information on the development, business performance and position of the Group and its business segments. Performance measures are looked at for continuing operations on an underlying basis and are regularly reviewed to ensure they remain appropriate and meaningful monitors of the Group's performance.

	Unit	**2013**	2012
Gross profit*	$m	**435.1**	422.5
Gross margin*	%	**33**	32
Inventory days	days	**105**	109
Trade receivable days	days	**61**	65
Effective tax rate*	%	**27**	28
Dividend per share – declared in respect of the year	cents	**29.5**	28.4
Closing net debt	$m	**205.8**	266.4
Gearing ratio	%	**15**	20
Total Shareholder Return (three year compound)	%	**9.6**	16.2
Quality and HS&E:			
Employees – end of year		**3,990**	3,866
Injuries to employees:			
Number of recordable incidents		**63**	82
Incident rate – based on OSHA method		**1.54**	1.94
Average rig count[1]:			
US land		**1,705**	1,871
US offshore		**56**	47
Canada		**351**	364
Far East, Central Asia and China		**1,373**	1,341
EMEA (Europe, Middle East and Africa)		**612**	556
Other		**1,446**	1,382
Total		**5,543**	5,561
Wells drilled[1]:			
US land		**46,631**	46,341
US offshore		**446**	396
Canada		**10,448**	10,874
Far East, Central Asia and China		**29,264**	28,845
EMEA (Europe, Middle East and Africa)		**5,739**	5,392
Other		**13,241**	12,941
Total		**105,769**	104,789
Footage drilled[1] (millions of feet):			
US land	m ft	**380.0**	364.0
US offshore	m ft	**5.7**	4.8
Canada	m ft	**67.2**	69.3
Far East, Central Asia and China	m ft	**218.8**	214.7
EMEA (Europe, Middle East and Africa)	m ft	**46.9**	44.7
Other	m ft	**108.1**	104.7
Total	m ft	**826.7**	802.2

1. Source: Spears and Associates, Inc – Drilling and Production Outlook, December 2013.

* Continuing operations before amortisation and exceptional items.

Supplementary Information continued

Principal risks and uncertainties

The Group is exposed to a wide variety of commercial, operational and financial risks and the Board has established an internal control process to manage, monitor and review these risks which is described in more detail in the 2013 Annual Report and Accounts. Group risks are formally reviewed by the Board at least three times a year and are discussed at every Board meeting.

The Group's principal risks are those that the Board considers would have a major impact on the operational, financial and reported performance of the business and are therefore of heightened importance.

Risks Specific to the Nature of Hunting Group Businesses

Product Quality and Reliability
The Group has an established reputation for producing high quality products capable of withstanding high pressure, high temperature environments.

A failure of any one of these components could adversely impact the Group's reputation and demand for the Group's entire range of products and services.

Controls and Actions
Quality assurance standards are monitored, measured and regulated within the Group under the authority of a Quality Assurance Director, who reports directly to the Chief Executive.

Movement in Year
The risk of poor product quality or reliability has remained relatively unchanged during the year with no significant issues raised by the Group's customers or during the Board's internal monitoring process.

Raw Material Commodity Prices
Hunting is exposed to the influence of oil and gas prices as the supply and demand for energy is a key driver of demand for Hunting's products. Oil and gas exploration companies may reduce or curtail operations if prices become or are expected to become uneconomical and therefore continuation of prices above these levels is critical to the industry and the financial viability of the Hunting Group.

Controls and Actions
Working capital and in particular inventory levels are closely managed to ensure the Group maintains a sufficient adaptability to meet changes in demand. The Group maintains three operating platforms: the Well Construction and Well Completion segments expect to benefit when exploration companies are active in their drilling operations and the Well Intervention segment benefits when wells are subject to maintenance or require testing or repair work.

Movement in Year
With the Group's continuing strategy of product expansion the Board believes that the likelihood of future price changes effecting a major financial impact on the Group remains broadly unchanged.

Acquisitions and Capital Investment
Acquisitions and capital investment form the basis of the Group's strategy of expansion and development. Such activity incurs the potential for business disruption, management distraction, interruption to IT systems and the consequent poor financial returns that would emanate from these issues if not controlled properly.

Controls and Actions
The Board reviews and challenges each potential acquisition prior to approval and frequently engages consultants to provide expert analysis of the key issues.

The success of each acquisition is assessed through a post acquisition appraisal process that provides a learning platform for future business combinations.

The Board and senior management follow a rigorous process of approving, managing and monitoring capital investments along with planning for contingencies. All capital expenditure above discretionary limits requires Board approval prior to commitment.

Movement in Year
During 2013 the Board focused on organic expansion and consequently heightened the Group's relative exposure to the risks associated with capital investment while at the same time reduced the risks associated with business acquisitions.

Supplementary Information continued

Principal risks and uncertainties continued

Relationships with Key Customers
The Group's financial success is ultimately defined by its relationships with its key customers. A material reduction in orders from a major customer, whether through competitive action, contractual dispute, business consolidation or change in strategy, could impact the Group's financial performance and prospects. The Group is also reliant upon the conduct of its customers, given its products are exported by those customers across the world and used in a range of environments, including deep sea exploration and production.

Controls and Actions
Senior management maintains close relationships with key customers and seeks to maintain the highest level of service to preserve Hunting's reputation for quality. The Group has a very wide customer base that includes many of the major oil and gas service providers and no one customer represents an overly significant portion of Group revenue.

Movement in Year
The Board believes that the risks associated with key customers remained stable during 2013.

Shale Drilling
The Group provides products to the oil and gas shale drilling industry. Although it is now an established practice in the US, significant sections of the public continue to view this activity as high risk and any consequent moratorium or new laws may unfavourably impact the industry.

Controls and Actions
The Board monitors public and political opinion and maintains an awareness of the potential for changes to legislation especially with regard to the US where the Group is mainly exposed. The Group maintains a diverse portfolio of products that extends beyond supplying the shale drilling industry, including the supplies for conventional drilling and the manufacture of high precision and advanced technology components for both the onshore and offshore markets. Many of the Group's facilities have the flexibility to re-configure their manufacturing processes to meet with a change in the pattern of demand.

Movement in Year
The Board believes that US consumers are becoming more aware of the heightened benefits and reduced risks associated with shale drilling and that public resistance in the US has abated to a certain degree. The Board therefore considers that the risk of a reduction in shale drilling activity in the US has diminished.

Risks Common to International Manufacturing Businesses

Economics and Geopolitics
The economic and political environments in which the Group operates have the potential to impact demand for energy and therefore the Group's range of products and services.

The Group's established facilities in the Asia Pacific region has proportionately increased its exposure to the emerging markets in that part of the world. As they grow, these economies could continue to be less stable than Hunting's established regions of Europe and North America.

However, exposure to the risks of high growth within these regions is considered a necessary part of the Board's expansion strategy as well as a continued presence in the stable areas of Europe and North America.

Controls and Actions
Management and the Board closely monitor projected economic trends in order to match capacity to regional demand. Areas exposed to high political risk are noted by the Board and are strategically avoided.

Movement in Year
Notwithstanding the Group's strongest presence remaining in North America the risk of exposure to economic uncertainty has been slightly heightened during the year.

Principal risks and uncertainties continued

Key Executives
The Group is highly reliant on the continued service of its key executives and senior management, who possess commercial, engineering, technical and financial skills that are critical to the success of the Group.

Controls and Actions
Remuneration packages are regularly reviewed to ensure that key executives are remunerated in line with market rates. External consultants are regularly engaged to provide guidance on best practice. Senior management regularly review the availability of the necessary skills within the Group and seeks to engage suitable staff where they feel there is vulnerability.

Movement in Year
The composition of the Board has not changed during the year and each member has received further inductions to the Group's businesses. A number of changes have arisen at the senior management level with all vacated positions being filled by competent individuals who are anticipated to proactively contribute to the success of the Group. Due to the small turnover of key personnel, the Board has assessed the risk of losing key executives as unchanged from last year.

Health, Safety and the Environment ("HS&E")
Due to the wide nature of the Group's activities it is subject to a relatively high number of HS&E risks and the laws and regulations issued by each of the jurisdictions in which the Group operates.

The Group's exposure to risk therefore includes the potential for the occurrence of a reportable incident, the financial risk of a breach of HS&E regulations and the risk of unexpected compliance expenditure whenever a law or regulation is renewed or enhanced.

Controls and Actions
The Board targets to achieve a record of nil incidents and further aims for full compliance with the laws and regulations in each jurisdiction in which the Group operates.

Every Group facility is overseen by a health and safety officer with the responsibility for ensuring current and newly issued HS&E standards are complied with. The Board receives a Group HS&E compliance report at every Board meeting.

Movement in Year
The Group incurs a small number of minor incidents each year, which is significantly below the industry average and is similar to the Group's record in prior years. The risks associated with HS&E have therefore not materially changed.

Details of the Group's HS&E record are disclosed in the 2013 Annual Report and Accounts.

Effective Control over Subsidiaries
Group subsidiaries operate within a control framework with a degree of autonomy vested in local management. Autonomy incurs the risk of local decisions being made outside the parameters of the Board's strategies and policies, possible breaches of the Group's Code of Conduct and a general ineffectiveness by local management to conduct business in a manner that furthers the interests and profitability of the Group.

Controls and Actions
Each subsidiary is subject to regular assessment that includes Board and management meetings, regular reporting and frequent contact. Compliance is further checked by internal audit. The Group is also subject to external audit.

A conference of senior management is held annually in which key business operations are discussed and challenged.

Senior managers at the Group's subsidiaries remain aware of their responsibilities to corporate governance and the Group's own operational policies.

Movement in Year
No concerns were raised by the Board during the year.

Principal risks and uncertainties continued

Fluctuation in Currency Exchange Rates
Many of the Group's businesses import or export goods and services and may have to transact in currencies other than their own functional currency. This exposes the Group to currency fluctuations that could affect reported results and the local carrying values of assets and liabilities.

In addition, the Group's consolidated financial statements are subject to currency fluctuations arising on the conversion of each business's financial statements into the Group's presentational currency.

Controls and Actions
The Group monitors each business's forthcoming exposure to foreign currency transactions using weekly forecasts of funding and currency requirements. Exposures may be hedged, fully or partly, with primary and derivative financial instruments up to 18 months forward.

The functional currency of each business is regularly assessed by local and central management and accounting records are re-configured when the functional currency changes.

Senior management review the currency profile of the Group's budgets and forecasts to assess the exposure to currency risk arising from retranslation of subsidiary financial statements. Derivative financial instruments may be acquired to mitigate this translation risk.

Movement in Year
Having changed the presentation currency to US dollars, the risk of annual volatility in Group consolidated results due to exchange rate movements has been significantly reduced.