HUNTING

Extending and integrating our reach

Hunting PLC Half Year Report 2013

Contents

Half Year Management Report

Hunting PLC ("the Group"), the international energy services company, announces its results for the six months ended 30 June 2013.

Introduction

The first six months of 2013 have delivered underlying trading results broadly in line with H2 2012. While global rig counts and commodity prices have remained generally flat since the start of 2013, the performance of the majority of Hunting's businesses improved in the period, with most units reporting a positive outlook as we reach the halfway point of the year.

Within North America, onshore gas-focused drilling has remained subdued because of commodity pricing remaining low from oversupply, however, this has been offset by continued oil-focused investment particularly in the North Dakota shale basins of Bakken and Williston and accelerating activity levels offshore Gulf of Mexico. In Canada, activity levels have reduced due to the lower active rig counts reported year-on-year. In Europe, while the number of active rigs has decreased in the North Sea, business opportunities remain positive, driven by new industry investment planned in the region. In the Middle East and Asia-Pacific, the Group's activity levels have benefited from the increased geographic reach of Hunting's product offering.

In parallel to this improving operating environment, Hunting continues to implement its strategy for long-term growth, with continued capital investment in the Group's global facilities. New facilities planned in North America and South Africa will enable the Group to maintain its position as a leading provider of Oil Country Tubular Goods ("OCTG") products and tools for use in both onshore and offshore activities, with plans to develop an in-house testing capability to accelerate the product approval process. Our green field investment in South Africa is targeted to be operational by late 2014, with a manufacturing facility planned for Cape Town on a nine acre site to service drilling activity, primarily offshore East Africa, with two regional service/repair facilities planned for Mozambique and Tanzania. Capital investment in South Africa is projected to be US$20m.

In May 2013, Hunting Titan broadened its distribution network in Western Canada with the purchase of additional manufacturing and distribution facilities. With this transaction Hunting Titan can now sell its range of products, which in time will be broadened to include Hunting's complete portfolio of products.

The operational scale of Hunting continues to grow and at 30 June 2013 comprised 74 manufacturing, service and distribution facilities with a footprint of 2.8m square feet (31 December 2012 – 66 facilities; 2.7m square feet).

The new facilities in North America and South Africa will add in excess of 0.3m square feet to the facilities footprint once commissioned.

Financial Summary

The summary results for the Group from continuing operations are presented below:

	H1 2013 £m	***Margin***	Restated** H1 2012 £m	Margin	***Change***
Revenue	**424.4**		406.9		***+4.3%***
Underlying EBITDA (note 4)	**75.6**	***18%***	77.7	19%	***–2.7%***
Depreciation	**(14.4)**		(13.0)		
Underlying profit from operations*	**61.2**	***14%***	64.7	16%	***–5.4%***
Amortisation and exceptional items (note 3)	**(20.4)**		(24.4)		
Reported profit from continuing operations*	**40.8**		40.3		***+1.2%***
Underlying diluted EPS	**27.3p**		28.4p		***–3.9%***
Reported diluted EPS	**18.5p**		18.3p		***+1.1%***
Underlying basic EPS	**28.0p**		29.1p		***–3.8%***
Reported basic EPS	**19.0p**		18.8p		***+1.1%***

* Underlying – results for the year, as reported under IFRS, adjusted for amortisation and exceptional items. Reported – results for the year under IFRS.
** HI 2012 has been restated following the adoption of IAS 19 (revised) on 1 January 2013.

Revenue

Revenue from continuing operations for the six months ended 30 June 2013 increased to £424.4m (2012 – £406.9m) due to steady activity levels with momentum improving across the reporting period.

EBITDA and Profit

Underlying EBITDA was £75.6m, against £77.7m in 2012. Underlying EBITDA margin was 18% down from 19% in 2012, with the decline attributed to product mix, including lower margin OCTG revenues during the period.

Underlying profit from continuing operations was £61.2m (2012 – £64.7m), with reported profit from continuing operations £40.8m (2012 – £40.3m). Underlying profit before tax from continuing operations was £59.3m (2012 – £61.6m) and reported profit before tax from continuing operations was £38.9m (2012 – £37.2m). Net finance expense was £2.1m (2012 – £3.5m).

Discontinued Operations

The income statement benefits from the partial resolution of a legacy Gibson Energy tax dispute in Canada during the period. The £8.1m credit includes a £7.6m release of provision and £0.6m refund of tax payments from the Canadian tax authorities.

Half Year Management Report continued

Taxation
The underlying tax charge on continuing operations was £17.2m (2012 – £17.8m) and reflects an effective tax rate of 29% (30 June 2012 – 29%; 31 December 2012 – 28%). The rate has increased by 1% from the year end, reflecting the mix of profits arising in the tax jurisdictions across our countries of operation. The exceptional charge in the period attracts a tax credit of £7.1m (2012 – £9.4m), to give a net tax charge on continuing operations of £10.1m (2012 – £8.4m).

Amortisation and Exceptional Items
The charge for intangible asset amortisation was £14.0m compared to £14.4m in 2012.

The following exceptional items, totalling £6.4m, arose in the first half of 2013:

- Fair value uplift to inventories charge – £2.1m (2012 – £6.1m)
- Impairment of oil and gas reserves and dry hole costs – £2.4m (2012 – £2.7m)
- Settlement of litigation and associated legal expenses – £1.9m (2012 – £nil)

Exchange Rates
Average exchange rates used to translate US dollar and Canadian dollar denominated results into UK sterling were US$1.54 (2012 – US$1.58) and Can$1.57 (2012 – Can$1.59). Spot exchange rates for the US dollar and Canadian dollar at 30 June 2013 were US$1.52 and Can$1.60, at 30 June 2012 were US$1.57 and Can$1.60 and at 31 December 2012 were US$1.63 and Can$1.62 respectively.

Capital Investment
Capital investment was £20.1m in the period (2012 – £37.2m), of which £12.8m (2012 – £12.2m) was replacement spend and £7.3m (2012 – £25.0m) was new business investment. The main components within new business investment include £1.5m on new drilling tools and £2.2m on facility expansion programmes across the Group. Replacement spend includes £1.6m (2012 – £2.8m) by our Exploration and Production unit on contractually committed projects.

Balance Sheet
Net assets reported at £881.5m were £61.5m higher than year end (31 December 2012 – £820.0m). The net movement comprises the £36.9m retained profit for the period together with foreign exchange gains of £45.2m, offset by £20.2m of dividends declared and other items of £0.4m.

Cash Flow
Net debt at 30 June 2013 was £158.8m (30 June 2012 – £191.4m) compared to net debt at 31 December 2012 of £163.8m, reflecting a net cash inflow of £5.0m in the first half of 2013 (note 12).

With reported EBITDA of £71.1m (2012 – £70.4m) in the six months to 30 June 2013, the principal cash flows in the period include an increase in working capital of £30.7m (2012 – £6.7m decrease), capital investment of £20.1m (2012 – £37.2m) and tax payments of £3.4m (2012 – £13.3m). The acquisition of XL Perforating Partnership ("XLPP") during the period absorbed £5.8m and a deferred consideration payment of £1.3m was made in respect of the acquisition of Specialty in 2011. Tax Indemnity refunds relating to former subsidiary Gibson Energy provided £9.4m of income.

Dividend
The Board is declaring an interim dividend of 4.75p (2012 – 4.50p) per share. The dividend will be paid on 26 November 2013 to shareholders on the register at the close of business on 8 November 2013, with an ex-dividend date of 6 November 2013. Dividend cover from continuing operations after amortisation and exceptional items is 3.9 times (30 June 2012 – 4.1 times).

Operational Review
Hunting's segmental results are presented below:

Underlying profit from continuing operations

	H1 2013 £m	Restated H2 2012 £m	Restated H1 2012 £m	Restated FY 2012 £m
Hunting Energy Services				
Well Construction	**18.0**	24.0	21.7	45.7
Well Completion	**39.4**	35.3	38.2	73.5
Well Intervention	**3.7**	2.9	3.9	6.8
	61.1	62.2	63.8	126.0
Other Activities				
Exploration and Production	**0.3**	0.5	0.1	0.6
Gibson Shipbrokers	**(0.2)**	0.3	0.8	1.1
Underlying profit from operations	**61.2**	63.0	64.7	127.7
Amortisation and exceptional items	**(20.4)**	(18.5)	(24.4)	(42.9)
Reported profit from operations	**40.8**	44.5	40.3	84.8

Half Year Management Report continued

Hunting Energy Services

Well Construction

Hunting's Premium Connections business unit reported strong demand throughout the first half of 2013 from activity levels in the oil-focused shale basins. Activity in the Gulf of Mexico and international waters continued to strengthen during the period, offsetting the subdued activity in the onshore gas shale basins. During the period, a number of investment initiatives were approved, which will provide additional capacity for growth in both North America and internationally. In June 2013, the Group approved construction of a new US$43m facility in Houston, Texas to increase the Group's threading capacity in the region. The site will also include an US$11m premium connections testing facility which will enable the Group to accelerate the approval process on new connection product lines.

The Drilling Tools platform started the year slowly, however, activity levels improved during the period as continued investment in the oil-focused shale basins increased demand for the Group's mud motor fleet. The business has increased its market share in the Williston and Bakken regions, as the industry continues to develop oil shale basins. The business is looking to increase the size of its mud motor fleet throughout the remainder of the year to service the anticipated increase in activity levels within these regions.

In Canada, trading results suffered due to adverse weather conditions and a continuing weak natural gas market, which led to depressed drilling activity levels. The aggregate adverse variance from our Canadian Pipe and Manufacturing activities on underlying profit from operations in H1 2013 compared to H1 2012 was £2.7m.

Within the Advanced Manufacturing Group ("AMG"), results from Hunting Electronics were adversely impacted by excess customer inventory levels, giving rise to a H1 2013 to H1 2012 adverse variance of £3.3m on underlying profit from operations. At Hunting Dearborn, activity levels have been high throughout the period and the order book now extends to the end of the year. Efforts to market the AMG brand continue, particularly internationally, with a sales presence now established in Singapore. Customer interest continues to grow for the combined AMG product offering.

Well Completion

Hunting Titan has reported a strong performance in the first half of 2013, driven by demand for its Perforating and Energetics product lines, partially being offset by more subdued trading from its Instrumentation division. The business introduced a tiered pricing strategy for a number of its products, which had a positive impact on revenues. Hunting Titan continues to benefit from the implementation of lean manufacturing practices throughout its facilities. An additional distribution centre was opened in Jakarta, Indonesia during Q2 2013 to serve the Asia Pacific region. In May 2013, the business acquired its Western Canada distributor, XLPP, which adds six new distribution facilities and one manufacturing facility. Manufacturing of Hunting Titan products continues in Canada and manufacturing capability for certain products has now been established at our China facility.

Hunting's US Manufacturing business unit continued to report strong demand during the first half of 2013, as customer requirements for premium threading and wireline products increased. In July 2013, the Board approved the second phase of investment at the Group's Houma, Louisiana facility to service the accelerating activity in the Gulf of Mexico. The US$36m expansion will also allow for further consolidation of sites in the region and on completion will add over 0.2m square feet of manufacturing capacity.

Results from our Asia Pacific operations continued to strengthen during the period, reflecting healthy levels of activity within the region.

Well Intervention

Hunting Subsea has reported an increase in activity throughout the reporting period as sales of valves and couplings increased. A strengthened sales force is now in place, to target the European subsea market. The business has also launched a number of new product lines in the period, which has attracted customer interest.

Hunting's Thru-Tubing activities continue to gain interest in North America, with a manufacturing base now established at Hunting's Conroe, Texas facility and new sales initiatives under way in Canada.

Other Operating Businesses

Exploration and Production

Hunting's Exploration and Production division has oil and natural gas investments in the Southern US and shallow water offshore Gulf of Mexico, holding equity interests in over 50 production properties. On a Net Equivalent Barrel ("NEB") basis, production in the first half of the year was 81,000 NEB (2012 – 69,000 NEB), with proven reserves at 30 June 2013 being 1.1m NEB (2012 – 1.1m NEB). Revenue for the period totalled £2.8m (2012 – £2.6m) with an underlying profit from operations of £0.3m (2012 – £0.1m).

During the reporting period the business participated in drilling three oil and gas wells; a successful exploration well in shallow waters offshore Louisiana, and two successful onshore development wells in south Texas. The two onshore wells are now producing and the offshore well should commence production in November 2013. The Group's strategy remains only to participate in wells where the division has a contractual commitment to participate.

Following the mid-year valuation of reserves, the business has taken an impairment charge of £1.9m reflecting continued low natural gas price futures, together with rising offshore development costs. The reported loss from operations was therefore £2.1m (2012 – £2.6m), including dry hole costs of £0.5m (2012 – £nil).

Gibson Shipbrokers

Gibson Shipbrokers has continued to strengthen its shipbroking services during the first half of 2013. This has been achieved by the recruitment of a mix of experienced, younger and trainee brokers and support staff, mindful of the continuing weakness of the global shipping markets. Currently, the company employs 167 staff of which 23 are located in Singapore.

Oversupply of shipping capacity continues to impact global shipping markets and this situation is expected to last until 2015.

Half Year Management Report continued

Principal Risks and Uncertainties Facing the Business
The Group has an established risk management, monitoring and review process. The process requires all businesses to identify, evaluate and monitor risks and take steps to reduce, eliminate or manage the risk.

There are a number of potential risks and uncertainties, which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results.

Some of the risks that Hunting is exposed to, which could have a material adverse impact on the Group, arise from the specific activities undertaken by the Group, whereas other risks are common to many international manufacturing companies.

Risks specific to the nature of the Group's businesses are: curtailment of shale drilling; raw material commodity prices; integration of acquisitions; capital investment programmes; relationships with key customers and product quality and reliability.

Other risks facing the business, which are common to other international manufacturing businesses, are: economics and geopolitics; loss of key executives; health, safety and environmental laws and regulations; effective control over subsidiaries and fluctuations in currency exchange rates.

The Directors do not consider that the principal risks and uncertainties have changed significantly since the publication of the Annual Report for the year ended 31 December 2012, in which these risks and uncertainties are discussed in detail on pages 27 and 28. As such these risks continue to apply to the Group for the remaining six months of the financial year.

Outlook
As we indicated in March 2013, first half trading reports a slow but solid set of results. Our expectation remains for an improving second half, provided market fundamentals remain on track and commodity prices remain at levels where operators can achieve meaningful returns.

Activity levels within our three core reporting divisions – Well Construction, Well Completion and Well Intervention will be driven by factors within the geographic regions where they operate:

North America
The onshore oil shale industry remains strong and activity levels in the offshore arena remain robust, where active deep water rigs now number 62. Hunting provides products and services to these markets across the North American continent and continues to invest in new facility square footage to provide further capacity and capability.

North America remains a key manufacturing hub for Hunting, generating over 65% of the Group's revenue. Hunting remains well positioned in this region to capture market share and participate in new technology developments for the global oil and gas industry.

UK and Europe
With an established OCTG presence in Europe, together with an ongoing sales push of the complete Hunting product portfolio into the European arena, including the Hunting Titan product range, the Group remains well positioned in this important market.

Middle East and Asia Pacific
Hunting remains active on a number of fronts within these regions from new sales initiatives to new business relationships. The domestic Chinese market remains a relatively small contributor to the results of Hunting today but the potential from the region remains significant. Efforts to capture market share will continue in this competitive environment. Elsewhere within these regions the opportunities for profitable growth are available and will be pursued.

Southern Africa
In the short term, and until our new regional facilities are established, we will continue to ship products into the sub-Sahara region and the contribution to Group results will be nominal. Start up costs will continue to be incurred, however in the longer term this we believe will be an important and material contributor to the results of Hunting.

Summary
Globally, energy demands continue to grow, with the industry faced with the ever increasing challenge of finding and developing new hydrocarbon reserves. These reserves are found in more complex environments, including higher pressures, higher temperatures, longer and/or deeper wellbores and, often, difficult operating geographies. Accordingly, energy companies continue to increase their operation budgets and seek the more innovative, product rich service companies to assist their exploration and production goals.

With the current portfolio of products, existing geographic footprint and expansion initiatives under way, the Board remains of the view that the Group is well positioned for profitable growth.

Forward-looking Statements
Certain statements in this half year report are forward-looking. Although the Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. The Group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Richard Hunting, CBE
Chairman

Dennis Proctor
Chief Executive

29 August 2013

Statement of Directors' Responsibilities

The Directors confirm that, to the best of their knowledge, these condensed, consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting, as adopted by the European Union and that the half year management report includes a fair review of the information required by the Disclosure and Transparency Rules 4.2.7 and 4.2.8, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the 2012 Annual Report.

The Directors believe that the Interim Report taken as a whole is fair, balanced and understandable. In arriving at this conclusion the Board considered the opinion and recommendation of the Audit Committee who undertook the following work:

- review of early drafts of the Interim Report;
- regular review and discussion over the financial results during the period, including briefings by Group finance; and
- receipt and review of a report from the external auditors.

The Directors of the Company are listed on page 35 in Hunting PLC's 2012 Annual Report and on the Company's website: www.huntingplc.com. There have been no changes to the Directors since the Annual Report.

On behalf of the Board

Peter Rose
Finance Director

29 August 2013

Independent Review Report to Hunting PLC

Introduction
We have been engaged by the Company to review the condensed set of consolidated financial statements in the half year report for the six months ended 30 June 2013, which comprises the Condensed Consolidated Income Statement, the Condensed Consolidated Statement of Comprehensive Income, the Condensed Consolidated Balance Sheet, the Condensed Consolidated Statement of Changes in Equity, the Condensed Consolidated Statement of Cash Flows and related notes. We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of consolidated financial statements.

Directors' Responsibilities
The half year report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half year report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of consolidated financial statements included in this half year report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility
Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the half year report based on our review. This report, including the conclusion, has been prepared for and only for the Company for the purpose of the Disclosure and Transparency Rules of the Financial Conduct Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of Review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half year report for the six months ended 30 June 2013 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

PricewaterhouseCoopers LLP, Chartered Accountants
London
29 August 2013

Notes:
(a) The maintenance and integrity of the Hunting PLC website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the half year report since they were initially presented on the website.
(b) Legislation in the United Kingdom governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

Condensed Consolidated Income Statement

	Notes	Unaudited Six months ended 30 June 2013 Before amortisation and exceptional items £m	Amortisation and exceptional items (note 3) £m	Total £m	Restated Unaudited Six months ended 30 June 2012 Before amortisation and exceptional items £m	Amortisation and exceptional items (note 3) £m	Total £m
Revenue	2	**424.4**	**–**	**424.4**	406.9	–	406.9
Cost of sales		**(289.8)**	**(4.5)**	**(294.3)**	(271.9)	(8.8)	(280.7)
Gross profit		**134.6**	**(4.5)**	**130.1**	135.0	(8.8)	126.2
Other operating income		**3.3**	**–**	**3.3**	2.0	–	2.0
Operating expenses		**(76.7)**	**(15.9)**	**(92.6)**	(72.3)	(15.6)	(87.9)
Profit from continuing operations	2	**61.2**	**(20.4)**	**40.8**	64.7	(24.4)	40.3
Finance income		**4.2**	**–**	**4.2**	1.1	–	1.1
Finance expense		**(6.3)**	**–**	**(6.3)**	(4.6)	–	(4.6)
Share of associates' post-tax profits		**0.2**	**–**	**0.2**	0.4	–	0.4
Profit before tax from continuing operations		**59.3**	**(20.4)**	**38.9**	61.6	(24.4)	37.2
Taxation	5	**(17.2)**	**7.1**	**(10.1)**	(17.8)	9.4	(8.4)
Profit for the period:							
From continuing operations		**42.1**	**(13.3)**	**28.8**	43.8	(15.0)	28.8
From discontinued operations	6	**–**	**8.1**	**8.1**	–	1.3	1.3
Profit for the period		**42.1**	**(5.2)**	**36.9**	43.8	(13.7)	30.1
Profit attributable to:							
Owners of the parent		**41.0**	**(5.2)**	**35.8**	42.4	(13.7)	28.7
Non-controlling interests		**1.1**	**–**	**1.1**	1.4	–	1.4
		42.1	**(5.2)**	**36.9**	43.8	(13.7)	30.1
Earnings per share							
Basic – from continuing operations	7	**28.0p**		**19.0p**	29.1p		18.8p
– from discontinued operations	7	**–**		**5.5p**	–		0.9p
Group total		**28.0p**		**24.5p**	29.1p		19.7p
Diluted – from continuing operations	7	**27.3p**		**18.5p**	28.4p		18.3p
– from discontinued operations	7	**–**		**5.4p**	–		0.9p
Group total		**27.3p**		**23.9p**	28.4p		19.2p

Condensed Consolidated Income Statement continued

	Notes	Restated Year ended 31 December 2012 Before amortisation and exceptional items £m	Amortisation and exceptional (note 3) £m	Total £m
Revenue	2	825.8	–	825.8
Cost of sales		(558.6)	(14.8)	(573.4)
Gross profit		267.2	(14.8)	252.4
Other operating income		4.0	1.1	5.1
Operating expenses		(143.5)	(29.2)	(172.7)
Profit from continuing operations	2	127.7	(42.9)	84.8
Finance income		2.4	–	2.4
Finance expense		(7.9)	–	(7.9)
Share of associates' post-tax profits		1.0	–	1.0
Profit before tax from continuing operations		123.2	(42.9)	80.3
Taxation	5	(34.5)	16.7	(17.8)
Profit for the year from continuing operations		88.7	(26.2)	62.5
Profit for the year from discontinued operations	6	–	69.2	69.2
Profit for the year		88.7	43.0	131.7
Profit attributable to:				
Owners of the parent		85.6	43.0	128.6
Non-controlling interests		3.1	–	3.1
		88.7	43.0	131.7
Earnings per share				
Basic – from continuing operations	7	58.7p		40.7p
– from discontinued operations	7	–		47.5p
Group total		58.7p		88.2p
Diluted – from continuing operations	7	57.3p		39.8p
– from discontinued operations	7	–		46.3p
Group total		57.3p		86.1p

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June 2013 £m	Restated Unaudited Six months ended 30 June 2012 £m	Restated Year ended 31 December 2012 £m
Comprehensive income			
Profit for the period	**36.9**	30.1	131.7
Components of other comprehensive income after tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange adjustments	**45.2**	(5.8)	(27.4)
Fair value gains and losses:			
– (losses) gains originating on cash flow hedges arising during the period	**(0.3)**	0.2	0.4
– losses transferred to income statement on disposal of cash flow hedges	**0.1**	–	–
	45.0	(5.6)	(27.0)
Items that have been reclassified to profit or loss:			
Release of foreign exchange adjustments on disposal of subsidiary	**–**	(2.1)	(2.3)
Items that will not be reclassified to profit or loss:			
Actuarial (losses) gains on defined benefit pension schemes	**(1.1)**	1.5	(0.5)
Other comprehensive income (expense) after tax	**43.9**	(6.2)	(29.8)
Total comprehensive income for the period	**80.8**	23.9	101.9
Total comprehensive income attributable to:			
Owners of the parent	**79.4**	22.6	98.9
Non-controlling interests	**1.4**	1.3	3.0
	80.8	23.9	101.9

Condensed Consolidated Balance Sheet

	Notes	Unaudited At 30 June 2013 £m	Restated Unaudited At 30 June 2012 £m	Restated At 31 December 2012 £m
ASSETS				
Non-current assets				
Property, plant and equipment	8	**264.5**	247.4	248.5
Goodwill		**325.3**	315.0	304.5
Other intangible assets	9	**184.7**	204.6	185.2
Investments in associates		**6.4**	6.2	6.8
Investments		**4.9**	3.8	4.0
Retirement benefit assets		**14.0**	15.0	14.0
Trade and other receivables		**5.1**	3.9	3.7
Deferred tax assets		**5.1**	2.4	5.4
		810.0	798.3	772.1
Current assets				
Inventories		**268.9**	241.3	240.6
Trade and other receivables		**177.5**	153.5	171.0
Current tax assets		**0.7**	8.7	6.5
Investments		**3.2**	2.8	3.2
Cash and cash equivalents		**95.7**	86.5	101.7
		546.0	492.8	523.0
LIABILITIES				
Current liabilities				
Trade and other payables		**145.8**	157.1	132.7
Current tax liabilities		**15.1**	22.4	10.8
Borrowings		**99.1**	69.4	81.3
Provisions		**5.0**	42.6	12.5
		265.0	291.5	237.3
Net current assets		**281.0**	201.3	285.7
Non-current liabilities				
Borrowings		**158.6**	211.3	187.4
Deferred tax liabilities		**26.2**	19.3	25.7
Provisions		**17.2**	16.9	17.1
Other payables		**7.5**	3.3	7.6
		209.5	250.8	237.8
Net assets		**881.5**	748.8	820.0
Equity attributable to owners of the parent				
Share capital		**36.9**	36.7	36.8
Share premium		**89.0**	88.4	88.5
Other components of equity		**56.3**	33.0	12.7
Retained earnings		**679.6**	572.6	663.7
		861.8	730.7	801.7
Non-controlling interests		**19.7**	18.1	18.3
Total equity		**881.5**	748.8	820.0

Condensed Consolidated Statement of Changes in Equity

	Notes	Share capital £m	Share premium £m	Other components of equity £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
		Unaudited Six months ended 30 June 2013						
At 1 January previously reported		**36.8**	**88.5**	**12.7**	**657.5**	**795.5**	**18.3**	**813.8**
Change in accounting policy	1	**–**	**–**	**–**	**6.2**	**6.2**	**–**	**6.2**
At 1 January restated		**36.8**	**88.5**	**12.7**	**663.7**	**801.7**	**18.3**	**820.0**
Profit for the period		**–**	**–**	**–**	**35.8**	**35.8**	**1.1**	**36.9**
Other comprehensive income (expense)		**–**	**–**	**44.7**	**(1.1)**	**43.6**	**0.3**	**43.9**
Total comprehensive income		**–**	**–**	**44.7**	**34.7**	**79.4**	**1.4**	**80.8**
Transactions with owners								
Dividends		**–**	**–**	**–**	**(20.2)**	**(20.2)**	**–**	**(20.2)**
Shares issued								
– share option schemes and awards		**0.1**	**0.5**	**–**	**–**	**0.6**	**–**	**0.6**
Treasury shares								
– purchase of treasury shares		**–**	**–**	**–**	**(4.4)**	**(4.4)**	**–**	**(4.4)**
Share options and awards								
– value of employee services		**–**	**–**	**1.0**	**–**	**1.0**	**–**	**1.0**
– discharge		**–**	**–**	**(2.1)**	**5.8**	**3.7**	**–**	**3.7**
Total transactions with owners		**0.1**	**0.5**	**(1.1)**	**(18.8)**	**(19.3)**	**–**	**(19.3)**
At 30 June		**36.9**	**89.0**	**56.3**	**679.6**	**861.8**	**19.7**	**881.5**

	Notes	Share capital £m	Share premium £m	Other components of equity £m	Retained earnings £m	Total £m	Non-controlling interests £m	Total equity £m
		Restated Unaudited Six months ended 30 June 2012						
At 1 January previously reported		36.6	87.1	41.1	550.4	715.2	16.8	732.0
Change in accounting policy	1	–	–	–	6.0	6.0	–	6.0
At 1 January restated		36.6	87.1	41.1	556.4	721.2	16.8	738.0
Profit for the period		–	–	–	28.7	28.7	1.4	30.1
Other comprehensive (expense) income		–	–	(7.6)	1.5	(6.1)	(0.1)	(6.2)
Total comprehensive (expense) income		–	–	(7.6)	30.2	22.6	1.3	23.9
Transactions with owners								
Dividends		–	–	–	(16.1)	(16.1)	–	(16.1)
Shares issued								
– share option schemes and awards		0.1	1.3	–	–	1.4	–	1.4
Treasury shares								
– purchase of treasury shares		–	–	–	(0.8)	(0.8)	–	(0.8)
– disposal of treasury shares		–	–	–	1.0	1.0	–	1.0
Share options and awards								
– value of employee services		–	–	1.2	–	1.2	–	1.2
– discharge		–	–	(1.7)	1.9	0.2	–	0.2
Total transactions with owners		0.1	1.3	(0.5)	(14.0)	(13.1)	–	(13.1)
At 30 June		36.7	88.4	33.0	572.6	730.7	18.1	748.8

Condensed Consolidated Statement of Changes in Equity continued

		Restated Year ended 31 December 2012						
	Notes	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 previously reported		36.6	87.1	41.1	550.4	715.2	16.8	732.0
Change in accounting policy	1	–	–	–	6.0	6.0	–	6.0
At 1 January restated		36.6	87.1	41.1	556.4	721.2	16.8	738.0
Profit for the year		–	–	–	128.6	128.6	3.1	131.7
Other comprehensive expense		–	–	(29.2)	(0.5)	(29.7)	(0.1)	(29.8)
Total comprehensive (expense) income		–	–	(29.2)	128.1	98.9	3.0	101.9
Transactions with owners								
Dividends		–	–	–	(22.6)	(22.6)	(1.5)	(24.1)
Shares issued								
– share option schemes and awards		0.2	1.4	–	–	1.6	–	1.6
Treasury shares								
– purchase of treasury shares		–	–	–	(0.8)	(0.8)	–	(0.8)
Share options and awards								
– value of employee services		–	–	2.5	–	2.5	–	2.5
– discharge		–	–	(1.7)	2.8	1.1	–	1.1
– taxation		–	–	–	(0.2)	(0.2)	–	(0.2)
Total transactions with owners		0.2	1.4	0.8	(20.8)	(18.4)	(1.5)	(19.9)
At 31 December		36.8	88.5	12.7	663.7	801.7	18.3	820.0

Condensed Consolidated Statement of Cash Flows

	Notes	Unaudited Six months ended 30 June 2013 £m	Restated Unaudited Six months ended 30 June 2012 £m	Restated Year ended 31 December 2012 £m
Operating activities				
Continuing operations:				
Profit from operations		**40.8**	40.3	84.8
Depreciation, amortisation and impairment		**30.3**	30.1	58.8
Loss on disposal of property, plant and equipment		**1.2**	1.2	3.0
Proceeds from disposal of property, plant and equipment held for rental		**1.8**	1.3	3.1
Purchase of property, plant and equipment held for rental		**(7.0)**	(9.3)	(17.0)
Increase in inventories		**(12.3)**	(12.2)	(17.4)
(Increase) decrease in receivables		**(10.2)**	19.3	7.6
Decrease in payables		**(8.2)**	(0.4)	(1.2)
Decrease in provisions		**(0.7)**	(0.9)	(2.2)
Taxation paid		**(3.4)**	(13.3)	(15.1)
Other non-cash flow items		**0.7**	0.9	0.4
Net cash inflow from operating activities		**33.0**	57.0	104.8
Investing activities				
Continuing operations:				
Interest received		**0.8**	0.5	1.3
Dividends received from associates		**0.8**	0.2	0.1
Purchase of subsidiaries	10	**(7.1)**	(2.2)	(2.2)
Proceeds from disposal of subsidiaries		**–**	3.1	3.1
Indemnity receipts in respect of disposed subsidiaries		**9.4**	–	17.2
Net movement on loans to and from associates		**0.2**	(0.5)	(0.7)
Proceeds from disposal of property, plant and equipment		**0.8**	0.5	0.2
Purchase of property, plant and equipment		**(13.1)**	(27.9)	(44.6)
Purchase of intangible assets		**(0.4)**	(0.2)	(1.5)
Increase in bank deposit investments		**–**	(0.4)	(0.8)
Net cash outflow from investing activities		**(8.6)**	(26.9)	(27.9)
Financing activities				
Continuing operations:				
Interest and bank fees paid		**(2.8)**	(3.8)	(6.5)
Equity dividends paid		**–**	–	(22.6)
Non-controlling interest dividend paid		**–**	–	(1.5)
Share capital issued		**0.6**	1.4	1.6
Purchase of treasury shares		**(4.3)**	(0.8)	(0.8)
Proceeds from new borrowings		**13.3**	3.4	4.5
Repayment of borrowings		**(42.3)**	(36.4)	(56.9)
Net cash outflow from financing activities		**(35.5)**	(36.2)	(82.2)
Net cash outflow in cash and cash equivalents		**(11.1)**	(6.1)	(5.3)
Cash and cash equivalents at the beginning of period		**29.0**	35.1	35.1
Effect of foreign exchange rates		**1.3**	(0.3)	(0.8)
Cash and cash equivalents at the end of the period		**19.2**	28.7	29.0

Cash and cash equivalents at the end of the period comprise:			
Cash and cash equivalents	**95.7**	86.5	101.7
Bank overdrafts included in borrowings	**(76.5)**	(57.8)	(72.7)
	19.2	28.7	29.0

Notes

1. Basis of Accounting

The financial information contained in this half year report complies with IAS 34 *Interim Financial Reporting*, as adopted by the European Union, and with the Disclosure and Transparency Rules of the Financial Services Authority. The condensed set of consolidated financial statements should be read in conjunction with the 2012 Annual Report and Accounts, which have been prepared in accordance with IFRSs and IFRICs, as adopted by the European Union. The accounting policies adopted in this condensed set of consolidated interim financial statements are consistent with those used to prepare the 2012 Annual Report and Accounts, except as described below.

This half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2012 has been delivered to the Registrar of Companies. The independent auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. This condensed set of consolidated interim financial statements has been reviewed, not audited.

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 have been recognised as incurred rather than through a reserve, which was part of the defined benefit obligation. This has increased the retirement benefit asset by £8.0m at 30 June and 31 December 2012 and increased operating expenses by £0.7m for the six months ended 30 June 2012 and £1.1m for the year ended 31 December 2012. 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 comprises interest income on the plan assets, calculated using the IAS 19 (revised) discount rate rather than the expected return on the plan assets, minus the interest cost on the defined benefit obligation. 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 £0.3m in the six months ended 30 June 2012 and a credit of £0.7m for the year ended 31 December 2012. The impact on the financial statements for the six months ended 30 June 2012 and the year ended 31 December 2012 has been set out in the tables on pages 15 to 18. The impact on the Balance Sheet for the year ended 31 December 2011 was to increase the retirement benefit asset by £8.0m to £12.8m, reduce deferred tax assets by £2.0m to £2.9m and increase retained earnings by £6.0m to £556.4m.

Deferred tax assets and deferred tax liabilities have been restated in the Balance Sheet at 30 June 2012 to offset balances where there is a legally enforceable right to offset. In addition, current tax assets and current tax liabilities have also been restated at 30 June 2012 to reflect the underlying position within each tax jurisdiction. This presentation is in line with the presentation in the financial statements for the year ended 31 December 2012.

Within the Condensed Consolidated Income Statement for the year ended 31 December 2012 and for the six months ended 30 June 2012, certain costs within cost of sales and operating expenses have been reclassified to correctly present these in line with the Group's internal accounting policies.

Going Concern Basis

The Group has access to considerable financial resources including a £375m committed bank facility. The main financial covenants attached to this facility require EBITDA to cover net finance charges by a minimum of four times and net debt to be no more than three times adjusted EBITDA. For covenant testing purposes, the Group's EBITDA is adjusted to include the share of associates' post-tax results and exclude the fair value charge for share awards. EBITDA, for covenant test purposes, is based on the previous twelve month period, measured twice yearly at 30 June and 31 December. The covenants are monitored on a monthly basis and all external covenant requirements have been met during the year to date. Both key bank covenant metrics at 30 June were adequately covered.

The Group has a broad range of products and services and a diverse, global customer and supplier base and meets its day-to-day working capital requirements through its cash and debt facilities.

The Group has limited exposure to the Eurozone or other regions that are perceived as high risk or regions exposed to the direct impact of austerity measures. The Group also has limited exposure to credit risk, as it has strong, well-developed relationships with its material customers and maintains insurance cover for 95% of its trade receivables.

The Group's results are exposed to currency risk, as a major portion of earnings is generated in several currencies, in particular the US dollar, prior to translation into sterling at the period's average exchange rate. Movements in these rates do affect the Group's results and, in response to this, the currency impact on forecast results is monitored closely and certain derivatives are purchased to mitigate this risk.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group is well placed to manage its business successfully in the current economic climate. Accordingly, the Directors, having made appropriate enquiries, are satisfied that the Group has adequate resources to meet the Group's operational requirements for the foreseeable future and, therefore, continue to adopt the going concern basis in preparing these condensed, consolidated interim financial statements.

Notes continued

1. Basis of Accounting continued

Amendments to Previously Reported Results

	Six months ended 30 June 2012 (previously reported) £m	Amend current and deferred tax assets/ liabilities classification £m	IAS 19 (revised) change in accounting policy £m	Amend classification of costs £m	Restated Six months ended 30 June 2012 £m
Condensed Consolidated Income Statement					
Revenue	406.9	–	–	–	406.9
Cost of sales	(285.6)	–	–	4.9	(280.7)
Gross profit	121.3	–	–	4.9	126.2
Other operating income	2.0	–	–	–	2.0
Operating expenses	(82.3)	–	(0.7)	(4.9)	(87.9)
Profit from continuing operations	41.0	–	(0.7)	–	40.3
Finance income	0.8	–	0.3	–	1.1
Finance expense	(4.6)	–	–	–	(4.6)
Share of associates' post-tax profits	0.4	–	–	–	0.4
Profit before tax from continuing operations	37.6	–	(0.4)	–	37.2
Taxation	(8.5)	–	0.1	–	(8.4)
Profit for the period:					
From continuing operations	29.1	–	(0.3)	–	28.8
From discontinued operations	1.3	–	–	–	1.3
Profit for the period	30.4	–	(0.3)	–	30.1
Earnings per share					
Basic – from continuing operations	19.0p	–	(0.2)p	–	18.8p
– from discontinued operations	0.9p	–	–	–	0.9p
Group total	19.9p	–	(0.2)p	–	19.7p
Diluted – from continuing operations	18.5p	–	(0.2)p	–	18.3p
– from discontinued operations	0.9p	–	–	–	0.9p
Group total	19.4p	–	(0.2)p	–	19.2p
Condensed Consolidated Statement of Comprehensive Income					
Comprehensive income					
Profit for the period	30.4	–	(0.3)	–	30.1
Other comprehensive income after tax					
Other comprehensive income items	(7.7)	–	–	–	(7.7)
Actuarial gains on defined benefit pension schemes	1.0	–	0.5	–	1.5
Other comprehensive expense after tax	(6.7)	–	0.5	–	(6.2)
Total comprehensive income for the period	23.7	–	0.2	–	23.9

Notes continued

1. Basis of Accounting continued

	Six months ended 30 June 2012 (previously reported) £m	Amend current and deferred tax assets/ liabilities classification £m	IAS 19 (revised) change in accounting policy £m	Amend classification of costs £m	Restated Six months ended 30 June 2012 £m
Condensed Consolidated Balance Sheet					
Retirement benefit assets	7.0	–	8.0	–	15.0
Deferred tax assets	17.9	(13.7)	(1.8)	–	2.4
Other non-current assets	780.9	–	–	–	780.9
Current tax assets	–	8.7	–	–	8.7
Other current assets	484.1	–	–	–	484.1
Current tax liabilities	(13.7)	(8.7)	–	–	(22.4)
Other current liabilities	(269.1)	–	–	–	(269.1)
Deferred tax liabilities	(33.0)	13.7	–	–	(19.3)
Other non-current liabilities	(231.5)	–	–	–	(231.5)
Net assets	742.6	–	6.2	–	748.8
Retained earnings	566.4	–	6.2	–	572.6
Other equity reserves	176.2	–	–	–	176.2
Total equity	742.6	–	6.2	–	748.8
Condensed Consolidated Statement of Cash Flows					
Operating activities					
Profit from operations	41.0	–	(0.7)	–	40.3
Other non-cash flow items	0.2	–	0.7	–	0.9
Other cash flows from operating activities	15.8	–	–	–	15.8
Net cash inflow from operating activities	57.0	–	–	–	57.0
Net cash outflow from investing activities	(26.9)	–	–	–	(26.9)
Net cash outflow from financing activities	(36.2)	–	–	–	(36.2)
Net cash outflow in cash and cash equivalents	(6.1)	–	–	–	(6.1)

Notes continued

1. Basis of Accounting 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
Condensed Consolidated Income Statement				
Revenue	825.8	–	–	825.8
Cost of sales	(577.0)	–	3.6	(573.4)
Gross profit	248.8	–	3.6	252.4
Other operating income	5.1	–	–	5.1
Operating expenses	(168.0)	(1.1)	(3.6)	(172.7)
Profit from continuing operations	85.9	(1.1)	–	84.8
Finance income	1.7	0.7	–	2.4
Finance expense	(7.9)	–	–	(7.9)
Share of associates' post-tax profits	1.0	–	–	1.0
Profit before tax from continuing operations	80.7	(0.4)	–	80.3
Taxation	(17.9)	0.1	–	(17.8)
Profit for the year:				
From continuing operations	62.8	(0.3)	–	62.5
From discontinued operations	69.2	–	–	69.2
Profit for the year	132.0	(0.3)	–	131.7
Earnings per share				
Basic – from continuing operations	40.9p	(0.2)p	–	40.7p
– from discontinued operations	47.5p	–	–	47.5p
Group total	88.4p	(0.2)p	–	88.2p
Diluted – from continuing operations	40.0p	(0.2)p	–	39.8p
– from discontinued operations	46.3p	–	–	46.3p
Group total	86.3p	(0.2)p	–	86.1p
Condensed Consolidated Statement of Comprehensive Income				
Comprehensive income				
Profit for the year	132.0	(0.3)	–	131.7
Other comprehensive income after tax				
Other comprehensive income items	(29.3)	–	–	(29.3)
Actuarial losses on defined benefit pension schemes	(1.0)	0.5	–	(0.5)
Other comprehensive expense after tax	(30.3)	0.5	–	(29.8)
Total comprehensive income for the year	101.7	0.2	–	101.9

Notes continued

1. Basis of Accounting 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
Condensed Consolidated Balance Sheet				
Retirement benefit assets	6.0	8.0	–	14.0
Deferred tax assets	7.2	(1.8)	–	5.4
Other non-current assets	752.7	–	–	752.7
Current assets	523.0	–	–	523.0
Current liabilities	(237.3)	–	–	(237.3)
Non-current liabilities	(237.8)	–	–	(237.8)
Net assets	813.8	6.2	–	820.0
Retained earnings	657.5	6.2	–	663.7
Other equity reserves	156.3	–	–	156.3
Total equity	813.8	6.2	–	820.0
Condensed Consolidated Statement of Cash Flows				
Operating activities				
Profit from operations	85.9	(1.1)	–	84.8
Other non-cash flow items	(0.7)	1.1	–	0.4
Other cash flows from operating activities	19.6	–	–	19.6
Net cash inflow from operating activities	104.8	–	–	104.8
Net cash outflow from investing activities	(27.9)	–	–	(27.9)
Net cash outflow from financing activities	(82.2)	–	–	(82.2)
Net cash outflow in cash and cash equivalents	(5.3)	–	–	(5.3)

2. Segmental Reporting

The Group reports on seven operating segments during the current period, 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. 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 six months ended 30 June 2012 and the year ended 31 December 2012 has been re-presented to take into account the change in accounting policy following the adoption of IAS 19 (revised) on 1 January 2013 (see note 1). The adjustment to profit from continuing operations has been allocated across the segments.

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 has reviewed the strategic rationale of the Exploration and Production division and, from the beginning of 2013, no new capital investment will be made, beyond where the division has contractual commitments. The division now focuses on producing out its remaining reserves, with a view to winding down the operation. As a result, Exploration and Production is now presented within Other Activities.

Notes continued

2. Segmental Reporting continued

Results from Operations

	Six months ended 30 June 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	**126.7**	**(2.3)**	**124.4**	**18.0**	**(2.4)**	**15.6**
Well Completion	**255.0**	**(3.8)**	**251.2**	**39.4**	**(15.3)**	**24.1**
Well Intervention	**33.2**	**–**	**33.2**	**3.7**	**(0.3)**	**3.4**
	414.9	**(6.1)**	**408.8**	**61.1**	**(18.0)**	**43.1**
Other Activities						
Exploration and Production	**2.8**	**–**	**2.8**	**0.3**	**(2.4)**	**(2.1)**
Gibson Shipbrokers	**12.8**	**–**	**12.8**	**(0.2)**	**–**	**(0.2)**
Total from continuing operations	**430.5**	**(6.1)**	**424.4**	**61.2**	**(20.4)**	**40.8**
Net finance expense				**(2.1)**	**–**	**(2.1)**
Share of associates' post-tax profits				**0.2**	**–**	**0.2**
Profit before tax from continuing operations				**59.3**	**(20.4)**	**38.9**
Discontinued operations:						
Gibson Energy	**–**	**–**	**–**	**–**	**8.2**	**8.2**
Field Aviation	**–**	**–**	**–**	**–**	**(0.1)**	**(0.1)**
Total from discontinued operations	**–**	**–**	**–**	**–**	**8.1**	**8.1**

Notes continued

2. Segmental Reporting continued

	Restated Six months ended 30 June 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	138.9	(3.0)	135.9	21.7	(3.8)	17.9
Well Completion	232.7	(7.7)	225.0	38.2	(17.6)	20.6
Well Intervention	30.0	(0.5)	29.5	3.9	(0.3)	3.6
	401.6	(11.2)	390.4	63.8	(21.7)	42.1
Other Activities						
Exploration and Production	2.6	–	2.6	0.1	(2.7)	(2.6)
Gibson Shipbrokers	13.9	–	13.9	0.8	–	0.8
Total from continuing operations	418.1	(11.2)	406.9	64.7	(24.4)	40.3
Net finance expense				(3.5)	–	(3.5)
Share of associates' post-tax profits				0.4	–	0.4
Profit before tax from continuing operations				61.6	(24.4)	37.2
Discontinued operations:						
Gibson Energy	–	–	–	–	(0.2)	(0.2)
Field Aviation	10.1	–	10.1	–	1.5	1.5
Total from discontinued operations	10.1	–	10.1	–	1.3	1.3

Notes continued

2. 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	284.1	(4.8)	279.3	45.7	(5.1)	40.6
Well Completion	468.6	(11.2)	457.4	73.5	(30.0)	43.5
Well Intervention	56.7	–	56.7	6.8	(0.6)	6.2
	809.4	(16.0)	793.4	126.0	(35.7)	90.3
Other Activities						
Exploration and Production	4.9	–	4.9	0.6	(7.2)	(6.6)
Gibson Shipbrokers	27.5	–	27.5	1.1	–	1.1
Total from continuing operations	841.8	(16.0)	825.8	127.7	(42.9)	84.8
Net finance expense				(5.5)	–	(5.5)
Share of associates' post-tax profits				1.0	–	1.0
Profit before tax from continuing operations				123.2	(42.9)	80.3
Discontinued operations:						
Gibson Energy	–	–	–	–	56.9	56.9
Field Aviation	10.1	–	10.1	–	1.2	1.2
Total from discontinued operations	10.1	–	10.1	–	58.1	58.1
Taxation				–	11.1	11.1
Profit from discontinued operations				–	69.2	69.2

Geographical Information: External Revenue

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 December 2012 £m
Continuing operations:			
UK	**59.6**	69.6	141.8
USA	**260.0**	259.7	500.2
Canada	**19.9**	25.2	61.0
Rest of Europe	**8.6**	9.4	17.8
Singapore	**48.0**	37.0	81.6
Other	**28.3**	6.0	23.4
Total	**424.4**	406.9	825.8

Notes continued

3. Amortisation and Exceptional Items

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 December 2012 £m
Fair value uplift to inventories charge	**2.1**	6.1	7.6
Impairment of property, plant and equipment	**1.9**	2.7	5.2
Dry hole costs	**0.5**	–	2.0
Charged to cost of sales	**4.5**	8.8	14.8
Amortisation of intangible assets	**14.0**	14.4	28.1
Retention bonuses for management of acquired businesses	**–**	1.2	1.1
Settlement of litigation and associated legal expenses	**1.9**	–	–
Charged to operating expenses	**15.9**	15.6	29.2
Release of contingent consideration liability – credited to operating income	**–**	–	(1.1)
Amortisation and exceptional items	**20.4**	24.4	42.9
Taxation on amortisation and exceptional items	**(7.1)**	(9.4)	(16.7)
Total from continuing operations	**13.3**	15.0	26.2

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 the six months ended 30 June 2013, the charge was £2.1m relating to the four acquisitions completed in the second half of 2011.

Following a valuation of oil and gas reserves at 30 June 2013, an impairment charge of £1.9m for oil and gas development expenditure has been recognised, reflecting continued low forecast natural gas commodity prices compared to those at 31 December 2012 and rising offshore development costs.

During 2012, bonuses for key employee retention, relating to the 2011 acquisitions, were charged to the income statement. All relevant employees were paid their bonuses in 2012 and the liability was fully discharged by the end of the year.

During 2013, Hunting PLC settled a pre-acquisition litigation case brought against one of its subsidiaries. The settlement cost and associated legal expenses amounted to £1.9m.

During 2012, a credit of £1.1m was recognised in the income statement for the Doffing contingent consideration arrangement, as the future payments under the arrangement were not likely to be required.

Notes continued

4. EBITDA

	Six months ended 30 June 2013 £m	Restated Six months ended 30 June 2012 £m	Restated Year ended 31 December 2012 £m
Reported profit from continuing operations	**40.8**	40.3	84.8
Add: amortisation and exceptional items (note 3)	**20.4**	24.4	42.9
Add: depreciation	**14.4**	13.0	25.5
Underlying EBITDA	**75.6**	77.7	153.2
Less: exceptional items, impacting EBITDA	**(4.5)**	(7.3)	(9.6)
Reported EBITDA	**71.1**	70.4	143.6

"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. EBITDA is used by the Board as a measure of the Group's performance.

5. Taxation

The taxation charge for the six months ended 30 June 2013 is calculated by applying the estimated annual Group effective rate of tax to the profit for the period.

The estimated weighted average tax rate for continuing operations before amortisation and exceptional items for the year ending 31 December 2013 is 29% and has been used for the six months ended 30 June 2013 (six months ended 30 June 2012 – 29%; year ended 31 December 2012 – 28%). The rate has increased by 1% from the year end, reflecting the mix of profits arising in the tax jurisdictions across our countries of operation.

Included in the income statement are tax credits of £7.1m in respect of amortisation and exceptional items from continuing operations (six months ended 30 June 2012 – £9.4m; year ended 31 December 2012 – £16.7m).

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. The changes are not expected to have a material impact on the Group's deferred tax balances.

6. Discontinued Operations

The results from discontinued operations comprise the following:

	Six months ended 30 June 2013		
	Field Aviation £m	**Gibson Energy £m**	**Total £m**
Gain (loss) on disposal:			
Gain (loss) on disposal before tax	**(0.1)**	**8.2**	**8.1**
Taxation	**–**	**–**	**–**
Total profit (loss) from discontinued operations	**(0.1)**	**8.2**	**8.1**

Gibson Energy

The sale of Gibson Energy, Hunting's Canadian 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 £8.2m comprises £7.6m release of provisions and £0.6m refund of tax payments previously made.

Notes continued

6. Discontinued Operations continued

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. ("Field Aviation").

	Six months ended 30 June 2012		
	Field Aviation £m	Gibson Energy £m	Total £m
Trading results:			
Revenue	10.1	–	10.1
Cost of sales	(9.6)	–	(9.6)
Gross profit	0.5	–	0.5
Other operating income	0.8	–	0.8
Operating expenses	(1.3)	–	(1.3)
Profit from operations	–	–	–
Finance income	–	–	–
Profit before tax	–	–	–
Taxation	–	–	–
Profit for the period	–	–	–
Gain (loss) on disposal:			
Gain (loss) on disposal before tax	1.5	(0.2)	1.3
Taxation	–	–	–
Gain (loss) on disposal after tax	1.5	(0.2)	1.3
Total profit (loss) from discontinued operations	1.5	(0.2)	1.3

	Year ended 31 December 2012		
	Field Aviation £m	Gibson Energy £m	Total £m
Trading results:			
Revenue	10.1	–	10.1
Cost of sales	(9.6)	–	(9.6)
Gross profit	0.5	–	0.5
Other operating income	0.8	–	0.8
Operating expenses	(1.3)	–	(1.3)
Profit from operations	–	–	–
Finance income	–	–	–
Profit before tax	–	–	–
Taxation	–	–	–
Profit for the year	–	–	–
Gain on disposal:			
Gain on disposal before tax	1.2	56.9	58.1
Taxation	0.2	10.9	11.1
Gain on disposal after tax	1.4	67.8	69.2
Total profit from discontinued operations	1.4	67.8	69.2

Notes continued

7. Earnings per Share

Basic earnings per share is calculated by dividing the earnings attributable to Ordinary shareholders by the weighted average number of Ordinary shares outstanding during the period.

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 period 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:

	Six months ended 30 June 2013 £m	Restated Six months ended 30 June 2012 £m	Restated Year ended 31 December 2012 £m
Basic and diluted earnings attributable to Ordinary shareholders:			
From continuing operations	**27.7**	27.4	59.4
From discontinued operations	**8.1**	1.3	69.2
Total	**35.8**	28.7	128.6
Basic and diluted earnings attributable to Ordinary shareholders before amortisation and exceptional items:			
From continuing operations	**27.7**	27.4	59.4
Add: amortisation and exceptional items after taxation	**13.3**	15.0	26.2
Total	**41.0**	42.4	85.6
From discontinued operations	**8.1**	1.3	69.2
Add: exceptional items after taxation	**(8.1)**	(1.3)	(69.2)
Total	**–**	–	–

	millions	millions	millions
Basic weighted average number of Ordinary shares	**146.4**	145.7	145.9
Dilutive outstanding share options	**1.1**	1.3	1.2
Long-term incentive plans	**2.6**	2.2	2.4
Adjusted weighted average number of Ordinary shares	**150.1**	149.2	149.5

	pence	pence	pence
Basic EPS:			
From continuing operations	**19.0**	18.8	40.7
From discontinued operations	**5.5**	0.9	47.5
	24.5	19.7	88.2
Diluted EPS:			
From continuing operations	**18.5**	18.3	39.8
From discontinued operations	**5.4**	0.9	46.3
	23.9	19.2	86.1
Earnings per share before amortisation and exceptional items*			
Basic EPS:			
From continuing operations	**28.0**	29.1	58.7
From discontinued operations	**–**	–	–
	28.0	29.1	58.7
Diluted EPS:			
From continuing operations	**27.3**	28.4	57.3
From discontinued operations	**–**	–	–
	27.3	28.4	57.3

* Earnings per share before amortisation and exceptional items is a non-GAAP measure.

Notes continued

8. Property, Plant and Equipment

During the first six months of 2013, the net book value of property, plant and equipment increased from £248.5m to £264.5m due to acquisition of subsidiaries of £1.2m, additions of £19.8m and foreign exchange adjustments of £14.6m, offset by disposals of £3.3m, depreciation of £14.4m and impairments of £1.9m.

Additions include £1.5m for freehold land and buildings, £0.1m for short leasehold buildings, £2.3m for oil and gas exploration and development and £15.9m for plant, machinery and motor vehicles.

9. Other Intangible Assets

During the first six months of 2013, the net book value of other intangible assets decreased from £185.2m to £184.7m due to amortisation of £14.0m, offset by foreign exchange adjustments of £12.9m, £0.4m additions and £0.2m recognised on the acquisition of subsidiaries.

10. Acquisitions

XL Perforating Partnership

On 29 May 2013, the Group acquired the trade and assets of XL Perforating Partnership ("XLPP"), for a consideration of £5.8m. 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	**1.2**
Other intangible assets	**0.2**
Inventories	**3.7**
Net assets acquired	**5.1**
Goodwill	**0.7**
Consideration	**5.8**

Consideration comprised £5.8m 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 fair values of the net assets acquired are provisional as work is continuing in respect of the fair value exercise.

Acquisition related costs of £0.3m have been included in operating expenses in the income statement.

Specialty

On 12 March 2013, a payment of £1.3m (US$2.0m) was made to the sellers of Specialty in respect of the contingent consideration arrangement.

Notes continued

11. Dividends Paid

	Six months ended 30 June 2013 £m	Six months ended 30 June 2012 £m	Year ended 31 December 2012 £m
Ordinary dividends:			
2012 interim paid – 4.5p	–	–	6.6
2011 final paid – 11.0p	–	–	16.0
	–	–	22.6

The final dividend declared for 2012 of £20.2m (14.0p per share) was paid on 1 July 2013. A 2013 interim dividend of 4.75p per share, which will absorb an estimated £7.0m, has been approved by the Board for payment on 26 November 2013 to shareholders on the register at the close of business on 8 November 2013, with an ex-dividend date of 6 November 2013.

12. Changes in Net Debt

	At 1 January 2013 £m	Cash flow £m	Exchange movements £m	Amortisation of loan facility fees £m	At 30 June 2013 £m
Cash and cash equivalents	101.7	(8.4)	2.4	–	95.7
Bank overdrafts	(72.7)	(2.7)	(1.1)	–	(76.5)
	29.0	(11.1)	1.3	–	19.2
Current investments	3.2	–	–	–	3.2
Non-current borrowings	(187.4)	42.1	(12.7)	(0.6)	(158.6)
Current borrowings	(8.6)	(13.1)	(0.9)	–	(22.6)
Total net debt	(163.8)	17.9	(12.3)	(0.6)	(158.8)

Net debt is a non-GAAP measure and is defined as bank overdrafts, current and non-current borrowings and finance leases less cash and cash equivalents and current investments.

During the six months ended 30 June 2013, there was a £42.1m net reduction in the borrowings drawn on the Group's main committed bank facility.

13. Capital Commitments

Group capital expenditure committed, for the purchase of property, plant and equipment, but not provided for in the six months ended 30 June 2013 amounted to £16.9m (at 30 June 2012 – £10.9m; at 31 December 2012 – £7.9m).

Notes continued

14. Financial Instruments: Fair Values

The carrying amounts of each measurement category of the Group's financial assets and financial liabilities at 30 June 2013 are stated below, together with a comparison of fair value and carrying amount for each class of financial asset and financial liability.

	Carrying amount							
	Loans and receivables £m	Available for sale financial assets £m	Financial asset at fair value through profit or loss £m	Financial liabilities measured at amortised cost £m	Financial liabilities held for trading £m	Derivatives at fair value through equity (cash flow hedges) £m	Total £m	Fair value total £m
Non-current assets								
Unlisted equity investments	–	0.3	–	–	–	–	0.3	0.3
Listed equity investments and mutual funds	–	–	4.4	–	–	–	4.4	4.4
Environmental escrow	–	0.2	–	–	–	–	0.2	0.2
Other receivables	1.7	–	–	–	–	–	1.7	1.7
Current assets								
Net trade receivables	154.1	–	–	–	–	–	154.1	154.1
Accrued revenue	4.8	–	–	–	–	–	4.8	4.8
Other receivables	3.7	–	–	–	–	0.1	3.8	3.8
Deposits maturing after more than three months	3.2	–	–	–	–	–	3.2	3.2
Cash and cash equivalents	95.7	–	–	–	–	–	95.7	95.7
Current liabilities								
Trade payables	–	–	–	(60.4)	–	–	(60.4)	(60.4)
Accruals	–	–	–	(40.1)	–	–	(40.1)	(40.1)
Other payables	–	–	–	(32.8)	(0.1)	(0.3)	(33.2)	(33.2)
Provisions	–	–	–	(5.0)	–	–	(5.0)	(5.0)
Current borrowings								
Bank overdrafts	–	–	–	(76.5)	–	–	(76.5)	(76.5)
Unsecured bank loans	–	–	–	(21.3)	–	–	(21.3)	(21.3)
Other unsecured loans	–	–	–	(1.3)	–	–	(1.3)	(1.3)
Non-current borrowings								
Unsecured bank loans	–	–	–	(154.6)	–	–	(154.6)	(154.6)
Other unsecured loans	–	–	–	(4.0)	–	–	(4.0)	(4.0)
Non-current liabilities								
Accruals	–	–	–	(3.1)	–	–	(3.1)	(3.1)
Other payables	–	–	–	(4.4)	–	–	(4.4)	(4.4)
Provisions	–	–	–	(12.8)	–	–	(12.8)	(12.8)
	263.2	0.5	4.4	(416.3)	(0.1)	(0.2)	(148.5)	(148.5)

The fair value of forward foreign exchange contracts is determined by the deviation in future expected cash flows calculated by reference to the movement in market quoted exchange rates. The carrying values of available for sale unlisted investments are based on the Directors' best estimate of fair value as there is no active market in which these are traded. The fair value of listed equities and mutual funds is based on their current bid prices in an active market. The fair values of the environmental escrow and the promissory note are determined by discounting the expected future cash flows. The fair values of non-sterling denominated financial instruments are translated into sterling using the period end exchange rate.

The carrying value of net trade receivables, accrued revenue, other receivables, deposits maturing after three months, cash and cash equivalents, trade payables, accruals, other payables, provisions, bank overdrafts, unsecured bank loans and other unsecured loans approximates their fair value.

Notes continued

14. Financial Instruments: Fair Values continued

The inputs used to determine the fair value of unlisted equity investments and the environmental escrow are not based on observable market data and therefore their fair value measurements can be categorised in Level 3 of the fair value hierarchy. There has been no change in the fair value of financial assets in Level 3 of the fair value hierarchy since the year end, which is £0.5m at 30 June 2013. The inputs used to determine the fair value of derivative financial instruments are inputs other than quoted prices that are observable and so the fair value measurement can be categorised in Level 2 of the fair value hierarchy. The fair value of listed equity investments and mutual funds is based on quoted market prices and so the fair value measurement can be categorised in Level 1 of the fair value hierarchy.

The table below shows the level in the fair value hierarchy in which fair value measurements are categorised for assets and liabilities measured at fair value in the balance sheet.

	Fair value at 30 June 2013 £m	Level 1 £m	Level 2 £m	Level 3 £m
Non-current investments				
Unlisted equity investments	**0.3**	**–**	**–**	**0.3**
Listed equity investments and mutual funds	**4.4**	**4.4**	**–**	**–**
Environmental escrow	**0.2**	**–**	**–**	**0.2**
Derivatives held for trading				
Derivative financial liabilities	**(0.1)**	**–**	**(0.1)**	**–**
Derivatives at fair value through equity				
Derivative financial assets	**0.1**	**–**	**0.1**	**–**
Derivative financial liabilities	**(0.3)**	**–**	**(0.3)**	**–**
Total	**4.6**	**4.4**	**(0.3)**	**0.5**

The fair value hierarchy has the following levels:
Level 1 – inputs are quoted prices in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
Level 3 – inputs for the asset or liability that are not based on observable market data.