For Immediate Release **5 March 2015**

Hunting PLC

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

2014 Full Year Results

Hunting PLC (LSE:HTG) the international energy services group today announces its full year results for the year ended 31 December 2014.

Financial Highlights*

	Change %
• Strong underlying performance across the Group	
▪ Revenue $1,386.5m (2013 - $1,293.6m)	+7
▪ Underlying profit from operations $217.8m (2013 - $200.0m)	+9
▪ Underlying profit before tax $212.4m (2013 - $197.5m)	+8
▪ Underlying profit for the year $155.2m (2013 - $145.4m)	+7
▪ Underlying diluted earnings per share 100.0 cents (2013 – 94.5 cents)	+6
• Reported performance impacted by impairments	
▪ Reported profit from operations $113.9m (2013 - $138.9m)	-18
▪ Reported profit before tax $108.5m (2013 - $136.4m)	-20
▪ Reported profit for the year $71.8m (2013 - $107.6m)	-33
▪ Reported diluted earnings per share 44.8 cents (2013 – 69.4 cents)	-35

- **Strong cash generation across the Group reducing net debt**
  - Free cash flow $182.3m (2013 - $145.6m)
  - Net debt $131.0m (2013 - $205.8m)
  - Gearing 9% (2013 – 15%)

- **Consistent shareholder distributions**
  - Final dividend of 22.9 cents (2013 - 21.8 cents) proposed to be paid on 26 May 2015 to shareholders on the register on 1 May 2015: a 5% year-on-year increase

* *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. 2013 has been restated for the designation of Gibson Shipbrokers as a discontinued operation.*

Corporate Overview

- **Continued development of global footprint**
  - *Americas*
    - Completion of expansion at Houma, Louisiana, to service Gulf of Mexico activity – total operating footprint 281,000 sq ft;
    - New premium connections facility to service North America commenced in Houston, Texas – operating footprint 155,000 sq ft;
    - Expansion of Hunting Dearborn to increase precision machining capabilities – total operating footprint 214,000 sq ft.
  - *Africa*
    - New threading, accessories and storage facility at Cape Town, South Africa, to serve Sub-Sahara customers nearing completion – operating footprint 52,000 sq ft;
    - Satellite service and repair facility in Mombasa, Kenya – operating footprint 16,000 sq ft.
  - *Europe*
    - Sales and storage presence established in Norway;
    - Perforating systems distribution centre being established in Scotland.
  - *Asia Pacific*
    - New slickline manufacturing facility secured in Singapore.

- **Investment in product research and development**
  - SEAL-LOCK XD™ premium connection products commercialised, with first customer orders secured;
  - WEDGE-LOCK™ premium connection product suite rolled out to customers in 2014;
  - New connections test and certification facility under construction in Houston, Texas;
  - New ControlFire™ switch system launched to customers.

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

	2014		2013	
	Revenue $m	**Profit from operations $m**	Revenue $m	Profit from operations $m
Hunting Energy Services				
Well Construction	**378.3**	**53.0**	380.9	58.6
Well Completion	**862.6**	**140.8**	796.1	124.5
Well Intervention	**135.5**	**23.8**	108.6	15.7
	1,376.4	**217.6**	1,285.6	198.8
Other Activities				
Exploration and Production	**10.1**	**0.2**	8.0	1.2
Total	**1,386.5**	**217.8**	1,293.6	200.0

An analyst presentation and webcast will be held at 10.45 a.m. today at the offices of Buchanan, 107 Cheapside, London, EC2V 6DN.

An audio webcast will be available on:

http://vm.buchanan.uk.com/2015/hunting050315/registration.htm

Commenting on the results and outlook for the Group, Dennis Proctor, Chief Executive, said:

"Hunting's record performance in 2014 demonstrates the resilience and underlying strength of the Group's business units, particularly our ability to generate significant levels of cash, while continuing to invest in our long term growth strategy.

"The Group is resetting its operational capabilities to align with the current lower oil and gas price environment, however, given our global footprint and diverse product and services offering, Hunting remains well positioned to capture any growth opportunities across its international operations as and when the wider market improves."

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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, Indonesia, Mexico, Netherlands, Norway, Singapore, South Africa, Thailand, United Arab Emirates and the United States of America.

Chairman's Statement

Hunting had a good year in 2014, once again generating substantial cash and profits in markets which were strong, particularly in the second half. It continued to implement its policy of establishing new and enhanced manufacturing and distribution facilities in areas of high demand, and internationalising product lines through its wide geographic network.

Well Construction, reporting an underlying profit from operations of $53.0m (2013 – $58.6m), remained profitable and successful across certain of its business lines, however, slow trading and competition issues within the Hunting Electronics and Drilling Tools business units curtailed profits and growth in this segment during the year. Offsetting these, our Premium Connections business continued to take advantage of its strong technical offering, reporting growth following the introduction of new Premium Connection product lines.

Well Completion, reporting an underlying profit from operations of $140.8m (2013 – $124.5m), had an excellent year, aided by a particularly strong performance from Hunting Titan with its perforating systems which are utilised in both conventional and unconventional well environments.

Well Intervention, reporting an underlying profit from operations of $23.8m (2013 – $15.7m), and the smallest of our three core operating segments grew rapidly, thanks to strong international demand, particularly in the Middle East and in South East Asia. Hunting Subsea performed very well in its offshore well sector.

During most of the year, activity was high in our core markets, in both the offshore and onshore sectors. This environment allowed a rise in profits, with underlying profit before tax from continuing operations being $212.4m (2013 – $197.5m). Reported profit before tax from continuing operations was $108.5m (2013 – $136.4m), following a $49.6m impairment to the value of the goodwill held by the Hunting Electronics and Drilling Tools business units, together with a further impairment of $11.3m to the carrying value of the Group's exploration and production assets.

The sharp reduction in the global price of crude oil did not affect our trading results during 2014, however, we continue to monitor our customer activity levels closely going into 2015.

Capital investment was $123.5m (2013 – $94.8m), with major expenditure on facilities in Texas, Louisiana, Maine and South Africa. These new facilities will be commissioned during the coming year.

Underlying diluted earnings per share from continuing operations were 100.0 cents (2013 – 94.5 cents), an increase of 5.8% on the previous year. Reported diluted earnings per share from continuing operations were 44.8 cents (2013 – 69.4 cents).

Despite the current market environment, and with confidence in the longer term fundamentals of our industry, the Board is recommending a final dividend for 2014 of 22.9 cents per share (2013 – 21.8 cents). The final dividend is payable on 26 May 2015 to shareholders on the register on 1 May 2015, giving a total of 31.0 cents for the year (2013 – 29.5 cents), a 5.1% increase. Though declared in US dollars, dividends will continue to be paid in Sterling.

The Board has continued to ensure that its governance processes are appropriate. Andrew Szescila retired from the Board in September 2014 after three years as a non-executive Director. We thank him for his wisdom and for sharing his knowledge of the industry with us. During the current year, following a rigorous search, we have appointed Annell Bay and John ("Jay") Glick to the Board as non-executive Directors. Both are US citizens and have extensive knowledge of the industries and markets we serve.

I thank all of our people for their considerable contribution which has left us in sound operational and financial health.

Richard Hunting, C.B.E.
Chairman
5 March 2015

Group Performance and Development

Introduction

The Group has capitalised on high levels of activity within the industry during 2014, with many of our operations running at high utilisation to deliver record financial results for shareholders.

This success has been supported by our strategy to increase our customer base, deepen our business partner relationships, increase market share in key product lines, while continuing to provide products of high quality and reliability, positioning Hunting as a key partner in the complex energy services supply chain.

While long term indicators for energy demand remain robust, 2014 has also been a reminder that our businesses are impacted by volatility in short term supply and demand dynamics. As the year closed, key oil price benchmarks were showing a 44% decrease compared to the start of the year and therefore Group-wide initiatives have been implemented to respond to the lower levels of activity anticipated across the industry during 2015.

Despite the current economic environment in the sector, Hunting remains focused on the longer term outlook for the industry, with commentators forecasting daily global oil demand to exceed 109 million barrels by 2035. To support the levels of activity required to achieve this demand, Hunting has continued to invest in new manufacturing capacity during 2014. Our major capital projects in the US and South Africa are scheduled to be commissioned during 2015, which will support regional activity levels across the Americas and Africa, while increasing efficiencies and accelerating the development of new product lines. On completion of these growth projects, Hunting will have a more efficient manufacturing capability, strategically located across the key regions of global drilling activity, positioning the Group to compete for growth opportunities, once the supply/demand balance has been restored across the industry.

While the short term outlook for the Group is difficult to fully evaluate, the Company is well equipped for the anticipated recovery with 2.8 million square feet of global manufacturing capacity, with 1,176 machines contained across 43 facilities and 34 distribution centres in 13 countries.

When existing development programmes are completed a further two operating sites and an additional 0.5 million square feet of operating and distribution capacity will be available.

Group Summary Income Statement

	Underlying**			Reported		
	2014 $m	2013* $m	Change	**2014 $m**	2013* $m	Change
Continuing operations:						
Revenue	**1,386.5**	1,293.6	+7%	**1,386.5**	1,293.6	+7%
EBITDA	**269.8**	244.0	+11%	**269.6**	236.8	+14%
Profit from operations	**217.8**	200.0	+9%	**113.9**	138.9	–18%
Profit before taxation	**212.4**	197.5	+8%	**108.5**	136.4	–20%
Profit for the year	**155.2**	145.4	+7%	**71.8**	107.6	–33%
Discontinued operations:						
Profit (loss) for the year	**0.3**	(1.4)		**1.4**	14.0	
Total profit for the year	**155.5**	144.0		**73.2**	121.6	
Diluted EPS – continuing operations	**100.0c**	94.5c	+6%	**44.8c**	69.4c	–35%

* Restated following the designation of Gibson Shipbrokers as a discontinued operation.
** Results for the year before amortisation and exceptional items.

Overview

Hunting's key activity indicators all reported growth during 2014, with global drilling spend increasing 5.8% compared to 2013, drilling footage in the US increasing 9.7% in the year and strong activity in the Gulf of Mexico driving a number of key businesses within the Group.

Across the Group's US operations, Hunting's Premium Connections, Manufacturing and Accessories, Hunting Dearborn and Hunting Specialty businesses reported excellent results in the year. Hunting Titan had an exceptionally strong year, delivering profits well ahead of management's expectations as it captured market share in key drilling basins and in new regions throughout Hunting's international network. Hunting's Subsea activities also reported excellent year-on-year growth as international activity remained strong, particularly in the Gulf of Mexico. Hunting's pressure control products also saw good demand across the Middle East and Asia Pacific. The Group's operations in Canada reported a return to profitability during the year, as new customers were secured, supported by good levels of drilling activity.

Group Performance and Development continued

Offsetting the strong growth in these businesses, Hunting's Drilling Tools business reported a disappointing year, as weather-related problems and operational issues led to a reduction in anticipated profits. In addition, Hunting Electronics continued to report subdued trading due to customer destocking, coupled with increasing competition particularly from Far Eastern suppliers. As a result of these issues, goodwill held in respect of these business units has been impaired by $49.6m.

In Europe, Hunting's operations reported a challenging market environment with political and fiscal uncertainty in the UK leading to lower investment and near record lows of drilling activity. Hunting's Asia Pacific operations reported further profit growth, supported by new customer initiatives and continued drilling throughout the region.

During 2014, the employees of Gibson Shipbrokers began negotiations to purchase the business from Hunting through an employee trust with a target completion date of 31 March 2015. An agreement has been reached and approved by the Board. As a result, the business has been reported as a discontinued operation, with appropriate restatements of prior year financial information.

Hunting has focused on internal investment and growth throughout the year, with major capital investments being made within a number of regions and business platforms providing the Group with its longer term capacity needs to meet customer requirements. All key projects are scheduled to complete in 2015.

Premium Connections Manufacturing and Testing Facility
Houston, Texas, US
The Group's Premium Connections business is investing in a new 155,000 square feet facility in Texas, US, to support anticipated long term growth. The $48.6m facility will have Premium Connection manufacturing capability to meet global customer requirements and is scheduled to be commissioned in late 2015.

As part of Hunting's long term development programme for new connection products, an $11.8m testing and certification facility will be incorporated into the new site which will help develop new product lines and new thread forms for longer term commercialisation.

Premium Threading and Accessories Manufacturing Facility
Cape Town, South Africa
As part of the Group's strategic plan to be located in regions of major drilling activity, Hunting is investing $20.0m in a new threading and accessories facility in Cape Town to support business development across Sub-Sahara Africa. The facility will be commissioned over the coming months as engineers are hired and trained.

Manufacturing and Accessories Facility
Houma, Louisiana, US
Hunting's Gulf of Mexico business has grown strongly over the past two years and as part of the Group's efforts to consolidate its facilities and provide customers with a stronger regional presence the $36.4m final expansion at Houma, Louisiana, is now complete, bringing the total site to a 281,000 operational square feet facility.

High Precision Machining Facility
Fryeburg, Maine, US
Hunting Dearborn's $18.8m expansion of its Fryeburg facility is advancing and will provide an additional 65,000 square feet of manufacturing capacity. The facility is scheduled to be operational in Q4 2015.

Results from Continuing Operations

The Group reported revenue of $1,386.5m in 2014, an increase of 7% over 2013, driven by the continued level of industry growth throughout the year. As a consequence of this, underlying EBITDA increased 11% to $269.8m (2013 – $244.0m). EBITDA margin remained unchanged from the prior year at 19%.

Underlying profit from continuing operations was $217.8m (2013 – $200.0m), leading to an underlying profit margin in 2014 of 16% compared to 15% in 2013.

Amortisation and exceptional items totalled $103.9m in the year (2013 – $61.1m) which comprised the amortisation of intangible assets totalling $42.8m (2013 – $43.4m); impairments to goodwill of $49.6m (2013 – $nil); an impairment to the value of the Group's oil and gas reserves totalling $11.3m (2013 – $10.5m); a charge of $4.8m (2013 – $nil) relating to the release of foreign exchange reserves arising on company liquidations; and a credit of $4.6m (2013 – $nil) on the release of excess property provisions. Exceptional charges incurred in 2013 for retention bonuses of $2.9m and inventory fair value adjustments of $4.3m did not recur in 2014.

Group Performance and Development continued

Reported profit from continuing operations therefore reduced 18% compared to the prior year to $113.9m (2013 – $138.9m).

Net finance costs during the year were $4.9m (2013 – $2.9m) with the Group continuing to pay down borrowings and benefiting from the low interest rates attached to the Group's revolving credit facility. Adverse movements in foreign exchange and other net finance costs did, however, give rise to an increase.

Underlying profit before taxation was $212.4m (2013 – $197.5m) reflected by the increase in activity across the Group compared to 2013. Reported profit before taxation was $108.5m (2013 – $136.4m).

The underlying tax charge for the year was $57.2m (2013 – $52.1m). The Group's underlying tax rate was 27% (2013 – 26%) as the mix of profits from the Group's global operations were relatively unchanged during the year compared to 2013. As a consequence of the lower reported profit from operations following the charges for amortisation and exceptional items, the reported tax charge for the year was $36.7m (2013 – $28.8m) and the reported tax rate was 34% (2013 – 21%).

Underlying diluted EPS increased 6% to 100.0 cents (2013 – 94.5 cents) and reported diluted EPS decreased by 35% to 44.8 cents (2013 – 69.4 cents).

Results from Discontinued Operations

Following the designation of Gibson Shipbrokers as a discontinued operation, the results from discontinued activities comprise the trading results of Gibson Shipbrokers in addition to legacy matters from the disposals of Gibson Energy in 2008 and Field Aviation in 2012.

Gibson Shipbrokers reported a return to profit in the year compared to 2013, with a profit from operations of $0.5m (2013 – loss of $1.5m) as the global shipbroking industry saw an improving market environment.

In October 2014, the Group received $3.9m after costs from Field Aviation in settlement of the promissory note owed to Hunting and the repayment of balances held in an environmental escrow account. Following the receipt of these funds, all outstanding matters relating to the sale of Field Aviation have now been completed and a profit of $0.9m has been recorded.

Other matters relating to discontinued operations totalled a credit of $0.2m during the year.

For 2014, the total reported profit from discontinued operations was $1.4m (2013 – $14.0m).

Segmental Trading Review

Hunting Energy Services

Hunting Energy Services comprises the Well Construction, Well Completion and Well Intervention segments.

In 2014, Hunting Energy Services reported revenue of $1,376.4m (2013 – $1,285.6m), a 7% increase compared to 2013. Underlying profit from operations increased 9% in the year to $217.6m (2013 – $198.8m). This performance has been driven by strong results from the Well Completion and Well Intervention segments, offset by lower trading results within the Well Construction segment. Reported profit from continuing operations was $125.0m compared to $148.2m in 2013.

Well Construction

		2014	2013	Change
Revenue	$m	**378.3**	380.9	–1%
Underlying profit from operations	$m	**53.0**	58.6	–10%
Underlying operating profit margin	%	**14**	15	
Reported (loss) profit from operations	$m	**(4.1)**	51.2	
Capital investment	$m	**69.0**	43.3	
Average employees		**1,081**	1,186	
Year end employees		**1,122**	1,121	

The Well Construction segment includes Hunting's Premium Connections, Drilling Tools, Construction OCTG, Advanced Manufacturing Group, Hunting Specialty and the Hunting Trenchless business platforms. In 2014 revenue was marginally below the prior year at $378.3m (2013 – $380.9m) following continued subdued trading within the Hunting Electronics platform and issues within the Drilling Tools business which persisted throughout the year.

Group Performance and Development continued

Underlying profit from operations reduced by 10% compared to the 2013 result at $53.0m (2013 – $58.6m). As a consequence of the continued lower trading levels within the Hunting Electronics and Drilling Tools business units, and following a detailed analysis of future trading trends, a $49.6m impairment has been recorded against the goodwill held within these businesses, which has been presented as an exceptional item in the consolidated income statement. Reported loss from operations was $4.1m in 2014 compared to a profit of $51.2m in 2013.

Premium Connections
Hunting's major connection product lines centre on the SEAL-LOCK™ range of premium connection technologies and in the year the SEAL-LOCK™ semi-flush and high torque connections were the top performing product groups within the business platform, primarily driven by strong international demand for deep water drilling applications.

During 2014, the Group continued to commercialise two new premium connection product groups, including the SEAL-LOCK XD™ connection for use in heavy oil extraction and the WEDGE-LOCK™ connection. Both lines moved from final development and testing at the start of the year to secure first sales and delivery to Hunting's global customer base during the year.

The development of new premium connections for use across the diverse segments of the energy sector is a key strategy of the Group and during 2014, design and construction of a new premium connections manufacturing facility at Houston, Texas, continued. As part of the facility's design, an $11.8m development and testing laboratory to accelerate the commercialisation of the Group's new premium connections has been constructed, which will be operational towards the end of of 2015.

New, more efficient, manufacturing equipment has been added during the year enabling the platform to improve productivity and delivery times, utilising lean manufacturing principles.

Drilling Tools
The Drilling Tools platform reported disappointing results during 2014 due to the severe weather reported across North America earlier in the year and higher levels of tool repair and refurbishment costs in the latter part of the year. Remedial initiatives have been undertaken, including changes to the management team, which is improving operating efficiency and business focus.

Hunting's business is driven by the rental of mud motors to customers drilling across the onshore basins in North America and throughout 2014 the platform remained the preferred supplier of mud motors within the Williston basin, with other opportunities pursued in the Permian basin in West Texas.

This business is sensitive to drilling activity declines and is likely to face difficult market conditions in 2015, which has led to the $9.6m impairment to goodwill.

Construction OCTG
Hunting's construction OCTG business platform reported good activity levels throughout 2014, supported by improving margins and a robust order book. The platform has focused on optimising its inventory during the year, and given the current oil price environment and in anticipation of lower levels of trading activity during 2015 has accelerated its programme to further reduce its global inventories.

Advanced Manufacturing Group
The Advanced Manufacturing Group ("AMG") comprises the Hunting Dearborn and Hunting Electronics business platforms. The Hunting AMG single-source supply initiative for Measurement-While-Drilling and Logging-While-Drilling ("MWD/LWD") tools has continued to report favourable progress within the Group's customer base during the year.

During the year Hunting Dearborn performed well, delivering results ahead of management's expectations and the business has maintained a strong order book throughout the whole of the year, which is forecast to extend into the first part of 2015. The unit has benefited from strong demand from customers within and outside of the energy industry, with the overall outlook remaining positive for the near future. The expansion of the manufacturing facility is progressing and will assist in reducing the order times for key customers to more acceptable levels.

Within the Hunting Electronics business, results remained below expectations, resulting from customer destocking programmes reported previously, coupled with increased competitive pressures, particularly from Asian suppliers. While management anticipates that trading momentum will improve in the medium term, the Group has assessed the carrying value of goodwill held for the business, particularly in light of the current macro-economic environment the industry is facing and concluded that a $40.0m impairment to goodwill should be recorded against the $68.7m recognised on acquisition.

Group Performance and Development continued

Hunting Specialty
Hunting Specialty has reported strong results ahead of management's expectations with the business investing in new equipment in the year, broadening the business's manufacturing capabilities and enabling previously outsourced processes to be brought in-house to retain additional margin.

Hunting Trenchless
The Hunting Trenchless business has continued to market its products through third party distribution networks. The business manufactures and sells drill stems and during the year broadened the range of accessories it manufactures following investment in new machinery.

Well Completion

		2014	2013	Change
Revenue	$m	**862.6**	796.1	+8%
Underlying profit from operations	$m	**140.8**	124.5	+13%
Underlying operating profit margin	%	**16**	16	
Reported profit from operations	$m	**106.1**	82.2	
Capital investment	$m	**42.5**	31.2	
Average employees		**2,237**	2,102	
Year end employees		**2,298**	2,197	

The Well Completion segment incorporates Hunting Titan, Manufacturing and Accessories and Hunting's International Completion businesses. In 2014, revenues increased 8% to $862.6m and underlying profit from operations increased 13% from $124.5m in 2013 to $140.8m in 2014. Hunting Titan was the key driver behind the segment's improved performance. Manufacturing and Accessories also performed well but International Completion was below expectations with North Sea activity being particularly weak. Reported profit from continuing operations was $106.1m (2013 – $82.2m).

Hunting Titan
Hunting Titan reported improving monthly sales and profit records throughout the majority of 2014 as key growth initiatives, including new products and technologies, generated improvements in market share in a number of key drilling basins across North America and through increased international sales through Hunting's global operating hubs.

In 2014, Titan introduced to customers the ControlFire™ switch system which enhances field safety and new Spectra™ jet cutters which allows for more efficient well intervention procedures to be completed.

During the year, Titan manufactured a record 8.6m energetics charges for use in perforating procedures, pushing the facility in Milford, Texas, to full capacity for most of the year. Plans to expand the manufacturing capacity at Milford are under consideration, subject to the wider industry outlook improving.

During the year, Titan continued to manufacture its wide range of perforating guns in the US, Canada, Mexico and China which has enabled lead times to be reduced while actively managing the cost base. The business has also benefited from the implementation of lean manufacturing processes which has been completed at a number of facilities.

Titan has continued to expand operations in the Williston and Permian basins and in Canada has benefited from the broadened distribution network following the acquisition of the XLPP business in 2013.

Titan continues to increase its international presence through Hunting's existing network of manufacturing facilities. During 2014, initiatives to develop regional sales in Aberdeen, UK; Jakarta, Indonesia; Dubai, UAE and Brisbane, Australia, also progressed as new market opportunities or existing demand from customers enabled Titan to commence initiatives to stock its broad range of products and tools closer to customer demand.

Manufacturing and Accessories
Hunting's Manufacturing and Accessories platform has also reported results ahead of expectations during the year, as activity levels in the Gulf of Mexico remained robust. The platform benefited from a number of global master supply agreements being agreed with major energy service companies, which has meant that Hunting has been able to tender for contracts across its global operations.

During Q4 2014, the Group completed the final phase of expansion of its facility in Houma, Louisiana, to service clients operating in the Gulf of Mexico. The total manufacturing capacity is 281,000 square feet, making the facility the Group's second largest manufacturing site after Wuxi, China.

Group Performance and Development continued

As part of the Group's plan to consolidate its operations, Hunting Doffing was incorporated into the Hunting Manufacturing and Accessories platform. The business is shortly to move to a new leased facility to enable further manufacturing efficiencies to be captured and to complement the capabilities of the other facilities within the Manufacturing and Accessories business platform.

International Completion
Hunting's global completion businesses have reported mixed results in the year, impacted by regional conditions.

Within Canada, drilling activity recovered during 2014 which led to the region reporting a profit in the year. Hunting's premium connections have seen good demand for customers utilising 'Vacuum Insulated Tubing' technology which assists with the production of heavy oil, leading to continued demand throughout the year for a number of connection product lines.

In the Middle East, Hunting has delivered results ahead of management's expectations. The unit has maintained good levels of business in Iraq, despite the political unrest in-country throughout the year. The business has also progressed its plans for expansion in Saudi Arabia, with the formation of a joint venture with SG Petroleum nearing completion.

Hunting's Asia Pacific business delivered a result slightly ahead of management's expectations, following the exceptionally strong performance in 2013. While regional steel producers continue to compete strongly on price across the region, Hunting's pipe supply and threading offering remains a highly attractive proposition for operators in the region, which enabled the business to continue to grow its presence throughout the year. Given the focus of the global energy industry on the eastern hemisphere, and the associated competition for talent, Hunting opened a Regional Training Academy in Singapore during the year, to attract and retain new talent and develop the skill sets of the wider work force. The Group now has 4 facilities in Singapore and future investment plans in the region focus on consolidating these facilities to capture further cost and manufacturing efficiencies in the medium term.

In Europe, Hunting's North Sea and European operations saw near record lows in activity as fiscal and political uncertainty hindered customer investment in the region. Hunting's European operations have identified new opportunities within Norway and during the year opened a sales and distribution site and appointed a country manager to oversea growth on the Norwegian Continental Shelf.

Well Intervention

		2014	2013	Change
Revenue	$m	**135.5**	108.6	+25%
Underlying profit from operations	$m	**23.8**	15.7	+52%
Underlying operating profit margin	%	**18**	14	
Reported profit from operations	$m	**23.0**	14.8	
Capital investment	$m	**4.5**	9.2	
Average employees		**483**	432	
Year end employees		**513**	438	

The Well Intervention segment includes the Hunting Subsea and Well Intervention businesses. In 2014, revenue increased 25% leading to a 52% increase in underlying profit from operations from $15.7m in 2013 to $23.8m. Reported profit from operations was $23.0m (2013 – $14.8m).

Hunting Subsea
Hunting Subsea delivered a result ahead of management's expectations in the year driven by strong international offshore demand. Sales of hydraulic couplings and valves have grown, with new supply agreements being signed in the year leading to coupling production achieving a record level of output during Q3 2014. Subsea's order book remains strong as global deep water projects continue to progress, with activity likely to be sustained into Q1 2015.

During the year, Hunting Subsea appointed new global sales personnel to drive international growth for its product lines. Opportunities in the UK and Norwegian continental shelves have been identified which should lead to new revenue streams being developed in the future.

Well Intervention
Hunting's Well Intervention business lines focus on pressure control systems and Thru Tubing intervention products and services for the Group's global client base. During the year sales throughout the Middle East and Asia Pacific have been particularly strong with a number of major orders being completed in the year which has driven strong growth.

Group Performance and Development continued

Exploration and Production

Hunting's exploration and production business has oil and natural gas well investments mainly in the Southern US and shallow waters offshore Gulf of Mexico, holding equity interests in 49 producing properties. On a Barrel of Oil Equivalent basis ("BOE") production in the year was 143,000 BOE (2013 – 128,000 BOE) with reserves at 31 December 2014 being 0.9m BOE (2013 – 1.1m BOE). In 2014, the business reported an underlying profit from operations of $0.2m (2013 – $1.2m).

During 2014, the unit participated in drilling 5 oil and gas wells. This resulted in 4 successful outcomes and 1 which was deemed non-commercial, resulting in dry hole costs of $1.7m (2013 - $2.6m), which are 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 $9.6m (2013 – $7.9m), which has been shown as an exceptional item, reflecting a reduction in reserve estimates and higher retirement obligation cost estimates. Reported loss from operations for 2014 was $11.1m (2013 – $9.3m).

Cash Flow

Summary Group Cash Flow

	2014 $m	2013* $m
EBITDA	**269.8**	244.0
Working capital movements	**3.8**	(22.7)
Net interest paid and bank fees	**(5.6)**	(6.5)
Tax paid	**(26.6)**	(19.9)
Replacement capital investment	**(69.0)**	(44.8)
Other operating cash and non-cash movements	**9.9**	(4.5)
Free cash flow	**182.3**	145.6
Expansion capital investment	**(54.5)**	(50.0)
Dividends to equity holders and non-controlling interests	**(46.6)**	(45.8)
Purchase of subsidiaries	**(3.0)**	(10.7)
Other	**0.2**	4.2
Foreign exchange	**(3.0)**	(0.6)
Reduction in net debt in the year – continuing operations	**75.4**	42.7
Disposal of subsidiaries	**3.9**	–
Tax indemnity refunds	**0.2**	17.7
Gibson Shipbrokers cash flows reported as discontinued	**(4.7)**	0.2
Reduction in net debt in the year	**74.8**	60.6

* Restated following the designation of Gibson Shipbrokers as a discontinued operation.

EBITDA increased 11% during the year reflecting strong trading conditions and good performance. While the business grew over 2014, working capital was tightly managed and ended the year broadly unchanged.

Net interest paid decreased in the year to $5.6m from $6.5m in 2013 reflecting lower average net debt. Tax paid in the year increased by $6.7m to $26.6m from $19.9m in 2013 due to higher taxable profits, an increase in rates and because 2013 benefited from a shielding effect of losses brought forward.

Replacement capital investment increased 54% to $69.0m in 2014 (2013 – $44.8m) and included $25.4m on the new Houma facility, which replaces other sites. Other key components included $19.2m on drilling tools and rental equipment and $16.4m on machinery and equipment. Exploration and production capital investments totalled $7.0m during the year as contractually committed wells were drilled by the unit's business partners.

Other operating cash and non cash movements at $9.9m were $14.4m favourable to 2013. This reflected higher adjustments for losses on the sale of plant, equipment and machinery, higher share based payment charges with the 2004 Long-Term Incentive Plan being replaced with the Hunting PSP, and higher pension charges.

As a result of the above investments, free cash flow increased by $36.7m to $182.3m in the year (2013 – $145.6m).

Group Performance and Development continued

Expansion capital investment during 2014 reached $54.5m (2013 – $50.0m) as the Group's internal capital investment programme progressed. The Group incurred $23.0m on its new premium threading and test facility at Houston, Texas, $3.7m on the new regional facility in Cape Town, $9.7m on drilling tools and rental equipment, $12.9m on machinery and equipment and $3.1m at Hunting Dearborn. Other expansion capital investments totalled $2.1m.

Total dividend payments of $46.6m were paid, with $2.5m of this relating to non-controlling interests. The $44.1m paid to equity shareholders reflected the payment of the final dividend for 2013 of 21.8 cents (12.9 pence) and the 2014 interim dividend of 8.1 cents (5.1 pence). All dividends will continue to be declared in cents, with a Sterling equivalent paid, following a formal process of conversion. The final dividend for 2014 is proposed at 22.9 cents, and, if approved by shareholders, is expected to result in an outflow of $33.7m.

During 2014 the Group paid $3.0m being the final payment on the Specialty Supply acquisition, which together with other cash inflows of $0.2m and foreign exchange movements of $3.0m resulted in a net cash inflow from continuing operations of $75.4m.

Within discontinued operations, an inflow of $3.9m following the settlement of a loan note from Field Aviation and the return of unutilised environmental escrow funds together with other cash inflows of $0.2m, were broadly offset by cashflow movements within Gibson Shipbrokers. Therefore, net debt reduced by $74.8m during 2014 to end the year with a net debt position of $131.0m (2013 – $205.8m).

Group Funding and Position at Year End

Financial Capital Management

Capital employed is managed with the aim of maintaining an appropriate level of financing available for the Group's activities. The balance of debt and equity (as reflected in the gearing ratio which is net debt expressed as a percentage of total equity) is managed having due regard to the respective cost of funds and their availability.

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.

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.

2014 has been a year of growth for the Group, as activity levels improved within a number of the Group's core businesses leading to an increase in revenues and underlying profits from continuing operations. Cash generation has been sufficient not only to fund our capital investment programme requirements but also to reduce net debt by $74.8m to $131.0m (2013 – $205.8m), with gearing reducing to 9% at 31 December 2014 (2013 – 15%).

	2014 **$m**	2013 $m
Total equity	**1,438.3**	1,414.8
Net debt	**131.0**	205.8
Capital employed	**1,569.3**	1,620.6
Gearing	**9%**	15%

The Group's financial position remains robust, with total credit facilities of $649.8m in place (2013 – $688.8m) of which $584.7m or £375.0m (2013 – $621.1m 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 30 of the 2014 Annual Report and Accounts.

The ratio of net debt to EBITDA permitted under the RCF must not exceed a maximum of 3 times. EBITDA must also cover relevant finance charges by a minimum of 4 times. For covenant testing purposes, the Group's EBITDA is adjusted to exclude exceptional items, 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. At 31 December 2014 both these covenants were comfortably met.

Group Funding and Position at Year End continued

The Group's net debt is monitored by Group Treasury on a daily basis and a variety of cash forecasts looking at different time horizons are prepared on a periodic basis. The covenants are monitored on a monthly basis and all external covenant requirements have been met during the year.

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 this strategic report.

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 improved to 13% (2013 – 12%) reflecting the strong results in the year despite the ongoing capital investment programme on expansion projects, which do not provide an immediate financial return.

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.

Further detail on financial risks is provided within note 30 of the 2014 Annual Report and Accounts.

Balance Sheet

	2014 $m	2013 $m
Goodwill	**440.6**	495.2
Other intangible assets	**224.8**	263.0
Property, plant and equipment	**473.0**	431.8
Working capital	**470.6**	467.6
Taxation (current and deferred)	**(55.2)**	(48.7)
Provisions	**(24.7)**	(33.4)
Net assets held for sale	**4.8**	–
Other net assets	**35.4**	45.1
Capital employed	**1,569.3**	1,620.6
Net debt	**(131.0)**	(205.8)
Net assets	**1,438.3**	1,414.8
Non-controlling interests	**(30.2)**	(30.9)
Equity attributable to owners of the parent	**1,408.1**	1,383.9

Following the Group's annual impairment review exercise, whereby the carrying value of goodwill for each relevant cash generating unit across the Group is evaluated based on future cash projections, an impairment of $49.6m to the goodwill held in respect of the Drilling Tools and Hunting Electronics business units has been recognised. Further details of the reasons for the impairment are detailed in note 16 of the 2014 Annual Report and Accounts. Other changes to goodwill relate to an adverse impact from foreign exchange of $3.2m and a reclassification to assets held for sale of $1.8m. As a result, the Group's goodwill has decreased by $54.6m compared to 2013.

Other intangible assets have reduced by $38.2m, the main movements being an amortisation expense for the year of $42.8m offset by the capitalisation of technology and software development costs of $4.8m.

Property, plant and equipment has increased by $41.2m. Additions of $125.1m were offset by depreciation of $52.3m and impairment of dry hole costs and oil and gas assets of $11.3m. The net book value on disposals amounted to $13.7m, exchange adjustments were an adverse $6.1m and $0.5m was reclassified as held for sale.

Working capital has increased by $3.0m since 2013 with increases in receivables more than offsetting that on payables. Inventory balances were relatively neutral.

Tax balances payable have increased to $55.2m at 31 December 2014. The increase largely reflects additional deferred tax on the reversal of timing differences.

Provisions have reduced by $8.7m during the year primarily due to the release of unutilised onerous property provisions with a settlement agreement reached with the landlord in respect of certain vacant properties.

As a result of the above changes, capital employed in the Group has reduced by $51.3m to $1,569.3m.

Cash generation in the final months of the year has been particularly strong resulting in an overall cash inflow in 2014 of $74.8m reducing net debt to $131.0m at 31 December 2014.

Group Funding and Position at Year End continued

Net assets at 31 December 2014 were $1,438.3m, which, after non-controlling interests of $30.2m, result in equity shareholders' funds of $1,408.1m. This is an increase of $24.2m over 31 December 2013, which reflects the retained result for the year of $69.2m offset by other items of $0.9m and $44.1m of dividend payments.

Outlook

Over the last few years, a quiet revolution in North America has taken place which has reshaped the supply of hydrocarbons. Hydraulic fracturing (fracking) initially transformed the US natural gas market from a concerning deficit to an exportable abundance. Further advances in fracking and horizontal drilling have now made a positive impact on US oil production and coupled with global supplies, have created a temporary imbalance to the world's supply/demand curve.

Accordingly, oil prices have declined dramatically, and the global oil and gas industry is quickly resetting its expenditure and profitability expectations. Rig counts continue to decline each week with varying estimates of future levels. Operators initially set modest targets of contraction, but have escalated those reductions depending on their geographic focus, debt position and cost structure.

This rapid decline in industry expenditure and activity will inevitably feed through to our revenue and profitability levels for 2015. Depending on the geographic location and product description, profit levels will vary. North America onshore activity will be the most affected and will be the target region for most of Hunting's initial cost actions including, headcount reduction, hiring and salary freezes and capital investment constraints. Since year end, approximately 500 employees or 13% of the Group's global workforce have been affected. The offshore Gulf of Mexico, primarily deep water drilling and production, will have modest changes in rig count and expenditure.

Internationally, we expect the Middle East and Asia Pacific to remain at activity levels seen in 2014 however, tubular margins will decline. Canada and the North Sea has and will continue to experience contraction in rig counts and activity at varying levels dependent upon the individual operator's cost points.

Despite the subdued consensus for the short term oil market, Hunting remains confident in the long term fundamentals for oil and gas demand. Our capital investment programme for additional and more efficient capacity will be completed throughout 2015 with a strong belief in preparedness for the eventual recovery. Our balance sheet remains solid with modest levels of net debt. Our unique products, global footprint, flexible manufacturing capacity and experienced personnel will enable us to manage the downturn yet capture opportunities which often appear in cyclical environments.

We do not know the length or depth of the industry contraction. We will however endeavour to provide updates more often than required regarding the activity and developments we see in the markets and clients we serve. Your Company has an excellent team of experienced managers to respond quickly during this period and react to the changing developments of individual clients, commodity prices, geopolitical influences and financial requirements. They remain committed to improving further the Company's Health, Safety and Environment record. They will introduce new products that will aid in reducing customer costs for oil and gas extraction. And finally, they will be mindful of shareholder value and the need to operate as if Hunting were their personal company.

Supplementary Information

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

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

Statement of Directors' Responsibilities

The Directors confirm that the 2014 Annual Report and Accounts, which will be issued on 12 March 2015, 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 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 2014 Annual Report and Accounts, from which this narrative is extracted, 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 2014 Annual Report and Accounts of the Company for the year ended 31 December 2014. Certain parts of the Annual Report and Accounts are not presented within this announcement.

By order of the Board

Ben Willey
Company Secretary
5 March 2015

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 2014

	Notes	2014 Before amortisation and exceptional items $m	2014 Amortisation and exceptional items (note 5) $m	2014 Total $m	2013* Before amortisation and exceptional items $m	2013* Amortisation and exceptional items (note 5) $m	2013* Total $m
Revenue	4	**1,386.5**	**–**	**1,386.5**	1,293.6	–	1,293.6
Cost of sales		**(942.6)**	**(11.3)**	**(953.9)**	(898.9)	(14.8)	(913.7)
Gross profit		**443.9**	**(11.3)**	**432.6**	394.7	(14.8)	379.9
Other operating income		**9.5**	**–**	**9.5**	7.5	–	7.5
Operating expenses		**(235.6)**	**(92.6)**	**(328.2)**	(202.2)	(46.3)	(248.5)
Profit from continuing operations	3	**217.8**	**(103.9)**	**113.9**	200.0	(61.1)	138.9
Finance income		**7.5**	**–**	**7.5**	11.8	–	11.8
Finance expense		**(12.4)**	**–**	**(12.4)**	(14.7)	–	(14.7)
Share of associates' post-tax (losses) profits		**(0.5)**	**–**	**(0.5)**	0.4	–	0.4
Profit before tax from continuing operations		**212.4**	**(103.9)**	**108.5**	197.5	(61.1)	136.4
Taxation	7	**(57.2)**	**20.5**	**(36.7)**	(52.1)	23.3	(28.8)
Profit for the year:							
From continuing operations		**155.2**	**(83.4)**	**71.8**	145.4	(37.8)	107.6
From discontinued operations	8	**0.3**	**1.1**	**1.4**	(1.4)	15.4	14.0
Profit for the year		**155.5**	**(82.3)**	**73.2**	144.0	(22.4)	121.6
Profit attributable to:							
Owners of the parent		**151.5**	**(82.3)**	**69.2**	140.3	(22.4)	117.9
Non-controlling interests		**4.0**	**–**	**4.0**	3.7	–	3.7
		155.5	**(82.3)**	**73.2**	144.0	(22.4)	121.6
Earnings per share							
Basic – from continuing operations	9	**102.6c**		**45.9c**	96.8c		71.0c
– from discontinued operations	9	**0.2c**		**1.0c**	(1.0)c		9.5c
Group total		**102.8c**		**46.9c**	95.8c		80.5c
Diluted – from continuing operations	9	**100.0c**		**44.8c**	94.5c		69.4c
– from discontinued operations	9	**0.2c**		**1.0c**	(1.0)c		9.2c
Group total		**100.2c**		**45.8c**	93.5c		78.6c

* 2013 has been restated for the designation of Gibson Shipbrokers as a discontinued operation.

Consolidated Statement of Comprehensive Income

For the Year Ended 31 December 2014

	2014 $m	2013 $m
Comprehensive income		
Profit for the year	**73.2**	121.6
Components of other comprehensive income after tax		
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	**(1.3)**	(0.2)
– gain transferred to income statement on redemption of available for sale investment	**(0.2)**	–
Release of foreign exchange losses	**3.8**	–
	2.3	(0.2)
Items that may be reclassified subsequently to profit or loss:		
Exchange adjustments	**(17.9)**	(0.9)
Fair value gains and losses:		
– gain on available for sale investment arising during the year	**–**	0.2
– (losses) gains originating on cash flow hedges arising during the year	**(0.1)**	1.5
	(18.0)	0.8
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit pension schemes	**1.5**	2.8
Other comprehensive (expense) income after tax	**(14.2)**	3.4
Total comprehensive income for the year	**59.0**	125.0
Total comprehensive income attributable to:		
Owners of the parent	**57.2**	120.5
Non-controlling interests	**1.8**	4.5
	59.0	125.0

Consolidated Balance Sheet

At 31 December 2014

	Notes	**2014 $m**	2013 $m
ASSETS			
Non-current assets			
Property, plant and equipment	10	**473.0**	431.8
Goodwill	11	**440.6**	495.2
Other intangible assets	12	**224.8**	263.0
Investments in associates		**4.4**	9.9
Investments		**8.9**	9.0
Retirement benefit assets		**30.9**	29.6
Trade and other receivables		**3.3**	7.5
Deferred tax assets		**1.2**	3.1
		1,187.1	1,249.1
Current assets			
Inventories		**381.8**	386.3
Trade and other receivables		**285.6**	264.8
Current tax assets		**1.6**	3.9
Investments		**3.8**	2.0
Cash and cash equivalents		**88.5**	167.4
Assets classified as held for sale	13	**20.3**	–
		781.6	824.4
LIABILITIES			
Current liabilities			
Trade and other payables		**197.7**	176.5
Current tax liabilities		**20.9**	21.0
Borrowings		**65.4**	135.9
Provisions	17	**10.6**	8.0
Liabilities classified as held for sale	13	**15.5**	–
		310.1	341.4
Net current assets		**471.5**	483.0
Non-current liabilities			
Borrowings		**157.9**	239.3
Deferred tax liabilities		**37.1**	34.7
Provisions	17	**14.1**	25.4
Other payables		**11.2**	17.9
		220.3	317.3
Net assets		**1,438.3**	1,414.8
Equity attributable to owners of the parent			
Share capital		**61.6**	61.3
Share premium		**151.9**	150.6
Other components of equity		**30.7**	41.6
Retained earnings		**1,163.9**	1,130.4
		1,408.1	1,383.9
Non-controlling interests		**30.2**	30.9
Total equity		**1,438.3**	1,414.8

Consolidated Statement of Changes in Equity

	Year ended 31 December 2014						
	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	**61.3**	**150.6**	**41.6**	**1,130.4**	**1,383.9**	**30.9**	**1,414.8**
Profit for the year	**–**	**–**	**–**	**69.2**	**69.2**	**4.0**	**73.2**
Other comprehensive (expense) income	**–**	**–**	**(13.5)**	**1.5**	**(12.0)**	**(2.2)**	**(14.2)**
Total comprehensive income	**–**	**–**	**(13.5)**	**70.7**	**57.2**	**1.8**	**59.0**
Dividends	**–**	**–**	**–**	**(44.1)**	**(44.1)**	**(2.5)**	**(46.6)**
Shares issued							
– share option schemes and awards	**0.3**	**1.3**	**–**	**–**	**1.6**	**–**	**1.6**
Treasury shares							
– purchase of treasury shares	**–**	**–**	**–**	**(7.5)**	**(7.5)**	**–**	**(7.5)**
Share options and awards							
– value of employee services	**–**	**–**	**7.2**	**–**	**7.2**	**–**	**7.2**
– discharge	**–**	**–**	**(4.6)**	**11.3**	**6.7**	**–**	**6.7**
– taxation	**–**	**–**	**–**	**3.1**	**3.1**	**–**	**3.1**
Total transactions with owners	**0.3**	**1.3**	**2.6**	**(37.2)**	**(33.0)**	**(2.5)**	**(35.5)**
At 31 December	**61.6**	**151.9**	**30.7**	**1,163.9**	**1,408.1**	**30.2**	**1,438.3**

	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	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 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

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2014

	Notes	2014 $m	Restated 2013 $m
Operating activities			
Profit from operations		**113.9**	138.9
Depreciation, amortisation and impairment		**155.7**	97.9
Loss (profit) on disposal of property, plant and equipment		**6.0**	(0.1)
(Increase) decrease in inventories		**(3.1)**	11.0
Increase in receivables		**(34.7)**	(4.0)
Increase (decrease) in payables		**41.6**	(25.4)
Decrease in provisions		**(8.0)**	(4.2)
Other non-cash flow items		**7.3**	2.7
Taxation paid		**(26.6)**	(19.9)
Proceeds from disposal of property, plant and equipment held for rental		**7.0**	8.9
Purchase of property, plant and equipment held for rental		**(28.9)**	(26.1)
Discontinued operations		**(0.9)**	0.3
Net cash inflow from operating activities		**229.3**	180.0
Investing activities			
Interest received		**2.0**	2.4
Dividends received from associates		**4.5**	1.2
Purchase of subsidiaries	18	**(3.0)**	(10.7)
Proceeds from disposal of associate		**0.2**	–
Net movement on loans to and from associates		**0.6**	0.3
Proceeds from disposal of property, plant and equipment		**0.6**	5.4
Purchase of property, plant and equipment		**(94.6)**	(68.7)
Purchase of intangible assets		**(5.0)**	(5.0)
(Increase) decrease in bank deposit investments		**(2.0)**	3.0
Net proceeds from disposal of subsidiaries		**3.9**	–
Indemnity receipts in respect of disposed subsidiaries		**0.2**	17.7
Discontinued operations		**–**	(0.1)
Net cash outflow from investing activities		**(92.6)**	(54.5)
Financing activities			
Interest and bank fees paid		**(7.6)**	(8.9)
Equity dividends paid	16	**(44.1)**	(42.5)
Non-controlling interest dividend paid		**(2.5)**	(3.3)
Share capital issued		**1.6**	1.8
Purchase of treasury shares		**(7.5)**	(6.7)
Proceeds from new borrowings		**70.2**	11.3
Repayment of borrowings		**(155.9)**	(71.5)
Net cash outflow from financing activities		**(145.8)**	(119.8)
Net cash (outflow) inflow in cash and cash equivalents		**(9.1)**	5.7
Cash and cash equivalents at the beginning of the year		**52.4**	47.2
Effect of foreign exchange rates		**(1.5)**	(0.5)
Classified as held for sale		**(3.8)**	–
Cash and cash equivalents at the end of the year		**38.0**	52.4
Cash and cash equivalents at the end of the year comprise:			
Cash at bank and in hand		**88.5**	167.4
Bank overdrafts included in borrowings		**(50.5)**	(115.0)
		38.0	52.4

Notes to the Financial Statements

1. Basis of Preparation

The financial statements consolidate those of Hunting PLC (the 'Company') and its subsidiaries (together referred to as the 'Group') and include the Group's interests in associates.

The financial statements have been prepared in accordance with the Companies Act 2006 and those International Financial Reporting Standards ('IFRS') and International Financial Reporting Interpretations Committee ('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.

The Group is engaged in a process to sell Gibson Shipbrokers to an employee benefit trust formed by Gibson Shipbrokers' employees. It is expected that this transaction will be completed on 31 March 2015. As Gibson Shipbrokers was previously reported as a separate segment within continuing operations, its results and cash flows for 2013 have been re-presented as a discontinued operation. The assets and liabilities of Gibson Shipbrokers at 31 December 2014 have been treated as held for sale.

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 updated for the adoption of new standards, amendments and interpretations as shown 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 2014 or 31 December 2013, but is derived from those accounts. Statutory accounts for 2013 have been delivered to the Registrar of Companies and those for 2014 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) of the 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.

Restatement of Previously Reported Results
Adoption of New Standards, Amendments and Interpretations
The following standards, amendments and interpretations have been adopted and are effective for the Group's accounting period beginning on or after 1 January 2014:
- IAS 28 (revised) Investments in Associates and Joint Ventures
- IAS 32 (amendment) Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRIC 21 Levies

Although the adoption of these standards, amendments and interpretations represents a change in accounting policy, comparative figures for 2013 have not been restated for these as the changes do not impact the financial performance or position of the Group.

The following standards, amendments and interpretations are effective subsequent to the year end and are being assessed to determine whether there is a significant impact on the Group's results or financial position:
- IFRS 9 Financial Instruments*
- IFRS 15 Revenue from Contracts with Customers*
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception*
- Amendments to IAS 1 Disclosure initiative*
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- Amendments to IAS 27 Equity Method in Separate Financial Statements*
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions
- Annual Improvements to IFRSs 2010–2012 Cycle – effective 1 July 2014
- Annual Improvements to IFRSs 2012–2014 Cycle – effective 1 January 2016*

*Not yet endorsed by the European Union.

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 2014 \$440.6m (2013 – \$495.2m)	– 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. – Details of goodwill are disclosed in note 11.
Taxation Carrying value of net tax liability at 31 December 2014 \$55.2m (2013 – \$48.7m)	– In determining current tax estimates, management has to consider the likelihood of tax authority challenges and estimates tax payable accordingly. – The deferred tax balances at 31 December 2014 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.
Property, plant and equipment and other intangible assets Combined carrying value at 31 December 2014 \$697.8m (2013 – \$694.8m)	– The Group's property, plant and equipment and intangible assets (except goodwill) are depreciated/amortised 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 note 43 of the Company's 2014 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 12 respectively.
Oil and gas exploration and development assets Carrying value at 31 December 2014 \$12.5m (2013 - \$21.5m)	– The carrying value of the Group's oil and gas exploration and development assets is subject to the value in use of the Group's oil and gas reserves. – The value in use is determined by applying a present value to the estimated future producible reserves at a given forecast market price. – The estimate of producible reserves is principally extracted using a combination of geological data and production performance records. – The estimate of market prices is based on the medium term futures prices (4 to 6 years) issued by NYMEX. – The discount rate is based on the activity's cost of capital and specific risk premium, which is estimated to be 13% pre-tax. – Details of the Group's oil and gas exploration and development expenditure are disclosed in note 10.
Provisions Carrying value at 31 December 2014 \$24.7m (2013 – \$33.4m)	– The provisions at 31 December 2014 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 17.

Notes to the Financial Statements continued

3. Segmental Reporting
Group

The Group reports on seven operating segments, three of which are discontinued operations, in its internal management reports, which are used to make strategic decisions. The Group's continuing segments are strategic business units that offer different products and services to international oil and gas companies and undertake exploration and production activities.

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.

Continuing operations

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.

Costs and overheads incurred centrally are apportioned to the continuing operating segments on the basis of time attributed to those operations by senior executives.

Discontinued operations

Gibson Shipbrokers is a global energy shipping broker headquartered in London. The business has been presented as a discontinued operation and its results have been restated to exclude central overheads previously allocated to the division.

The discontinued operations comprise Gibson Shipbrokers, as noted above, which has been classified as held for sale at 31 December 2014, Field Aviation, which was sold in 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.

Notes to the Financial Statements continued

3. Segmental Reporting continued

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.

Results from operations

	Year ended 31 December 2014					
	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	**384.3**	**(6.0)**	**378.3**	**53.0**	**(57.1)**	**(4.1)**
Well Completion	**877.6**	**(15.0)**	**862.6**	**140.8**	**(34.7)**	**106.1**
Well Intervention	**135.8**	**(0.3)**	**135.5**	**23.8**	**(0.8)**	**23.0**
	1,397.7	**(21.3)**	**1,376.4**	**217.6**	**(92.6)**	**125.0**
Other Activities						
Exploration and Production	**10.1**	**–**	**10.1**	**0.2**	**(11.3)**	**(11.1)**
Total from continuing operations	**1,407.8**	**(21.3)**	**1,386.5**	**217.8**	**(103.9)**	**113.9**
Net finance expense				**(4.9)**	**–**	**(4.9)**
Share of associates' post-tax losses				**(0.5)**	**–**	**(0.5)**
Profit before tax from continuing operations				**212.4**	**(103.9)**	**108.5**
Discontinued operations:						
Gibson Shipbrokers	**47.4**	**–**	**47.4**	**0.5**	**–**	**0.5**
Gibson Energy	**–**	**–**	**–**	**–**	**0.2**	**0.2**
Field Aviation	**–**	**–**	**–**	**–**	**0.9**	**0.9**
Total from discontinued operations	**47.4**	**–**	**47.4**	**0.5**	**1.1**	**1.6**
Net finance income				**0.2**	**–**	**0.2**
Taxation				**(0.4)**	**–**	**(0.4)**
Profit from discontinued operations				**0.3**	**1.1**	**1.4**

3. Segmental Reporting continued

	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
	Restated Year ended 31 December 2013					
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)
Total from continuing operations	1,310.1	(16.5)	1,293.6	200.0	(61.1)	138.9
Net finance expense				(2.9)	–	(2.9)
Share of associates' post-tax losses				0.4	–	0.4
Profit before tax from continuing operations				197.5	(61.1)	136.4
Discontinued operations:						
Gibson Shipbrokers	40.4	–	40.4	(1.5)	–	(1.5)
Gibson Energy	–	–	–	–	15.7	15.7
Field Aviation	–	–	–	–	(0.2)	(0.2)
Total from discontinued operations	40.4	–	40.4	(1.5)	15.5	14.0
Net finance income				0.1	–	0.1
Taxation				–	(0.1)	(0.1)
Profit from discontinued operations				(1.4)	15.4	14.0

Gibson Shipbrokers' results for the year ended 31 December 2013 have been re-presented as a discontinued operation and its results have been restated to exclude central overheads previously allocated to the division.

Other Segment Items

	2014			Restated 2013		
	Depreciation $m	**Amortisation of intangible assets $m**	**Impairment $m**	Depreciation $m	Amortisation of intangible assets $m	Impairment $m
Hunting Energy Services						
Well Construction	**21.7**	**7.5**	**49.6**	19.3	7.4	–
Well Completion	**19.2**	**34.5**	**–**	16.6	35.1	–
Well Intervention	**6.3**	**0.8**	**–**	6.1	0.9	–
	47.2	**42.8**	**49.6**	42.0	43.4	–
Other Activities						
Exploration and Production	**4.8**	**–**	**11.3**	2.0	–	10.5
Continuing operations	**52.0**	**42.8**	**60.9**	44.0	43.4	10.5
Discontinued operations						
Gibson Shipbrokers	**0.3**	**–**	**–**	0.3	–	–

Notes to the Financial Statements continued

3. Segmental Reporting continued
Geographical Information

The Group operates across a number of 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	
	2014 $m	Restated 2013 $m	**2014 $m**	Restated 2013 $m	**2014 $m**	Restated 2013 $m
Continuing operations:						
Hunting Energy Services						
USA	**867.3**	798.8	**170.0**	155.8	**985.6**	1,007.4
Canada	**95.5**	75.3	**3.8**	(2.4)	**25.6**	38.9
North America	**962.8**	874.1	**173.8**	153.4	**1,011.2**	1,046.3
UK	**163.5**	148.6	**8.4**	11.3	**75.0**	88.6
Rest of Europe	**30.7**	27.4	**2.5**	3.0	**4.4**	5.0
Europe	**194.2**	176.0	**10.9**	14.3	**79.4**	93.6
Singapore	**149.0**	144.7	**27.4**	28.1	**11.8**	12.7
Rest of Asia Pacific	**50.5**	72.2	**3.6**	2.3	**22.4**	23.7
Asia Pacific	**199.5**	216.9	**31.0**	30.4	**34.2**	36.4
Middle East, Africa and Other	**19.9**	18.6	**1.9**	0.7	**14.6**	10.5
	1,376.4	1,285.6	**217.6**	198.8	**1,139.4**	1,186.8
Other Activities						
USA	**10.1**	8.0	**0.2**	1.2	**15.6**	26.5
Continuing operations	**1,386.5**	1,293.6	**217.8**	200.0	**1,155.0**	1,213.3
Discontinued operations:						
UK	**40.4**	35.4	**(1.4)**	(0.8)	**–**	2.9
Other	**7.0**	5.0	**1.9**	(0.7)	**–**	0.2
	47.4	40.4	**0.5**	(1.5)	**1,155.0**	1,216.4
Unallocated assets:						
Deferred tax assets					**1.2**	3.1
Retirement benefit assets					**30.9**	29.6
Total non-current assets					**1,187.1**	1,249.1

Gibson Shipbrokers' results for the year ended 31 December 2013 and non-current assets at 31 December 2013 have been re-presented from other activities to discontinued operations. At 31 December 2014, its assets and liabilities have been presented as held for sale as disclosed in note 13.

Major Customer Information

The Group received $155.5m of revenue from the Halliburton Company Group which is 11% of the Group's revenue from external customers. The revenue is reported in the Well Construction, Well Completion and Well Intervention segments. The Group had no customers in 2013 who accounted for more than 10% of the Group's external revenue during the year.

4. Revenue

Group

	2014 $m	Restated 2013 $m
Sale of goods	**1,154.5**	1,076.4
Revenue from services	**110.3**	94.9
Revenue from rental equipment	**121.7**	122.3
Continuing operations	**1,386.5**	1,293.6

5. Amortisation and Exceptional Items

Group

	2014 $m	2013 $m
Impairment of property, plant and equipment (note 10)	**9.6**	7.9
Fair value uplift to inventories charge	**–**	4.3
Dry hole costs (note 10)	**1.7**	2.6
Charged to cost of sales	**11.3**	14.8
Amortisation of intangible assets (note 12)	**42.8**	43.4
Impairment of goodwill (note 11)	**49.6**	–
Release of foreign exchange on liquidation of subsidiaries	**4.8**	–
Excess property provision release	**(4.6)**	–
Settlement of litigation and associated legal expenses	**–**	2.9
Charged to operating expenses	**92.6**	46.3
Amortisation and exceptional items	**103.9**	61.1
Taxation on amortisation and exceptional items (note 7)	**(20.5)**	(23.3)
Continuing operations	**83.4**	37.8

Following a valuation of oil and gas reserves at 31 December 2014 performed for impairment purposes, an impairment charge of $9.6m (2013 – $7.9m) was incurred in the year reflecting a decline in the oil price and a reduction in reserve estimates compared to those at 31 December 2013. 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% (2013 – 13%).

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 2014, the charge was $nil (2013 – $4.3m) relating to acquisitions completed in the second half of 2011.

Dry hole costs of $1.7m (2013 – $2.6m) were incurred and paid during the year from Exploration and Production activities.

A goodwill impairment charge of $40.0m (2013 – $nil) has been recognised in relation to the Electronics CGU and $9.6m (2013 – $nil) has been recognised in relation to the Drilling Tools CGU. Further details can be found in note 11.

Foreign exchange losses of $4.8m (2013 – $nil) relating to cumulative foreign exchange differences previously recognised in the foreign currency translation reserve have been transferred to the income statement in relation to central non-operating companies which have entered into voluntary liquidation.

Property provisions of $4.6m (2013 – $nil) have been released as they are no longer required following the signing of a lease termination agreement with the owner of a leasehold property.

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.

Notes to the Financial Statements continued

6. EBITDA

Group

EBITDA is a non-GAAP measure. Underlying EBITDA is defined as profit from continuing operations before interest, tax, depreciation, amortisation and exceptional items. The Board uses underlying EBITDA as one of the measures of performance of the Group. Reported EBITDA is defined as profit from continuing operations before interest, tax, depreciation and amortisation.

The following table provides a reconciliation of underlying EBITDA to reported EBITDA:

	2014 $m	Restated 2013 $m
Reported profit from continuing operations (page 15)	**113.9**	138.9
Add: amortisation and exceptional items (note 5)	**103.9**	61.1
Add: depreciation	**52.0**	44.0
Underlying EBITDA	**269.8**	244.0
Less: exceptional items impacting EBITDA	**(0.2)**	(7.2)
Reported EBITDA	**269.6**	236.8

7. Taxation

Group

	2014			Restated 2013		
	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	**58.4**	**(19.1)**	**39.3**	63.7	(22.2)	41.5
– adjustments in respect of prior years	**(6.5)**	**–**	**(6.5)**	(7.9)	–	(7.9)
	51.9	**(19.1)**	**32.8**	55.8	(22.2)	33.6
Deferred tax						
– origination and reversal of temporary differences	**2.6**	**(1.4)**	**1.2**	(2.0)	(1.4)	(3.4)
– change in tax rate	**–**	**–**	**–**	(0.1)	–	(0.1)
– adjustments in respect of prior years	**2.7**	**–**	**2.7**	(1.6)	0.3	(1.3)
	5.3	**(1.4)**	**3.9**	(3.7)	(1.1)	(4.8)
Taxation – continuing operations	**57.2**	**(20.5)**	**36.7**	52.1	(23.3)	28.8

The weighted average applicable tax rate for continuing operations before amortisation and exceptional items is 27% (2013 restated – 26%).

The tax credit in the income statement of $20.5m (2013 - $23.3m) for amortisation and exceptional items comprises credits of $16.4m (2013 - $16.5m) on the amortisation of intangible assets, $3.7m (2013 - $3.1m) on the impairment of oil and gas development expenditure, $0.7m (2013 - $1.0m) on dry hole costs, $0.7m (2013 - $nil) on the release of foreign exchange on liquidation of subsidiaries, $nil (2013 – $1.6m) on the fair value uplift to inventories charge, $nil (2013 – $1.1m) on the settlement of litigation costs and a charge of $1.0m (2013 - $nil) on the excess property provision release.

7. Taxation continued

The total tax charge for the year is higher (2013 – lower) than the standard rate of UK corporation tax of 21.5% (2013 – 23.25%) for the following reasons:

	2014 $m	Restated 2013 $m
Profit before tax from continuing operations	**108.5**	136.4
Tax at 21.5% (2013 – 23.25%)	**23.3**	31.7
Permanent differences including tax credits	**(4.0)**	(0.4)
Recognition of previously unrecognised deferred taxes	**(0.1)**	(0.2)
Non-tax deductible (untaxed) exceptional items	**11.1**	0.1
Higher rate of tax on overseas profits	**10.2**	6.9
Change in tax rates	**–**	(0.1)
Adjustments in respect of prior years	**(3.8)**	(9.2)
Taxation – continuing operations	**36.7**	28.8

Tax effects relating to each component of other comprehensive income were as follows:

	2014			2013		
	Before tax $m	**Tax (charged) credited $m**	**After tax $m**	Before tax $m	Tax (charged) credited $m	After tax $m
Exchange adjustments	**(19.4)**	**1.5**	**(17.9)**	(1.7)	0.8	(0.9)
Release of foreign exchange losses	**4.8**	**(1.0)**	**3.8**	–	–	–
Fair value gains and losses:						
–gain transferred to income statement on redemption of available for sale investment	**(0.2)**	**–**	**(0.2)**	–	–	–
– gain on available for sale investment arising during the year	**–**	**–**	**–**	0.2	–	0.2
– (losses) gains originating on cash flow hedges arising during the year	**(0.1)**	**–**	**(0.1)**	1.8	(0.3)	1.5
– gains transferred to income statement on disposal of cash flow hedges	**(1.7)**	**0.4**	**(1.3)**	(0.2)	–	(0.2)
Remeasurement of defined benefit pension schemes	**1.7**	**(0.2)**	**1.5**	2.3	0.5	2.8
	(14.9)	**0.7**	**(14.2)**	2.4	1.0	3.4

In respect of the tax on the remeasurement of defined benefit pension schemes, a $0.2m charge (2013 – $0.2m) arises on the current year's movement and $nil (2013 – $0.7m credit) is due to a change in tax rates.

In July 2013, the UK Government enacted a change in the UK corporation tax rate from 23% to 21% effective from 1 April 2014 and to 20% from 1 April 2015. The impact of the change in rate to 21% has been recognised in calculating the effective rate of tax for the year ended 31 December 2014. The UK deferred tax balances at 31 December 2014 have been recalculated at the new rates. The changes have not had a material impact on the Group's deferred tax balances.

8. Discontinued Operations

Group

The results from discontinued operations were as follows:

	2014				Restated 2013			
	Gibson Shipbrokers $m	**Field Aviation $m**	**Gibson Energy $m**	**Total $m**	Gibson Shipbrokers $m	Field Aviation $m	Gibson Energy $m	Total $m
Trading results:								
Revenue	**47.4**	**–**	**–**	**47.4**	40.4	–	–	40.4
Gross profit	**47.4**	**–**	**–**	**47.4**	40.4	–	–	40.4
Other operating income	**0.4**	**–**	**–**	**0.4**	0.1	–	–	0.1
Other operating expenses	**(47.3)**	**–**	**–**	**(47.3)**	(42.0)	–	–	(42.0)
Profit (loss) from operations	**0.5**	**–**	**–**	**0.5**	(1.5)	–	–	(1.5)
Finance income	**0.2**	**–**	**–**	**0.2**	0.2	–	–	0.2
Finance expense	**–**	**–**	**–**	**–**	(0.1)	–	–	(0.1)
Profit (loss) before tax	**0.7**	**–**	**–**	**0.7**	(1.4)	–	–	(1.4)
Taxation	**(0.4)**	**–**	**–**	**(0.4)**	–	–	–	–
Profit (loss) for the year	**0.3**	**–**	**–**	**0.3**	(1.4)	–	–	(1.4)
Gain on disposal:								
Gain (loss) on sale before tax	**–**	**0.9**	**0.2**	**1.1**	–	(0.2)	15.7	15.5
Taxation	**–**	**–**	**–**	**–**	–	–	(0.1)	(0.1)
Gain (loss) on sale after tax	**–**	**0.9**	**0.2**	**1.1**	–	(0.2)	15.6	15.4
Total profit (loss) from discontinued operations	**0.3**	**0.9**	**0.2**	**1.4**	(1.4)	(0.2)	15.6	14.0

Gibson Shipbrokers

The Group has classified Gibson Shipbrokers as held for sale at 31 December 2014, as sale negotiations are at an advanced stage such that it is highly probable that the company will be sold within twelve months of the balance sheet date. The results of Gibson Shipbrokers have been re-presented as a discontinued operation.

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”). Under the terms of the sale, Hunting PLC and the purchaser established an environmental escrow account to address ongoing site condition costs relating to Field Aviation’s hangar facilities in Calgary. Additionally, part of the consideration was deferred in the form of an interest-bearing promissory note issued to Hunting PLC, repayable by the purchaser on or before 31 December 2018. On 30 September 2014, the promissory note was repaid in full and the environmental escrow account was wound up, with remaining funds distributed between Hunting PLC and the purchaser. This resulted in a gain of $0.9m included within discontinued items.

Gibson Energy

The sale of Gibson Energy Inc., Hunting’s Canadian midstream services operation, was completed on 12 December 2008. Subsequent gains reported relate to the settlement of tax items.

9. Earnings per Share

Group

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:

	2014 $m	Restated 2013 $m
Basic and diluted earnings attributable to Ordinary shareholders:		
From continuing operations	**67.8**	103.9
From discontinued operations	**1.4**	14.0
Total	**69.2**	117.9
Basic and diluted earnings attributable to Ordinary shareholders before amortisation and exceptional items:		
From continuing operations	**67.8**	103.9
Add: amortisation and exceptional items after taxation (note 5)	**83.4**	37.8
Total	**151.2**	141.7
From discontinued operations	**1.4**	14.0
Less: exceptional items after taxation	**(1.1)**	(15.4)
Total	**0.3**	(1.4)

	millions	millions
Basic weighted average number of Ordinary shares	**147.3**	146.5
Dilutive outstanding share options	**0.6**	1.1
Long-term incentive plans	**3.2**	2.4
Adjusted weighted average number of Ordinary shares	**151.1**	150.0

	cents	cents
Basic EPS:		
From continuing operations	**45.9**	71.0
From discontinued operations	**1.0**	9.5
	46.9	80.5
Diluted EPS:		
From continuing operations	**44.8**	69.4
From discontinued operations	**1.0**	9.2
	45.8	78.6
Earnings per share before amortisation and exceptional items		
Basic EPS:		
From continuing operations	**102.6**	96.8
From discontinued operations	**0.2**	(1.0)
	102.8	95.8
Diluted EPS:		
From continuing operations	**100.0**	94.5
From discontinued operations	**0.2**	(1.0)
	100.2	93.5

Notes to the Financial Statements continued

10. Property, Plant and Equipment
Group

	2014				
	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	**192.1**	**281.5**	**135.2**	**171.3**	**780.1**
Exchange adjustments	**(3.7)**	**(6.6)**	**(1.6)**	**–**	**(11.9)**
Additions	**56.0**	**36.3**	**25.7**	**7.1**	**125.1**
Disposals	**(0.1)**	**(4.6)**	**(19.7)**	**–**	**(24.4)**
Classified as held for sale	**(2.0)**	**(1.3)**	**–**	**–**	**(3.3)**
Reclassification	**1.3**	**(1.1)**	**(0.2)**	**–**	**–**
At 31 December	**243.6**	**304.2**	**139.4**	**178.4**	**865.6**
Accumulated depreciation and impairment:					
At 1 January	**22.7**	**133.3**	**42.5**	**149.8**	**348.3**
Exchange adjustments	**(0.8)**	**(4.1)**	**(0.9)**	**–**	**(5.8)**
Charge for the year*	**4.4**	**28.6**	**14.5**	**4.8**	**52.3**
Impairment of assets (note 5)	**–**	**–**	**–**	**11.3**	**11.3**
Disposals	**(0.1)**	**(4.2)**	**(6.4)**	**–**	**(10.7)**
Classified as held for sale	**(1.6)**	**(1.2)**	**–**	**–**	**(2.8)**
Reclassification	**0.2**	**(0.2)**	**–**	**–**	**–**
At 31 December	**24.8**	**152.2**	**49.7**	**165.9**	**392.6**
Net book amount	**218.8**	**152.0**	**89.7**	**12.5**	**473.0**

* Included in the charge for the year is $0.3m for discontinued operations.

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. Productive assets are tested for impairment, at least annually, and an impairment to the value of the Group's oil and gas assets totalling $11.3m (2013 - $10.5m) has been recognised within exceptional items (note 5).

Included in the net book amount is expenditure relating to assets in the course of construction of $60.1m (2013 – $6.2m) for land and buildings, $0.7m (2013 – $5.0m) for oil and gas exploration and development, $20.2m (2013 – $10.7m) for plant and machinery and $0.8m (2013 – $0.6m) 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 $23.3m (2013 – $19.2m).

The net book amount of land and buildings of $218.8m (2013 – $169.4m) comprises freehold land and buildings of $215.4m (2013 – $165.3m) and short leasehold land and buildings of $3.4m (2013 – $4.1m).

Notes to the Financial Statements continued

10. Property, Plant and Equipment continued

	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)
Transfer to other intangible assets	2.7	(3.0)	–	–	(0.3)
Transfer 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 5)	–	–	–	10.5	10.5
Disposals	(2.2)	(4.1)	(5.1)	–	(11.4)
Transfer 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

* Included in the charge for the year is $0.3m for discontinued operations

The net book amount of property, plant and equipment at 1 January 2013 was $403.8m.

11. Goodwill

Group

	2014 $m	2013 $m
Cost:		
At 1 January	**529.2**	529.4
Exchange adjustments	**(3.7)**	(1.5)
Additions	**–**	1.3
Classified as held for sale	**(3.0)**	–
At 31 December	**522.5**	529.2
Accumulated impairment:		
At 1 January	**34.0**	34.4
Exchange adjustments	**(0.5)**	(0.4)
Charge for the year	**49.6**	–
Classified as held for sale	**(1.2)**	–
At 31 December	**81.9**	34.0
Net book amount	**440.6**	495.2

The net book amount at 1 January 2013 was $495.0m.

Impairment Tests for Goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") as follows:

	2014 $m	2013 $m
Titan	**288.4**	288.4
Hunting Stafford "Subsea" (formally National Coupling Company)	**32.7**	32.7
Electronics	**28.7**	68.7
Dearborn	**25.5**	25.5
Welltonic	**18.0**	19.1
Drilling Tools	**4.4**	15.5
Other	**42.9**	45.3
At 31 December	**440.6**	495.2

The recoverable amount of a CGU has been determined based on value in use calculations. The key assumptions for the value in use calculations are revenue growth rates, taking into account the impact these have on margins, and the pre-tax discount rates applied. As required by IFRS for value in use calculations, projections do not take into account benefits of growth projects or potential restructuring actions.

The value in use calculations use discounted pre-tax cash flow projections based on the most recent financial projections and include an assessment of how the CGUs are expected to perform given current market conditions, using past experience as a guide, and monitoring the position of order books for businesses where this is appropriate. Market conditions are currently volatile and will impact CGUs differently. In broad terms, management has assumed a significant decline in activity for most CGUs in 2015, although in the Well Intervention segment (including Hunting Stafford "Subsea" and Welltonic CGUs) the impact is expected to be less adverse. In 2016 a partial recovery is anticipated but with many of the CGUs remaining below 2014 levels.

Cash flows in the three to five year period are derived using estimated nominal revenue annualised growth rates between 7% and 14% (2013 – 5% and 7%) which are higher than previously assumed, reflecting a recovery period after the short-term decline in activity. These growth rates are inherently based on management's judgement. This judgement is supported by external research such as Spears and Associates Drilling and Production Outlook, to assess likely changes for the countries and markets in which the relevant CGUs operate, for example, rig counts, the expected profile and footage of drilling and expected E&P spend. Management then consider the applicability of these expectations to the CGU's business activities. Terminal growth rates between 2% and 5% (2013 – 3% and 4%) are then used.

Cash flows are discounted using nominal pre-tax rates between 9% and 15% (2013 – 9% and 15%). The discount rate best reflects current market assessments of the time value of money, the risks associated with the cash flows

11. Goodwill continued

and the likely external rate of borrowing of the CGU. Consideration has also been given to other factors such as currency risk, operational risk and country risk.

Titan

The Titan CGU represents 65% (2013 – 58%) of the goodwill balance. The carrying value, including amounts recognised on consolidation such as goodwill, is $654.0m (2013 - $676.5m). The value in use has been calculated as for other CGUs using the methodology described above. Cash flows have been discounted using a nominal pre-tax rate of 11% (2013 – 11%). If minimal revenue growth is assumed over the next five years and with terminal growth rates of 2.7%, a headroom over the carrying value of the CGU in excess of 25% is generated.

Impairment of goodwill

The Electronics CGU has been impacted by a prolonged period of customer de-stocking. This situation is being exacerbated by increased competition, in particular from the Far East, and this in combination with the expected decline in activity due to market conditions has led to the recognition of a $40.0m impairment charge to goodwill. The CGU has a total carrying value of $63.7m based on its value in use. The cash flows have been discounted using a nominal pre-tax rate of 11%. Any further adverse changes in assumptions would give rise to further impairments to goodwill.

During 2014 there has been a downturn in activity for the Drilling Tools CGU which operates across the USA and Canada. The business has been adversely impacted by increased competition and rising equipment maintenance costs. The expected downturn caused by the oil price decline will particularly impact this CGU due to its focus on US shale activity and on high cost Canadian projects. An impairment of $9.6m has been charged to goodwill. The CGU has a total carrying value of $107.1m based on its value in use. The cash flows have been discounted using a nominal pre-tax rate of 11%. Any further adverse changes in assumptions would give rise to further impairments to goodwill.

Sensitivities

Having performed sensitivity analysis on the value in use calculations, management believes that no reasonably foreseeable change in any key assumption would cause the recoverable amount of any CGU to be materially below its carrying value. In particular for the Titan, Hunting Stafford “Subsea”, Dearborn and Welltonic CGUs, if discounted cash flows fell by 20% or the pre-tax discount rate was increased by 2% there would be no impairment.

12. Other Intangible Assets
Group

	2014				
	Customer relationships $m	Unpatented technology $m	Patents and trademarks $m	Other $m	Total $m
Cost:					
At 1 January	**247.8**	**53.4**	**53.2**	**22.7**	**377.1**
Exchange adjustments	**(0.2)**	**(0.1)**	**–**	**(0.4)**	**(0.7)**
Additions	**–**	**3.9**	**0.2**	**0.9**	**5.0**
Classified as held for sale	**–**	**–**	**–**	**(0.3)**	**(0.3)**
Reclassification	**–**	**3.0**	**(2.7)**	**(0.3)**	**–**
At 31 December	**247.6**	**60.2**	**50.7**	**22.6**	**381.1**
Accumulated amortisation:					
At 1 January	**66.3**	**12.2**	**21.1**	**14.5**	**114.1**
Exchange adjustments	**(0.2)**	**–**	**–**	**(0.1)**	**(0.3)**
Charge for the year	**26.0**	**5.3**	**7.5**	**4.0**	**42.8**
Classified as held for sale	**–**	**–**	**–**	**(0.3)**	**(0.3)**
At 31 December	**92.1**	**17.5**	**28.6**	**18.1**	**156.3**
Net book amount	**155.5**	**42.7**	**22.1**	**4.5**	**224.8**

12. Other Intangible Assets continued

	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

The net book amount of other intangible assets at 1 January 2013 was $301.1m.

Other intangible assets include non-compete agreements of $0.5m (2013 – $3.1m) and software of $3.7m (2013 – $4.1m).

Internally generated intangible assets of have been included within unpatented technology. Additions during the year amounted to $3.2m (2013 - $2.7m which have been reclassified from Patents and Trademarks). The carrying value at the end of the year was $5.9m (2013 - $2.7m).

All intangible assets are regarded as having a finite life and are amortised accordingly and all amortisation charges relating to intangible assets have been charged to operating expenses.

Individual Material Intangible Assets
Included in the table above are the following individual material intangible assets:

	2014	
	Customer relationships – Electronics $m	**Customer relationships – Titan $m**
Cost:		
At 1 January and 31 December	**27.0**	**190.1**
Accumulated amortisation:		
At 1 January	**11.3**	**43.6**
Charge for the year	**3.3**	**19.0**
At 31 December	**14.6**	**62.6**
Net book amount	**12.4**	**127.5**
Remaining amortisation period at 31 December – years	**3.7**	**6.8**

13. Assets Held for Sale

Group

The assets and liabilities of Gibson Shipbrokers have been presented as held for sale at 31 December 2014 as it is highly probable that the company will be sold within twelve months of the balance sheet date. Gibson Shipbrokers' assets and liabilities are a disposal group and the business has been re-presented as a discontinued operation at 31 December 2014. The disposal of this business will enable Hunting to focus on its core operations.

Assets held for sale are carried at the lower of carrying amount and fair value less costs to sell at the date of held for sale classification. The carrying values of Gibson Shipbrokers' assets and liabilities at 31 December 2014 are:

	2014 $m
Assets classified as held for sale	
Property, plant and equipment	**0.5**
Goodwill	**1.8**
Investments	**0.7**
Deferred tax assets	**0.2**
Trade and other receivables	**13.3**
Cash and cash equivalents	**3.8**
	20.3
Liabilities classified as held for sale	
Trade and other payables	**15.1**
Current tax liabilities	**0.4**
	15.5

14. 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 2014 $m	Cash flow $m	Exchange movements $m	Amortisation of loan facility fees $m	Classified as held for sale $m	At 31 December 2014 $m
Cash and cash equivalents	**167.4**	**(71.9)**	**(3.2)**	**–**	**(3.8)**	**88.5**
Bank overdrafts	**(115.0)**	**62.8**	**1.7**	**–**	**–**	**(50.5)**
	52.4	**(9.1)**	**(1.5)**	**–**	**(3.8)**	**38.0**
Current investments	**2.0**	**2.0**	**(0.2)**	**–**	**–**	**3.8**
Non-current borrowings	**(239.3)**	**80.5**	**2.7**	**(1.8)**	**–**	**(157.9)**
Current borrowings	**(20.9)**	**5.2**	**0.8**	**–**	**–**	**(14.9)**
Total net debt	**(205.8)**	**78.6**	**1.8**	**(1.8)**	**(3.8)**	**(131.0)**

15. Financial Instruments: Fair Values

Group

The carrying value of investments, non-current trade and other receivables, net trade receivables, accrued revenue, other receivables, deposits maturing after three months, cash and cash equivalents, assets classified as held for sale, trade payables, accruals, other payables, provisions, liabilities classified as held for sale, bank overdrafts, unsecured bank loans and other unsecured loans approximates their fair value. Drawdowns under the multi-currency loan facility are for periods of one month or less, and as a result, the carrying value and the fair value are considered to be the same.

The following tables present the Group's other financial assets and liabilities that are measured at fair value at the year end and show the level in the fair value hierarchy in which the fair value measurements are categorised. There were no transfers between Level 1 and Level 2 during the year.

	Fair value at 31 December 2014 $m	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**
Non-current investments				
Listed equity investments and mutual funds	**8.9**	**8.9**	**–**	**–**
Derivatives held for trading				
Derivative financial assets	**0.1**	**–**	**0.1**	**–**
Total	**9.0**	**8.9**	**0.1**	**–**

	Fair value at 31 December 2013 $m	Level 1 $m	Level 2 $m	Level 3 $m
Non-current investments				
Unlisted equity investments	0.4	–	–	0.4
Listed equity investments and mutual funds	8.0	8.0	–	–
Environmental escrow	0.6	–	–	0.6
Derivatives held for trading				
Derivative financial liabilities	(0.1)	–	(0.1)	–
Derivatives at fair value through equity				
Derivative financial assets	1.8	–	1.8	–
Current liabilities				
Contingent consideration	(3.0)	–	–	(3.0)
Total	7.7	8.0	1.7	(2.0)

The fair value hierarchy has the following levels:

Level 1 – inputs are quoted prices (unadjusted) 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.

The fair value of forward foreign exchange contracts is determined by comparing the cash flows generated by the contract with the coterminus cash flows potentially available in the forward exchange market on the balance sheet date. The fair value of listed equities and mutual funds is based on their current bid prices, which is considered to be the most representative of fair value, in an active market at the balance sheet date. The fair values of non-US dollar denominated financial instruments are translated into US dollars using the year end exchange rate.

In 2013, the fair values of the environmental escrow and the promissory note included in non-current investments were determined by discounting the expected future cash flows. The unlisted equity investments were carried at cost and the fair value of the contingent consideration arrangement was estimated by applying the income approach and appropriate discount rates.

The inputs used to determine the fair value of unlisted equity investments, the environmental escrow and the contingent consideration arrangements were not based on observable market data and therefore their fair value measurements were categorised in Level 3 of the fair value hierarchy. 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.

15. Financial Instruments: Fair Values continued

The table below shows a reconciliation of the fair value measurements in Level 3 of the fair value hierarchy.

	Contingent consideration $m	**Available for sale financial assets $m**	**Total $m**
At 1 January 2014	**(3.0)**	**1.0**	**(2.0)**
Additions	**–**	**0.3**	**0.3**
Cash paid	**3.0**	**–**	**3.0**
Classified as held for sale	**–**	**(0.7)**	**(0.7)**
Settlement	**–**	**(0.6)**	**(0.6)**
At 31 December 2014	**–**	**–**	**–**

	Contingent consideration $m	Available for sale financial assets $m	Total $m
At 1 January 2013	(4.8)	0.7	(4.1)
Additions	–	0.3	0.3
Unwinding of discount	(0.2)	–	(0.2)
Cash paid	2.0	–	2.0
At 31 December 2013	(3.0)	1.0	(2.0)

During 2014, a final payment of $3.0m (2013 – $2.0m) was made to the sellers of Hunting Specialty Supply in respect of the contingent consideration arrangement and an amount of $1.3m was received (2013 – $nil) from the environmental escrow account which was subsequently closed. The fair value of the contingent consideration at 31 December 2013 was based on cash flows discounted using a risk free rate of 11%. The 2013 fair value of the environmental escrow was based on cash flows discounted using a rate of 3%.

There has been no impact on the income statement or other comprehensive income from the change in fair value of the unlisted equity investments. The change in the fair value of the environmental escrow of $nil (2013 – $0.2m) was taken through other comprehensive income.

16. Dividends Paid
Group and Company

	2014		2013	
	Cents per share	**$m**	Cents per share	$m
Ordinary dividends:				
2014 interim paid	**8.1**	**12.0**	–	–
2013 final paid	**21.8**	**32.1**	–	–
2013 interim paid	**–**	**–**	7.7	11.3
2012 final paid	**–**	**–**	21.3	31.2
Total	**29.9**	**44.1**	29.0	42.5

A final dividend of 22.9 cents per share has been proposed by the Board, amounting to an estimated distribution of $33.7m. The dividend will be paid in Sterling on 26 May 2015 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 15 April 2015 and has not been provided for in these financial statements.

Notes to the Financial Statements continued

17. Provisions
Group

	Onerous contracts $m	Warranties and tax indemnities $m	Other $m	Total $m
At 1 January 2014	**22.5**	**2.1**	**8.8**	**33.4**
Exchange adjustments	**(0.9)**	**–**	**(0.1)**	**(1.0)**
Charged to income statement	**–**	**–**	**1.0**	**1.0**
Additions to property, plant and equipment	**–**	**–**	**0.1**	**0.1**
Provisions utilised	**(3.4)**	**(0.2)**	**(0.5)**	**(4.1)**
Unutilised amounts reversed	**(5.5)**	**–**	**–**	**(5.5)**
Unwinding of discount	**0.3**	**–**	**0.1**	**0.4**
Change in discount rate	**0.4**	**–**	**–**	**0.4**
At 31 December 2014	**13.4**	**1.9**	**9.4**	**24.7**

Provisions are due as follows:

	2014 $m	2013 $m
Current	**10.6**	8.0
Non-current	**14.1**	25.4
	24.7	33.4

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 $6.3m of the provision will be utilised in 2015, $1.0m in 2016 and the remaining balance of $6.1m utilised from 2017 to 2023. Provision is made on a discounted basis, at a risk-free rate of between 0.35% and 1.55% p.a., for the net rental deficit on these properties to the end of the lease term.

Asset decommissioning and remediation obligations of $6.3m (2013 – $6.1m) 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, the majority of which is estimated to be utilised over a period of one to ten years.

18. Acquisitions

Hunting Specialty Supply, Inc.
On 16 January 2014, a final payment of $3.0m 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:

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 highest 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, in every relevant geographic region. Often our technology is developed and introduced into the North American energy market and adopted into other geographic regions.

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 ("E&P") of 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 customer base increasingly demands close manufacturing proximity to key areas of E&P 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. Having flexible and adaptive manufacturing capacity provides our customer base with the confidence that Hunting will meet their product delivery requirements.
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.

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

Supplementary Information continued

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	**2014**	2013	2012
Industry E&P spend[1]	$bn	**679.5**	642.1	617.0
US E&P spend[1]	$bn	**196.1**	179.2	141.0
Industry footage drilled[2]	m ft	**877.5**	819.7	818.1
US footage drilled[2]	m ft	**405.0**	369.2	367.2
Average oil price[3]	$/barrel	**92.91**	97.61	94.05
Average natural gas price[3]	$/mmBtu	**4.26**	3.73	2.83

Internal KPIs *	Unit	**2014**	2013	2012
Revenue	$m	**1,386.5**	1,293.6	1,265.4
EBITDA	$m	**269.8**	244.0	240.7
Profit from operations	$m	**217.8**	200.0	200.6
Operating margin	%	**16**	15	16
Profit before tax	$m	**212.4**	197.5	193.4
Diluted earnings per share	cents	**100.0**	94.5	90.0
ROCE	%	**13**	12	13
Capital investment	$m	**123.5**	94.8	97.2
Free cash flow	$m	**182.3**	145.6	137.1

* KPIs are calculated using underlying results for the year i.e. continuing before amortisation and exceptional items. Prior years have been restated for the designation of Gibson Shipbrokers as a discontinued operation. KPIs other than revenue are non-GAAP measures.

1 Source: Barclays Global 2015 Spending Outlook
2 Source: Spears and Associates, Inc – Drilling and Production Outlook, December 2014 and January 2015
3 Source: Bloomberg

Supplementary Information continued

Performance 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	2014	2013**
Financial:			
Gross profit*	$m	**443.9**	394.7
Gross margin*	%	**32**	31
Inventory days	days	**101**	109
Trade receivable days	days	**67**	61
Effective tax rate*	%	**27**	26
Dividend per share – declared in respect of the year	cents	**31.0**	29.5
Year end net debt	$m	**131.0**	205.8
Gearing ratio	%	**9**	15
Health and Safety:			
Year end employees		**4,003**	3,821
Injuries to employees:			
Number of recordable incidents		**81**	63
Incident rate – based on OSHA method		**1.92**	1.54
Average rig count[1]:			
US		**1,862**	1,762
Canada		**382**	353
Far East, Central Asia and China		**1,506**	1,493
EMEA (Europe, Middle East and Africa)		**662**	612
Other		**1,385**	1,374
Total		**5,797**	5,594
Wells drilled[1]:			
US		**48,500**	44,917
Canada		**11,517**	10,878
Far East, Central Asia and China		**28,814**	28,238
EMEA (Europe, Middle East and Africa)		**6,413**	5,922
Other		**12,474**	12,201
Total		**107,718**	102,156
Footage drilled[1] (millions of feet):			
US	m ft	**405.0**	369.2
Canada	m ft	**84.9**	74.8
Far East, Central Asia and China	m ft	**223.6**	218.1
EMEA (Europe, Middle East and Africa)	m ft	**56.7**	52.0
Other	m ft	**107.3**	105.6
Total	m ft	**877.5**	819.7

1. Source: Spears and Associates, Inc – Drilling and Production Outlook, December 2014 and January 2015.
* Continuing operations before amortisation and exceptional items.
** Restated for the designation of Gibson Shipbrokers as a discontinued operation.

Supplementary Information continued

Principal risks and uncertainties

In its day-to-day operations, 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. This process is described in more detail in the corporate governance report. 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 could 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

Raw material and commodity prices

Hunting is exposed to the consequences of fluctuations in the price of oil and gas 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 oil and gas prices fall to levels where exploration and production activities become uneconomical. Therefore, the continuation of prices above these levels is, in part, 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 flexibility 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

The decline in global oil and gas prices during 2014 continues to be closely monitored by the Group. Regular contact with customers provides management with the ability to assess the potential impact on demand for the Group's products and services and for management to respond accordingly.

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 reconfigure their manufacturing processes to meet with a change in the pattern of demand.

Movement in Year

The Board believes that US consumers remain aware of the relative benefits and risks associated with shale drilling and that the public in general remains in favour of the activity.

Following the recent fall in oil and gas prices, the Board expects to see reduced levels of shale drilling in the US. Appropriate measures are being implemented to address the consequential reduction in demand for products and services supplied to the shale industry.

Supplementary Information continued

Competition

The Group's ability to win and maintain contracts is defined by its relationships with its key customers and its ability to provide a quality of product that is superior to that of its competitors. A material reduction in orders from a major customer may arise for a variety of reasons including from direct competitive action or through competitors taking advantage of a weakening customer relationship, which may be due to a contractual dispute, a business consolidation or a change in Group strategy.

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 Board is committed to strengthening product quality in order to stay ahead of increasing competition. A new product testing facility, new lean manufacturing processes and increased spend on research and development are all expected to raise the Group's competitive position and reputation for supplying superior products and services.

The Group has a wide customer base that includes many of the major oil and gas service providers.

Movement in Year

The Board believes that the risks associated with competitor action and the loss of key customers in general increased during 2014 and going into 2015 particularly with the deteriorating market environment.

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 or major capital investment programme is assessed through a post-acquisition/investment 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. Capital investment above discretionary limits requires Board approval prior to commitment.

Movement in Year

During 2014 the Board remained focused on organic expansion and consequently the Group's exposure to the risks associated with capital investment were unchanged during the year.

Product quality and reliability

The Group has an established reputation for producing a range of high quality components capable of operating within 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 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

Internal procedures continue to be enhanced to mitigate the risk of a product failure materially impacting the Group. Regional Training Centres are now established in Houston and Singapore, where product quality training is a key agenda item.

Risks common to international manufacturing businesses

Economic and geopolitics

The economic and political environments in which the Group operates have the potential to impact demand for energy or disrupt business activity and therefore may affect output of the Group's products and services.

The Group's principal presence remains located in the stable regions of North America and the UK. However the growing presence in the Asia Pacific region has proportionately increased the Group's exposure to the emerging markets in that part of the world. The Group has also commenced its expansion into sub-Sahara Africa and as part of this process has policies and procedures in place to manage and monitor the economic and geopolitical risk profile in that region.

The Group has limited exposure to the Eurozone and Ukraine/Russia.

Controls and Actions

Management and the Board closely monitor projected economic trends in order to match capacity to regional demand.

Areas exposed to high geopolitical risk are noted by the Board and are also monitored closely.

Movement in Year

Notwithstanding the Group's strongest presence remaining in North America, the risk of exposure to geopolitical uncertainty has increased during the year with the current global expansion programme under way.

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 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.

The Board regards succession planning as an important factor in ensuring the longer-term success of the Group. Succession planning is an annual topic of discussion at Board meetings and senior management is held responsible for ensuring this is addressed throughout the organisation.

Movement in Year

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 nature of the Group's activities and the industry in which it operates, the Group 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 compliance with current and newly issued HS&E standards.

The Board receives a Group HS&E compliance report at every Board meeting.

Supplementary Information continued

Movement in Year

The Group incurs a small number of incidents each year, which remain well below the industry average and the number recorded during 2014 is broadly consistent to the Group's record in prior years. The risks associated with HS&E have therefore not materially changed.

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.