HUNTING

PLANNING FOR THE INEVITABLE RECOVERY:

INNOVATIVE PRODUCTS
ENHANCED CAPACITY

HALF YEAR REPORT 2015

INTRODUCTION

WELCOME TO HUNTING. THE UPSTREAM ENERGY SERVICES COMPANY WHICH MANUFACTURES, SUPPLIES AND DISTRIBUTES EQUIPMENT TO ENABLE THE EXTRACTION OF OIL AND GAS.

HALF YEAR REPORT

HALF YEAR MANAGEMENT REPORT

Group Performance and Development

Hunting's results in the first half of 2015 reflect the lower activity levels within the industry, particularly in North America where rig counts declined 56% from 2,257 at year-end to 990 active units at 30 June 2015. Internationally an overall decline of 13% was reported in the period.

Across Hunting's operating businesses most units reported a decline in profits, with the exception of Hunting Subsea which has benefited from relatively resilient activity in offshore deep water projects. In the period, Drilling Tools, Trenchless, Canada and our Exploration and Production businesses reported losses, while other business units remained profitable on an underlying basis. Start up costs in Africa, Saudi Arabia and Norway of $1.8m impacted profits from operations in the period.

As a consequence of the decline in activity levels during H1 2015, the Board of Hunting has carried out an asset impairment review and is reporting a goodwill impairment charge of $35.2m and an impairment charge to other assets of $28.9m, reflecting the slower trading conditions impacting the Drilling Tools, Electronics and Indonesian business units. Underlying profit from continuing operations was $20.4m in the first half of the year (2014 – $96.8m). Hunting's reported loss from continuing operations i.e. after impairment charges, exceptional items and the amortisation of acquired intangibles was $63.1m (2014 – profit $72.0m).

The pace of decrease in activity has exceeded industry expectations with management taking actions to reduce headcount and operating costs to align to the current market environment. However, management remains focused on targeted investment in the Group's operations to achieve its strategy of continuing to build a global manufacturing platform for its broad range of products and services, which will position Hunting well for the eventual return of the market.

Managing the Market

Given the market environment, management continues to review all aspects of the Group's cost base, from supplier costs to in-house costs while capturing sales at acceptable margins. The Group's capability to deliver products to customers is being maintained, however, cost savings are being implemented that principally focus on employee related costs. Hunting has implemented a reduction in workforce programme across all of the Group's operations to manage the market in our core operational and geographic markets. At the time of reporting, the total headcount has reduced by approximately 25% since December 2014, providing annualised cost savings of approximately $41m.

Capital Investment Programme

As part of the Group's continuing strategy to develop a global manufacturing presence, close to key regions of drilling activity and where Hunting's customer base operates, the Group has continued with its capital investment programme throughout the reporting period.

At Houma, Louisiana, the expanded Manufacturing and Accessories facility was commissioned in the early months of 2015, with new machinery and equipment installed. The facility now totals 267,900 square feet and services the Gulf of Mexico, in particular the deep water drilling programmes which continue in the region.

Hunting's new threading and test facility in Houston, Texas, is progressing, with building construction now completed and new machinery on order, which is scheduled for delivery and commissioning during Q4 2015. The facility will add further capacity to the Group, with the thread testing facility targeted to accelerate the development and certification of new thread forms.

At Fryeburg, Maine, the expansion of the Hunting Dearborn facility continues which will increase Hunting's precision machining capabilities and reduce customer lead times. Construction of the new facility is targeted to complete in Q4 2015.

Hunting's facility in Cape Town, South Africa, is also complete, with machinery installed and staff currently being hired and trained.

In March 2015, the Board of Hunting approved a $63.5m capital investment in Singapore which is targeted at consolidating the Group's facilities in the region. The project will provide a strategic regional centre of excellence for a number of the Group's product lines providing manufacturing and threading capabilities to be incorporated into a single location. The completion date for this project is Q1 2017.

In the period $50.8m was spent on capital investment with the Board anticipating a total of $100.0m for the full year.

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

Summary results from continuing operations

	H1 2015 $m	**Margin**	Restated[i] H1 2014 $m	Margin
Revenue	**463.6**		664.1	
Underlying EBITDA[ii] (note 4)	**44.1**	**10%**	120.9	18%
Depreciation and amortisation	**(23.7)**		(24.1)	
Underlying profit from operations[ii]	**20.4**	**4%**	96.8	15%
Amortisation of acquired intangibles and exceptional items (note 3)	**(83.5)**		(24.8)	
Reported (loss) profit from continuing operations[ii]	**(63.1)**		72.0	
Underlying diluted EPS	**8.4c**		44.9c	
Reported diluted EPS	**(35.5)c**		34.7c	
Underlying basic EPS	**8.7c**		46.0c	
Reported basic EPS	**(35.5)c**		35.6c	

i. H1 2014 restated following the sale of Gibson Shipbrokers.
ii. Underlying results are based on continuing operations before amortisation of acquired intangibles and exceptional items. Reported results are based on the statutory results for continuing operations as reported under International Financial Reporting Standards.

HALF YEAR MANAGEMENT REPORT
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Revenue
Revenue from continuing operations for the six months ended 30 June 2015 decreased to $463.6m (2014 – $664.1m). Revenue from Hunting Energy Services declined to $461.5m compared to $658.6m in the prior period. The Well Construction and Well Completion segments were each down nearly one-third versus the comparative period. Due to the Hunting Subsea unit, Well Intervention was less impacted but was still down 11%.

EBITDA and Profit
Underlying EBITDA was $44.1m, against $120.9m in 2014.

Underlying profit from continuing operations was $20.4m (2014 – $96.8m). Margins declined in the six months to 30 June 2015 from 15% in 2014 to 4% reflecting reduced trading volumes and lower product pricing. The reported loss from continuing operations was $63.1m (2014 – profit $72.0m), after the amortisation and exceptional items as noted below.

Underlying profit before tax from continuing operations was $17.7m (2014 – $93.7m) and the reported loss before tax from continuing operations was $65.8m (2014 – profit $68.9m). Net finance expense was $2.7m (2014 – $2.8m).

The reported loss after tax from continuing operations was $52.4m (2014 – profit $53.4m). In 2015, discontinued operations reported an after tax profit of $4.1m resulting in a total loss after tax including discontinued operations of $48.3m (2014 – profit $53.4m).

Taxation
The underlying tax charge on continuing operations was $4.9m (2014 – $25.0m) and reflects an effective tax rate of 28% (30 June 2014 – 27%; 31 December 2014 – 27%).

Amortisation of acquired intangibles and exceptional charges in the period attracted a tax credit of $18.3m (2014 – $9.5m), to give a net tax credit on continuing operations of $13.4m (2014 – charge $15.5m).

Amortisation and Exceptional Items
The charge before tax for amortisation of acquired intangibles and exceptional items in the period was $83.5m (2014 – $24.8m) and includes the amortisation of acquired intangible assets at $19.4m (2014 – $21.9m); impairment of goodwill of $35.2m (2014 – $nil); impairment of plant and equipment and inventory relating to the Group's Drilling Tools business of $27.6m (2014 – $nil) and impairment of the Group's oil and gas assets totalling $1.3m (2014 – $2.9m).

The impairment to goodwill, inventory and plant and equipment follows the half year assessment of the carrying values of these assets, further details of which are provided in notes 3 and 9 to this report.

Dividend
The Board is declaring an interim dividend of 4.0 cents (2014 – 8.1 cents) per share amounting to an estimated distribution of $5.9m. The dividend will be paid in Sterling on 28 October 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 dividend will be paid to those shareholders on the register at the close of business on 9 October 2015, with an ex-dividend date of 8 October 2015.

Discontinued Operations
On 31 March 2015 Hunting concluded the sale of E. A. Gibson Shipbrokers Limited to an employee benefit trust established on behalf of Gibson's employees. The sale price for the business was $3.7m, with Hunting receiving $0.7m on conclusion of the transaction. The balance of the consideration is scheduled to be paid over the next four years in equal, annual instalments. This resulted in a profit on disposal of $4.9m (see note 11).

Underlying Profit from Continuing Operations
Hunting's segmental results are presented in the table below:

Underlying profit from continuing operations

	H1 2015 $m	Restated H1 2014 $m
Hunting Energy Services		
Well Construction	**2.8**	24.6
Well Completion	**15.5**	60.5
Well Intervention	**4.2**	10.1
	22.5	95.2
Other Activities		
Exploration and Production	**(2.1)**	1.6
Underlying profit from operations	**20.4**	96.8
Amortisation and exceptional items	**(83.5)**	(24.8)
Reported (loss) profit from continuing operations	**(63.1)**	72.0

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Hunting Energy Services
Well Construction
Hunting's Well Construction businesses have reported a year-on-year decline in profit from continuing operations, in line with the general market environment seen across the US onshore drilling sector. In the period, the division reported an underlying profit from continuing operations of $2.8m (2014 – $24.6m). Reported loss from continuing operations was $61.4m (2014 – profit $20.9m).

Hunting's Premium Connections business has reported a reduction in activity and profits. The business reported a slowdown in onshore orders during the period, however, some projects in the deep water parts of the Gulf of Mexico remain unaffected leaving the Group's Marrero, Louisiana, facility fully booked for the remainder of the year, as operators continue with the long term strategic development of their deep water assets. The business continues to work with its customers to develop new premium connections for future drilling projects. In the period Hunting continued to develop its WEDGE-LOCK™ suite of products, with work focusing on large diameter thread forms for use in the Gulf of Mexico and new variants of its SEAL-LOCK XD™ connection for application in hostile drilling environments.

Hunting's Drilling Tools business has adjusted to the current trading environment with a 54% workforce reduction in the year to date. A restructuring of the business has been underway since the start of the year to address the lower levels of onshore drilling activity, which has resulted in the impairment charges to goodwill and plant and equipment as described above.

Hunting's Advanced Manufacturing Group ("AMG"), incorporating the Hunting Dearborn and Hunting Electronics businesses has reported a decline in profits as existing orders have been completed. As part of the development of Hunting's presence in Singapore, the AMG business will be establishing a manufacturing presence in the region in H2 2015. On completion of the Singapore Campus in 2017 this capability will be incorporated into Hunting's other businesses in the region.

Hunting Specialty Supply continues to manage the downturn with efforts to increase in-house manufacturing and commensurate headcount reductions.

Well Completion
Hunting's Well Completion businesses have also reported a year-on-year decline in profit from continuing operations. For the six months to 30 June 2015, the division reported an underlying profit from continuing operations of $15.5m (2014 – $60.5m). Reported loss from continuing operations was $2.2m (2014 – profit $42.8m).

Hunting Titan has been impacted by the decline in onshore drilling during the reporting period and by delays in completion activity on drilled wells. As the US and Canadian rig counts reduced by 56% since December 2014, activity across the business has declined in line with this macro-trend. To address this downturn, the business has reduced its headcount by 18%, and rationalised its global inventories and internal business processes. Since the beginning of 2015, the business has combined its electronics-related manufacturing with the existing Hunting Electronics facility and has begun a rationalisation of its network of distribution centres across the United States and Canada. In the period, a new distribution centre in Fairfield, Illinois, was opened to service activity in the New Albany Shale. Titan's international expansion has also continued with new distribution points established in the UK and Norway. The business continues to manufacture perforating guns in Canada, China and Mexico and plans to expand its distribution presence in the UAE, Indonesia and Australia by the end of the year. The business has also developed new products in the period, including new shaped charges, perforating guns and jet cutters – all designed to reduce the time taken for well completion activities.

Hunting's Manufacturing and Accessories business has reported lower levels of activity and profit, as customers push for competitive pricing across all product lines from its global vendors. The business has reduced its headcount by 25% since the year end and has continued to rationalise its manufacturing capacity, with its Houma, Louisiana, facility now fully operational to service Gulf of Mexico activity. Further, the Hunting Doffing business has relocated its operations to a new, more efficient facility as the business diversifies its market focus to incorporate specialist medical and aerospace manufacturing.

Hunting's international well completion businesses report reduced levels of international drilling activity as operators adapt to the lower commodity price environment and reduce their capital expenditures.

In Canada, Hunting has combined its manufacturing and drilling tools businesses as operators reduce the number of anticipated wells to be drilled in the year. The business reports a number of new client wins in the period, however, the overall pricing environment in-country remains soft as the industry reduces its activity levels and excess inventories are worked off.

In Europe, drilling activity in the North Sea has reached multi-year lows, however, Hunting has progressed plans to develop new business in Norway, with the opening of a service and distribution centre in Stavanger. Hunting's European business, in collaboration with Hunting Titan has recently opened a distribution centre at Clinterty, Scotland during the period which will enable new revenue streams to be developed that focus on plugging and abandonment programmes on the UK and Norwegian Continental Shelves.

In the Middle East, activity levels across a number of countries have reduced as a consequence of the lower commodity pricing environment and the deterioration of security in northern Iraq. The business has recently completed the incorporation of its joint venture with SG Petroleum in Saudi Arabia which provides a sales entry point for the Group's products.

As noted above, Hunting's activities in Africa have continued to grow during 2015, with the completion of the new manufacturing and storage facility in Cape Town, South Africa, and the development of a joint venture partnership with the Alpha Group in Kenya. Extensive customer visits have been completed with all major operators across sub-Sahara Africa during the period, with a number of potential customers indicating a firm interest due to the Group's commitment and presence in the region.

In Asia Pacific, international drilling activity has also impacted business, which has led to a 22% reduction in headcount across the region. The business has commenced its investment programme to combine all

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its operations in Singapore, with construction tenders being issued during the period and, as noted above, is scheduled for completion in 2017.

Well Intervention

Hunting's Well Intervention businesses have reported a decline in profit from continuing operations, in line with the general trading environment seen in onshore and international offshore drilling activity. In the period the division reported an underlying profit from continuing operations of $4.2m (2014 – $10.1m) and a reported profit from continuing operations of $3.9m (2014 – $9.6m).

Hunting Subsea reported good results in the period and year-on-year growth in profits as activity in the deep water Gulf of Mexico continued, with only a marginal impact on its business due to the decline in commodity prices and customer capital expenditures. The business has purchased new equipment to meet this ongoing demand for subsea products and services and has hired new personnel across the reporting period. Hunting Subsea has also continued to develop new high pressure/high temperature couplings and valves in the period, which will be introduced to customers in due course.

Hunting's well intervention business has reported more of a decline in activity levels as demand for pressure control systems has reduced with the general market downturn.

Other Activities

Exploration and Production

Hunting's exploration and production business has oil and natural gas well investments in the Southern US and the shallow waters offshore Gulf of Mexico, holding equity interests in 44 producing properties. On a Barrel of Oil Equivalent ("BOE") basis, production in the first half of the year was 48,800 BOE (30 June 2014 – 65,000 BOE), with proven reserves at 30 June 2015 being 0.7m BOE (30 June 2014 – 1.0m BOE).

During the first half of 2015, the business participated in one well, a successful development well in South Louisiana.

With the decline in the prices for oil and gas, the business reported an underlying loss from continuing operations of $2.1m (2014 – profit $1.6m).

Following a valuation of the oil and gas reserves, an impairment to the value of the business' assets has been charged totalling $1.3m (2014 – $2.9m). As a result of this, the reported loss from continuing operations for the six months to 30 June 2015 was $3.4m (2014 – loss $1.3m).

Group Funding and Position at Half Year

Balance Sheet

Net assets reported at $1,357.4m were $80.9m lower than the year end (31 December 2014 – $1,438.3m). The net movement comprises the $48.3m retained loss for the period together with $35.8m of dividends declared and paid in the period offset by other credits of $3.2m.

Capital Investment

Capital investment was $50.8m in the period (2014 – $54.6m), of which $15.3m (2014 – $33.2m) was replacement spend and $35.5m (2014 – $21.4m) was new business investment. The main components of capital investment across the Group include $16.3m on machinery and equipment and $33.6m on facility expansion and improvement programmes.

Cash Flow

Net debt at 30 June 2015 was $166.7m (30 June 2014 – $229.0m) compared to net debt at 31 December 2014 of $131.0m, reflecting a net cash outflow of $35.7m in the first half of 2015 largely as a result of the Group's new business investment.

Together with reported EBITDA of $43.5m (2014 – $120.9m) in the six months to 30 June 2015, the principal cash flows in the period include the 2014 final dividend of $33.9m (2014 – $32.1m), a decrease in working capital of $15.3m (2014 – $33.0m increase), capital investment of $50.8m (2014 – $54.6m) and tax payments of $7.7m (2014 – $18.1m). The change in working capital reflects the lower levels of activity across the Group.

Exchange Rates

Average exchange rates used to translate Sterling and Canadian Dollar denominated results into US Dollars were £0.6566 (2014 – £0.5993) and Can$1.2342 (2014 – Can$1.0965). Spot exchange rates for Sterling and Canadian Dollar at 30 June 2015 were £0.6358 and Can$1.2485, at 30 June 2014 were £0.5848 and Can$1.0652 and at 31 December 2014 were £0.6413 and Can$1.1583 respectively.

Outlook

The oil price for West Texas Intermediate fell 45.9% in 2014 making it the worst commodity performance out of 14 commodity returns. For the six months to 30 June, 2015, it became the best performer (+11.6%) of the group for the first time since 2006. Alas, with a stabilising rig count, a sense of optimism prevailed in the industry only to be harshly eliminated with a dramatic price decline in July and early August.

Given the above, shareholders, analysts, journalists and interested parties desire a forecast/outlook for the remainder of the year. And forecasts are abundant – "lower for longer", "$30 oil", "$100 oil", "V, U, W and L shaped recovery". Reasons for the different forecasts and oil's current decline include – a strong US dollar, China contraction, Iran nuclear deal, Greece collapse, Saudi production, global GDP weakness, shale production and many others.

The balance of the year remains uncertain with the potential for sustained volatility. Despite that, Hunting is confident with its long-term business model and operational strategy. As a global manufacturer of complex, tight tolerance, proprietary products, our ability to "manage within the market" is driven by lean processes, cost adaptation to business levels, flexible machining systems, right-sizing of headcount and margin defence. These elements address the short-term, however our confident, long-term belief is:

- a return to a supply/demand balance of oil and gas.
- significant product demand due to customer practices of inventory destocking, cannibalisation, project delays/cancellations and extreme utilisation of existing equipment.
- global growth and energy demand.
- over production of existing fields resulting in reservoir damage and increased depletion rates.

Hunting is committed to adding capacity, developing new, innovative products and retaining key personnel as a springboard to an indisputable and eventual recovery. Mediocrity will be eliminated in these market conditions. Best of class will survive and, more importantly, excel in any level of recovery.

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Board Reappointments

The Nomination Committee met in June 2015 to consider the reappointments of John Hofmeister and John Nicholas as independent non-executive Directors of the Company for a final three year term of office. Following an appraisal and evaluation process, both Mr Hofmeister and Mr Nicholas were reappointed for a final term of office with effect from 29 August 2015. Mr Hofmeister remains Chairman of the Remuneration Committee and Hunting's Senior Independent Director. Mr Nicholas remains Chairman of the Audit Committee.

Principal Risks and Uncertainties Facing the Business

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

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

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

Risks specific to the nature of the Group's businesses are: commodity prices, curtailment of shale drilling, competition, integration of acquisitions; capital investment programmes; and product quality and reliability.

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

The Directors do not consider that the principal risks and uncertainties have changed significantly since the publication of the Annual Report for the year ended 31 December 2014, in which these risks and uncertainties are discussed in detail on pages 36 to 39. As such these risks continue to apply to the Group for the remaining six months of the financial year.

Forward-looking Statements

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

Richard Hunting, C.B.E.
Chairman

Dennis Proctor
Chief Executive

27 August 2015

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

– an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of consolidated financial statements and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
– material related party transactions in the first six months of the financial year and any material changes in the related party transactions described in the 2014 Annual Report.

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

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

The Directors of the Company are listed on pages 46 and 47 in Hunting PLC's 2014 Annual Report and on the Company's website: www.huntingplc.com. There have been no changes to the Directors since the publication of the 2014 Annual Report.

On behalf of the Board

Peter Rose
Finance Director

27 August 2015

INDEPENDENT REVIEW REPORT TO HUNTING PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed the condensed consolidated interim financial statements, defined below, in the half year report of Hunting PLC for the six months ended 30 June 2015. Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

This conclusion is to be read in the context of what we say in the remainder of this report.

What we have reviewed

The condensed consolidated interim financial statements, which are prepared by Hunting PLC, comprise:

– the Condensed Consolidated Balance Sheet as at 30 June 2015;
– the Condensed Consolidated Income Statement and Statement of Comprehensive Income for the period then ended;
– the Condensed Consolidated Statement of Cash Flows for the period then ended;
– the Condensed Consolidated Statement of Changes in Equity for the period then ended; and
– the explanatory notes to the condensed consolidated interim financial statements.

As disclosed in note 1, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The condensed consolidated interim financial statements included in the half year report have been prepared in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What a review of condensed consolidated financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half year report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the Directors

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

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

PricewaterhouseCoopers LLP
Chartered Accountants
London

27 August 2015

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

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Unaudited Six months ended 30 June 2015 Before amortisation[i] and exceptional items $m	Unaudited Six months ended 30 June 2015 Amortisation[i] and exceptional items (note 3) $m	Unaudited Six months ended 30 June 2015 Total $m	Restated[ii] Unaudited Six months ended 30 June 2014 Before amortisation[i] and exceptional items $m	Restated[ii] Unaudited Six months ended 30 June 2014 Amortisation[i] and exceptional items (note 3) $m	Restated[ii] Unaudited Six months ended 30 June 2014 Total $m
Revenue	2	**463.6**	**–**	**463.6**	664.1	–	664.1
Cost of sales		**(346.7)**	**(28.9)**	**(375.6)**	(454.6)	(2.9)	(457.5)
Gross profit		**116.9**	**(28.9)**	**88.0**	209.5	(2.9)	206.6
Other operating income		**2.3**	**–**	**2.3**	4.6	–	4.6
Operating expenses		**(98.8)**	**(54.6)**	**(153.4)**	(117.3)	(21.9)	(139.2)
Profit (loss) from continuing operations	2	**20.4**	**(83.5)**	**(63.1)**	96.8	(24.8)	72.0
Finance income		**2.2**	**–**	**2.2**	4.0	–	4.0
Finance expense		**(4.9)**	**–**	**(4.9)**	(6.8)	–	(6.8)
Share of associates' post-tax losses		**–**	**–**	**–**	(0.3)	–	(0.3)
Profit (loss) before tax from continuing operations		**17.7**	**(83.5)**	**(65.8)**	93.7	(24.8)	68.9
Taxation	5	**(4.9)**	**18.3**	**13.4**	(25.0)	9.5	(15.5)
Profit (loss) for the period:							
From continuing operations		**12.8**	**(65.2)**	**(52.4)**	68.7	(15.3)	53.4
From discontinued operations	6	**–**	**4.1**	**4.1**	–	–	–
Profit (loss) for the period		**12.8**	**(61.1)**	**(48.3)**	68.7	(15.3)	53.4
Profit (loss) attributable to:							
Owners of the parent		**12.8**	**(61.1)**	**(48.3)**	67.6	(15.3)	52.3
Non-controlling interests		**–**	**–**	**–**	1.1	–	1.1
		12.8	**(61.1)**	**(48.3)**	68.7	(15.3)	53.4
Earnings (loss) per share:							
Basic – from continuing operations	7	**8.7c**		**(35.5)c**	46.0c		35.6c
– from discontinued operations	7	**–**		**2.8c**	–		–
Group total		**8.7c**		**(32.7)c**	46.0c		35.6c
Diluted – from continuing operations	7	**8.4c**		**(35.5)c**	44.9c		34.7c
– from discontinued operations	7	**–**		**2.8c**	–		–
Group total		**8.4c**		**(32.7)c**	44.9c		34.7c

i. Relates to amortisation of intangible assets which arise on the acquisition of businesses (referred to hereafter as amortisation of acquired intangibles).
ii. The six months ended 30 June 2014 have been restated to show Gibson Shipbrokers as a discontinued operation (note 6).

CONDENSED CONSOLIDATED INCOME STATEMENT
CONTINUED

	Notes	Year ended 31 December 2014 Before amortisation[i] and exceptional items $m	Year ended 31 December 2014 Amortisation[i] and exceptional items (note 3) $m	Year ended 31 December 2014 Total $m
Revenue	2	1,386.5	–	1,386.5
Cost of sales		(942.6)	(11.3)	(953.9)
Gross profit		443.9	(11.3)	432.6
Other operating income		9.5	–	9.5
Operating expenses		(235.6)	(92.6)	(328.2)
Profit from continuing operations	2	217.8	(103.9)	113.9
Finance income		7.5	–	7.5
Finance expense		(12.4)	–	(12.4)
Share of associates' post-tax losses		(0.5)	–	(0.5)
Profit before tax from continuing operations		212.4	(103.9)	108.5
Taxation	5	(57.2)	20.5	(36.7)
Profit for the year:				
From continuing operations		155.2	(83.4)	71.8
From discontinued operations	6	0.3	1.1	1.4
Profit for the year		155.5	(82.3)	73.2
Profit attributable to:				
Owners of the parent		151.5	(82.3)	69.2
Non-controlling interests		4.0	–	4.0
		155.5	(82.3)	73.2
Earnings per share:				
Basic – from continuing operations	7	102.6c		45.9c
– from discontinued operations	7	0.2c		1.0c
Group total		102.8c		46.9c
Diluted – from continuing operations	7	100.0c		44.8c
– from discontinued operations	7	0.2c		1.0c
Group total		100.2c		45.8c

i. Relates to amortisation of acquired intangibles.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June 2015 $m	Unaudited Six months ended 30 June 2014 $m	Year ended 31 December 2014 $m
Comprehensive (expense) income:			
(Loss) profit for the period	**(48.3)**	53.4	73.2
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	**–**	(0.9)	(1.3)
– gain transferred to income statement on redemption of available for sale investment	**–**	–	(0.2)
Release of foreign exchange losses	**0.6**	–	3.8
	0.6	(0.9)	2.3
Items that may be reclassified subsequently to profit or loss:			
Exchange adjustments	**(3.0)**	7.0	(17.9)
Fair value gains (losses) originating on cash flow hedges arising during the period	**–**	0.3	(0.1)
	(3.0)	7.3	(18.0)
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension schemes	**0.4**	1.4	1.5
Other comprehensive (expense) income after tax	**(2.0)**	7.8	(14.2)
Total comprehensive (expense) income for the period	**(50.3)**	61.2	59.0
Total comprehensive (expense) income attributable to:			
Owners of the parent	**(50.0)**	59.5	57.2
Non-controlling interests	**(0.3)**	1.7	1.8
	(50.3)	61.2	59.0

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	Unaudited At 30 June 2015 $m	Unaudited At 30 June 2014 $m	At 31 December 2014 $m
ASSETS				
Non-current assets				
Property, plant and equipment	8	**464.9**	450.0	473.0
Goodwill	9	**404.6**	495.8	440.6
Other intangible assets	10	**208.9**	243.6	224.8
Investments in associates		**4.5**	4.6	4.4
Investments		**9.5**	9.6	8.9
Retirement benefit assets		**36.7**	33.3	30.9
Trade and other receivables		**5.8**	8.0	3.3
Deferred tax assets		**1.7**	2.6	1.2
		1,136.6	1,247.5	1,187.1
Current assets				
Inventories		**383.8**	420.8	381.8
Trade and other receivables		**196.8**	307.1	285.6
Current tax assets		**9.3**	8.5	1.6
Investments		**3.9**	4.2	3.8
Cash and cash equivalents		**71.6**	91.3	88.5
Assets classified as held for sale		**–**	–	20.3
		665.4	831.9	781.6
LIABILITIES				
Current liabilities				
Trade and other payables		**125.0**	206.3	197.7
Current tax liabilities		**16.4**	17.3	20.9
Borrowings		**66.0**	84.3	65.4
Provisions		**5.6**	8.5	10.6
Liabilities classified as held for sale		**–**	–	15.5
		213.0	316.4	310.1
Net current assets		**452.4**	515.5	471.5
Non-current liabilities				
Borrowings		**176.2**	240.2	157.9
Deferred tax liabilities		**29.6**	38.9	37.1
Provisions		**13.7**	24.2	14.1
Other payables		**12.1**	12.1	11.2
		231.6	315.4	220.3
Net assets		**1,357.4**	1,447.6	1,438.3
Equity attributable to owners of the parent				
Share capital		**61.7**	61.6	61.6
Share premium		**153.0**	151.9	151.9
Other components of equity		**27.6**	46.2	30.7
Retained earnings		**1,086.5**	1,155.3	1,163.9
		1,328.8	1,415.0	1,408.1
Non-controlling interests		**28.6**	32.6	30.2
Total equity		**1,357.4**	1,447.6	1,438.3

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital $m	Share premium $m	Other components of equity $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
	Unaudited Six months ended 30 June 2015						
At 1 January	**61.6**	**151.9**	**30.7**	**1,163.9**	**1,408.1**	**30.2**	**1,438.3**
Loss for the period	–	–	–	(48.3)	(48.3)	–	(48.3)
Other comprehensive expense	–	–	(2.1)	0.4	(1.7)	(0.3)	(2.0)
Total comprehensive expense	–	–	(2.1)	(47.9)	(50.0)	(0.3)	(50.3)
Dividends	–	–	–	(33.9)	(33.9)	(1.9)	(35.8)
Change in non-controlling interest	–	–	–	–	–	0.6	0.6
Shares issued							
– share option schemes and awards	0.1	1.1	–	–	1.2	–	1.2
Treasury shares							
– purchase of treasury shares	–	–	–	(1.3)	(1.3)	–	(1.3)
Share options and awards							
– value of employee services	–	–	4.5	–	4.5	–	4.5
– discharge	–	–	(5.5)	5.4	(0.1)	–	(0.1)
– taxation	–	–	–	0.3	0.3	–	0.3
Total transactions with owners	**0.1**	**1.1**	**(1.0)**	**(29.5)**	**(29.3)**	**(1.3)**	**(30.6)**
At 30 June	**61.7**	**153.0**	**27.6**	**1,086.5**	**1,328.8**	**28.6**	**1,357.4**

	Share capital $m	Share premium $m	Other components of equity $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
	Unaudited Six months ended 30 June 2014						
At 1 January	61.3	150.6	41.6	1,130.4	1,383.9	30.9	1,414.8
Profit for the period	–	–	–	52.3	52.3	1.1	53.4
Other comprehensive income	–	–	5.8	1.4	7.2	0.6	7.8
Total comprehensive income	–	–	5.8	53.7	59.5	1.7	61.2
Dividends	–	–	–	(32.1)	(32.1)	–	(32.1)
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	–	–	2.9	–	2.9	–	2.9
– discharge	–	–	(4.1)	10.8	6.7	–	6.7
Total transactions with owners	0.3	1.3	(1.2)	(28.8)	(28.4)	–	(28.4)
At 30 June	61.6	151.9	46.2	1,155.3	1,415.0	32.6	1,447.6

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

	Share capital $m	Share premium $m	Other components of equity $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
	Year ended 31 December 2014						
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	–	–	(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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Unaudited Six months ended 30 June 2015 $m	Restated[i] Unaudited Six months ended 30 June 2014 $m	Year ended 31 December 2014 $m
Operating activities				
(Loss) profit from operations		**(63.1)**	72.0	113.9
Depreciation, amortisation and impairment		**106.6**	48.9	155.7
Loss on disposal of property, plant and equipment		**1.3**	3.5	6.0
Increase in inventories		**(4.3)**	(31.4)	(3.1)
Decrease (increase) in receivables		**87.8**	(35.9)	(34.7)
(Decrease) increase in payables		**(68.2)**	34.3	41.6
Decrease in provisions		**(5.4)**	(1.8)	(8.0)
Other non-cash flow items		**6.0**	2.8	7.3
Taxation paid		**(7.7)**	(18.1)	(26.6)
Proceeds from disposal of property, plant and equipment held for rental		**1.4**	3.0	7.0
Purchase of property, plant and equipment held for rental		**(5.9)**	(11.9)	(28.9)
Discontinued operations		**1.0**	(3.2)	(0.9)
Net cash inflow from operating activities		**49.5**	62.2	229.3
Investing activities				
Interest received		**0.6**	1.4	2.0
Dividends received from associates		**–**	4.4	4.5
Purchase of subsidiaries		**–**	(3.0)	(3.0)
Proceeds from disposal of associates		**–**	0.2	0.2
Net movement on loans to and from associates		**–**	(0.1)	0.6
Proceeds from disposal of property, plant and equipment		**0.5**	0.3	0.6
Purchase of property, plant and equipment		**(44.9)**	(42.7)	(94.6)
Purchase of intangibles		**(4.5)**	(2.4)	(5.0)
Increase in bank deposit investments		**–**	(2.0)	(2.0)
Net proceeds from disposal of subsidiaries	11	**0.7**	–	3.9
Net cash in subsidiaries sold	11	**(3.9)**	–	–
Indemnity receipts in respect of disposed subsidiaries		**0.3**	–	0.2
Discontinued operations		**–**	0.1	–
Net cash outflow from investing activities		**(51.2)**	(43.8)	(92.6)
Financing activities				
Interest and bank fees paid		**(3.2)**	(4.4)	(7.6)
Equity dividends paid		**(33.9)**	(32.1)	(44.1)
Non-controlling interest dividend paid		**(1.9)**	–	(2.5)
Change in non-controlling interest		**0.6**	–	–
Share capital issued		**1.2**	1.6	1.6
Purchase of treasury shares		**(1.3)**	(7.5)	(7.5)
Proceeds from new borrowings		**19.4**	12.7	70.2
Repayment of borrowings		**–**	–	(155.9)
Net cash outflow from financing activities		**(19.1)**	(29.7)	(145.8)
Net cash outflow in cash and cash equivalents		**(20.8)**	(11.3)	(9.1)
Cash and cash equivalents at the beginning of the period		**38.0**	52.4	52.4
Effect of foreign exchange rates		**(0.7)**	(0.4)	(1.5)
Reclassified from (to) held for sale		**3.8**	–	(3.8)
Cash and cash equivalents at the end of the period		**20.3**	40.7	38.0
Cash and cash equivalents and bank overdrafts at the end of the period comprise:				
Cash and cash equivalents		**71.6**	91.3	88.5
Bank overdrafts included in borrowings		**(51.3)**	(50.6)	(50.5)
		20.3	40.7	38.0

i. The six months ended 30 June 2014 have been restated to show Gibson Shipbrokers as a discontinued operation (note 6).

HALF YEAR REPORT

NOTES

1. Basis of Accounting
The financial information contained in this half year report complies with IAS 34 Interim Financial Reporting, as adopted by the European Union, and with the Disclosure and Transparency Rules of the Financial Conduct Authority. The condensed set of consolidated financial statements should be read in conjunction with the 2014 Annual Report and Accounts, which have been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretations Committee (IFRIC) Interpretations as adopted by the European Union. The accounting policies adopted in this condensed set of consolidated interim financial statements are consistent with those used to prepare the 2014 Annual Report and Accounts except as described below.

The following has been adopted and is effective for the financial year ending 31 December 2015:

– Annual improvements to IFRSs 2011-2013 Cycle – effective 1 July 2014

There has been no impact on the Group's financial position or performance from the adoption of the above.

Standards effective subsequent to the period end, which are being assessed to determine whether there is a significant impact on the Group's results or financial position include:

– IFRS 9 Financial Instruments
– IFRS 15 Revenue from Contracts with Customers

In preparing this condensed set of consolidated financial statements, the significant judgements, estimates and assumptions made by management in applying the Group's accounting policies were the same as those applied in the 2014 Annual Report and Accounts. The second quarter of 2015 has shown continued declines in the oil and gas market and with this in mind, the Group performed a goodwill impairment review exercise at 30 June 2015. Further details are provided in note 9.

On 31 March 2015, the Group sold Gibson Shipbrokers to an employee benefit trust formed by Gibson Shipbrokers' employees. Further details are provided in note 11. As Gibson Shipbrokers was previously reported as a separate segment within continuing operations, its results and cash flows for 2014 have been re-presented as a discontinued operation. The assets and liabilities of Gibson Shipbrokers at 31 December 2014 were treated as held for sale. At 30 June 2014 the assets and liabilities of Gibson Shipbrokers were shown within the relevant Group balances as the disposal process had not yet been initiated.

Terms used in this condensed set of consolidated financial statements are defined in the Glossary on pages 147 and 148 contained in the 2014 Annual Report and Accounts.

This half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2014 has been delivered to the Registrar of Companies. The independent auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. This condensed set of consolidated interim financial statements has been reviewed, not audited.

Going Concern Basis
The Group has a broad range of products and services, a large portfolio of production and storage facilities, a sufficiently diverse global customer and supplier base and meets its day-to-day working capital requirements through its cash and debt facilities. The Group retains limited exposure to credit risk as it has strong, well-developed relationships with its major customers and maintains insurance cover for 99% of its trade receivables.

In conducting its review of the Group's ability to remain as a going concern, the Board assessed the Group's recent trading position and its latest forecasts and took account of reasonably predictable changes in future trading performance. The Board also considered the Group's current business model, its strategy, the principal risks and the potential financial impact of the estimates, judgements and assumptions that were used to prepare these financial statements. The Board is satisfied that all material uncertainties have been identified and they are not considered to be sufficiently material to adversely impact the Group.

The Group has access to considerable financial resources including a $590m (£375m) committed bank facility of which $414m (£263m) is undrawn at 30 June 2015. This facility expires on 5 August 2016. Discussions with the Group's principal banks have commenced with the aim of having a replacement facility in place before the end of 2015. The main financial covenants attached to this facility are (1) EBITDA should not be less than four times net finance charges, and (2) net debt should be no more than three times adjusted EBITDA. The Group continues to have significant headroom over both covenants.

NOTES
CONTINUED

1. Basis of Accounting continued
The Board is satisfied that it has conducted a robust review of the Group's principal risks and has a high level of confidence that the Group has the necessary liquid resources to meet its liabilities as they fall due, will be able to sustain its operational requirements and will remain solvent during that period. Consequently the Board considered it appropriate to adopt the going concern basis of accounting in preparing these condensed consolidated interim financial statements.

2. Segmental Reporting
For the six months ended 30 June 2015 the Group reports on six operating segments, two of which are discontinued operations, in its internal management reports, which are used to make strategic decisions. The Group's continuing operating 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 acquired intangibles. 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
The discontinued operations comprise Gibson Shipbrokers which was sold on 31 March 2015 and Gibson Energy which was sold in 2008. Gibson Energy continues to generate accounting entries due to sale related transactions and is required for reconciliation purposes.

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.

NOTES
CONTINUED

2. Segmental Reporting continued
Results from Operations

	Six months ended 30 June 2015					
	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	Profit (loss) from operations before amortisation[i] and exceptional items $m	Amortisation[i] and exceptional items $m	Total $m
Continuing operations:						
Hunting Energy Services						
Well Construction	126.1	(0.6)	125.5	2.8	(64.2)	(61.4)
Well Completion	278.0	(0.2)	277.8	15.5	(17.7)	(2.2)
Well Intervention	59.4	(1.2)	58.2	4.2	(0.3)	3.9
	463.5	(2.0)	461.5	22.5	(82.2)	(59.7)
Other Activities						
Exploration and Production	2.1	–	2.1	(2.1)	(1.3)	(3.4)
Total from continuing operations	465.6	(2.0)	463.6	20.4	(83.5)	(63.1)
Net finance expense				(2.7)	–	(2.7)
Profit (loss) before tax from continuing operations				17.7	(83.5)	(65.8)
Discontinued operations:						
Gibson Shipbrokers	11.6	–	11.6	–	4.9	4.9
Gibson Energy	–	–	–	–	0.3	0.3
Total from discontinued operations	11.6	–	11.6	–	5.2	5.2
Net finance income				0.1	–	0.1
Taxation				(0.1)	(1.1)	(1.2)
Profit from discontinued operations				–	4.1	4.1

i. Relates to amortisation of acquired intangibles.

NOTES
CONTINUED

2. Segmental Reporting continued

	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	Profit from operations before amortisation[i] and exceptional items $m	Amortisation[i] and exceptional items $m	Total $m
	Restated Six months ended 30 June 2014					
Continuing operations:						
Hunting Energy Services						
Well Construction	185.1	(2.9)	182.2	24.6	(3.7)	20.9
Well Completion	417.0	(6.3)	410.7	60.5	(17.7)	42.8
Well Intervention	65.7	–	65.7	10.1	(0.5)	9.6
	667.8	(9.2)	658.6	95.2	(21.9)	73.3
Other Activities						
Exploration and Production	5.5	–	5.5	1.6	(2.9)	(1.3)
Total from continuing operations	673.3	(9.2)	664.1	96.8	(24.8)	72.0
Net finance expense				(2.8)	–	(2.8)
Share of associates' post-tax losses				(0.3)	–	(0.3)
Profit before tax from continuing operations				93.7	(24.8)	68.9
Discontinued operations:						
Gibson Shipbrokers	23.4	–	23.4	0.3	–	0.3
Net finance expense				(0.1)	–	(0.1)
Taxation				(0.2)	–	(0.2)
Profit from discontinued operations				–	–	–

i. Relates to amortisation of acquired intangibles.

Gibson Shipbrokers' results for the six months ended 30 June 2014 have been re-presented as a discontinued operation and its results have been restated to exclude central overheads previously allocated to the division.

NOTES
CONTINUED

2. Segmental Reporting continued

	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	Profit from operations before amortisation[i] and exceptional items $m	Amortisation[i] and exceptional items $m	Total $m
	Year ended 31 December 2014					
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

i. Relates to amortisation of acquired intangibles.

NOTES
CONTINUED

2. Segmental Reporting continued

Geographical Information

	External revenue			Profit (loss) from operations before amortisation[i] and exceptional items		
	Six months ended 30 June 2015 $m	Restated six months ended 30 June 2014 $m	Year ended 31 December 2014 $m	**Six months ended 30 June 2015 $m**	Restated six months ended 30 June 2014 $m	Year ended 31 December 2014 $m
Continuing operations:						
Hunting Energy Services						
USA	**295.8**	407.1	867.3	**24.5**	74.8	170.0
Canada	**30.5**	41.5	95.5	**(3.4)**	0.8	3.8
North America	**326.3**	448.6	962.8	**21.1**	75.6	173.8
UK	**64.9**	77.7	163.5	**0.2**	2.2	8.4
Rest of Europe	**8.1**	15.2	30.7	**(0.3)**	1.4	2.5
Europe	**73.0**	92.9	194.2	**(0.1)**	3.6	10.9
Singapore	**40.2**	76.0	149.0	**3.8**	14.1	27.4
Rest of Asia Pacific	**12.7**	33.1	50.5	**(1.8)**	1.3	3.6
Asia Pacific	**52.9**	109.1	199.5	**2.0**	15.4	31.0
Middle East, Africa and Other	**9.3**	8.0	19.9	**(0.5)**	0.6	1.9
	461.5	658.6	1,376.4	**22.5**	95.2	217.6
Other activities						
USA	**2.1**	5.5	10.1	**(2.1)**	1.6	0.2
Total from continuing operations	**463.6**	664.1	1,386.5	**20.4**	96.8	217.8
Discontinued operations:						
UK	**9.9**	20.6	40.4	**(0.1)**	0.4	(1.4)
Other	**1.7**	2.8	7.0	**0.1**	(0.1)	1.9
	11.6	23.4	47.4	**–**	0.3	0.5

i. Relates to amortisation of acquired intangibles.

Gibson Shipbrokers' results for the six months ended 30 June 2014 have been re-presented from other activities to discontinued operations.

Major Customer Information

The Group received $51.6m (six months ended 30 June 2014 – $69.5m; year ended 31 December 2014 – $155.5m) of revenue from the Halliburton Company consolidated group which is 11% (six months ended 30 June 2014 – 10%; year ended 31 December 2014 – 11%) of the Group's revenue from continuing operations from external customers. The revenue is reported in the Well Construction, Well Completion and Well Intervention segments.

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3. Amortisation and Exceptional Items

	Six months ended 30 June 2015 $m	Six months ended 30 June 2014 $m	Year ended 31 December 2014 $m
Impairment of assets	**28.9**	2.9	9.6
Dry hole costs	**–**	–	1.7
Charged to cost of sales	**28.9**	2.9	11.3
Amortisation of acquired intangibles	**19.4**	21.9	42.8
Impairment of goodwill	**35.2**	–	49.6
Release of foreign exchange on liquidation of subsidiaries	**–**	–	4.8
Excess property provision release	**–**	–	(4.6)
Charged to operating expenses	**54.6**	21.9	92.6
Amortisation of acquired intangibles and exceptional operating charges	**83.5**	24.8	103.9
Taxation on amortisation and exceptional items	**(18.3)**	(9.5)	(20.5)
Continuing operations	**65.2**	15.3	83.4

Impairment of assets comprises a $27.0m property, plant and equipment impairment and a $0.6m inventory impairment in the Drilling Tools business (six months ended 30 June 2014 – $nil; year ended 31 December 2014 – $nil) following a carrying value review given current trading conditions and future expectations, and an impairment charge of $1.3m (six months ended 30 June 2014 – $2.9m; year ended 31 December 2014 – $9.6m) for exploration and production assets reflecting lower commodity prices and a reduction in commercial reserve estimates compared to those at 31 December 2014.

A goodwill impairment charge of $35.2m was also recognised in the six months to 30 June 2015 (six months ended 30 June 2014 – $nil; year ended 31 December 2014 – $49.6m). Further details are provided in note 9.

4. EBITDA

	Six months ended 30 June 2015 $m	Restated Six months ended 30 June 2014 $m	Year ended 31 December 2014 $m
Reported (loss) profit from continuing operations	**(63.1)**	72.0	113.9
Add: amortisation of acquired intangibles and exceptional items (note 3)	**83.5**	24.8	103.9
Add: amortisation on purchased intangibles	**1.0**	–	–
Add: depreciation	**22.7**	24.1	52.0
Underlying EBITDA	**44.1**	120.9	269.8
Less: exceptional items impacting EBITDA	**(0.6)**	–	(0.2)
Reported EBITDA	**43.5**	120.9	269.6

"EBITDA" is a non-GAAP measure. Underlying EBITDA is defined as pre-exceptional earnings from continuing operations before interest, tax, depreciation, amortisation and impairment of non-current assets. Underlying EBITDA is used by the Board as one of the measures of the Group's performance. Reported EBITDA is defined as earnings from continuing operations before interest, tax, depreciation, amortisation and impairment of non-current assets.

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5. Taxation
The taxation charge for the six months ended 30 June 2015 is calculated by applying the estimated annual Group effective rate of tax to the profit for the period.

The estimated weighted average tax rate for continuing operations before amortisation of acquired intangibles and exceptional items for the year ending 31 December 2015 is 28% and has been used for the six months ended 30 June 2015 (six months ended 30 June 2014 – 27%; year ended 31 December 2014 – 27%).

Included in the income statement are tax credits of $18.3m in respect of amortisation of acquired intangibles and exceptional items from continuing operations (six months ended 30 June 2014 – $9.5m; year ended 31 December 2014 – $20.5m).

A number of changes to the UK corporation tax system were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate of corporation tax to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes had not been substantively enacted at the balance sheet date their effects are not included in these financial statements. The changes are not expected to have a material impact on the Group's deferred tax balances.

6. Discontinued Operations
On 31 March 2015, the Group sold E.A. Gibson Shipbrokers Limited and its subsidiaries (together referred to as "Gibson Shipbrokers") to an employee owned trust.

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

The results from discontinued operations were as follows:

	Six months ended 30 June 2015		
	Gibson Shipbrokers $m	Gibson Energy $m	Total $m
Trading results:			
Revenue	11.6	–	11.6
Gross profit	11.6	–	11.6
Other operating income	0.1	–	0.1
Other operating expenses	(11.7)	–	(11.7)
Profit from operations	–	–	–
Finance income	0.1	–	0.1
Profit before tax	0.1	–	0.1
Taxation	(0.1)	–	(0.1)
Profit for the period	–	–	–
Gain on disposal:			
Gain on disposal before tax	4.9	0.3	5.2
Tax on gain	(1.1)	–	(1.1)
Gain on disposal after tax	3.8	0.3	4.1
Total profit from discontinued operations	3.8	0.3	4.1

Further details relating to the sale of Gibson Shipbrokers are provided in note 11.

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6. Discontinued Operations continued

	Restated[i] Six months ended 30 June 2014		
	Gibson Shipbrokers $m	Gibson Energy $m	Total $m
Trading results:			
Revenue	23.4	–	23.4
Gross profit	23.4	–	23.4
Other operating expenses	(23.1)	–	(23.1)
Profit from operations	0.3	–	0.3
Finance income	0.1	–	0.1
Finance expense	(0.2)	–	(0.2)
Profit before tax	0.2	–	0.2
Taxation	(0.2)	–	(0.2)
Profit for the period	–	–	–
Total profit from discontinued operations	–	–	–

i. The six months ended 30 June 2014 have been restated to show Gibson Shipbrokers as a discontinued operation.

	Year ended 31 December 2014			
	Gibson Shipbrokers $m	Field Aviation $m	Gibson Energy $m	Total $m
Trading results:				
Revenue	47.4	–	–	47.4
Gross profit	47.4	–	–	47.4
Other operating income	0.4	–	–	0.4
Other operating expenses	(47.3)	–	–	(47.3)
Profit from operations	0.5	–	–	0.5
Finance income	0.2	–	–	0.2
Profit before tax	0.7	–	–	0.7
Taxation	(0.4)	–	–	(0.4)
Profit for the year	0.3	–	–	0.3
Gain on disposal:				
Gain on disposal before tax	–	0.9	0.2	1.1
Tax on gain	–	–	–	–
Gain on disposal after tax	–	0.9	0.2	1.1
Total profit from discontinued operations	0.3	0.9	0.2	1.4

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

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

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7. Earnings per Share continued
Reconciliations of the earnings and weighted average number of Ordinary shares used in the calculations are set out below:

	Six months ended 30 June 2015 $m	Restated Six months ended 30 June 2014 $m	Year ended 31 December 2014 $m
Basic and diluted (loss) earnings attributable to Ordinary shareholders:			
From continuing operations	**(52.4)**	52.3	67.8
From discontinued operations	**4.1**	–	1.4
Total	**(48.3)**	52.3	69.2
Basic and diluted (loss) earnings attributable to Ordinary shareholders before amortisation and exceptional items:			
From continuing operations	**(52.4)**	52.3	67.8
Add: amortisation and exceptional items after taxation	**65.2**	15.3	83.4
Total for continuing operations	**12.8**	67.6	151.2
From discontinued operations	**4.1**	–	1.4
Add: exceptional items after taxation	**(4.1)**	–	(1.1)
Total for discontinued operations	**–**	–	0.3
	millions	millions	millions
Basic weighted average number of Ordinary shares	**147.7**	147.2	147.3
Dilutive outstanding share options	**0.2**	0.5	0.6
Long term incentive plans	**4.2**	3.0	3.2
Adjusted weighted average number of Ordinary shares	**152.1**	150.7	151.1
	cents	cents	cents
Basic EPS:			
From continuing operations	**(35.5)**	35.6	45.9
From discontinued operations	**2.8**	–	1.0
	(32.7)	35.6	46.9
Diluted EPS[i]:			
From continuing operations	**(35.5)**	34.7	44.8
From discontinued operations	**2.8**	–	1.0
	(32.7)	34.7	45.8

i. For the six months ended 30 June 2015 the effect of dilutive share options and long term incentive plans was anti-dilutive and therefore they have not been used to calculate diluted earnings per share.

	cents	cents	cents
Earnings per share before amortisation and exceptional items			
Basic EPS:			
From continuing operations	**8.7**	46.0	102.6
From discontinued operations	**–**	–	0.2
	8.7	46.0	102.8
Diluted EPS:			
From continuing operations	**8.4**	44.9	100.0
From discontinued operations	**–**	–	0.2
	8.4	44.9	100.2

8. Property, Plant and Equipment
During the first six months of 2015, the net book value of property, plant and equipment decreased from $473.0m to $464.9m due to additions of $47.2m offset by foreign exchange adjustments of $1.0m, disposals of $3.3m, depreciation of $22.7m and impairment charges of $28.3m (see note 3).

Additions include $18.8m for land and buildings, $21.6m for plant, machinery and motor vehicles, $5.9m for rental tools and $0.9m for oil and gas exploration and development.

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9. Goodwill
During the first six months of 2015, the net book value of goodwill decreased from $440.6m to $404.6m due to impairment charges of $35.2m and foreign exchange adjustments of $0.8m.

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

	At 30 June 2015 $m	At 30 June 2014 $m	At 31 December 2014 $m
Titan	**288.2**	288.4	288.4
Hunting Stafford "Subsea"	**32.7**	32.7	32.7
Electronics	**–**	68.7	28.7
Dearborn	**25.5**	25.5	25.5
Welltonic	**18.1**	19.7	18.0
Drilling Tools	**–**	15.0	4.4
Other	**40.1**	45.8	42.9
	404.6	495.8	440.6

Impairment Tests for Goodwill
The effect on the Group of the downturn in the oil and gas sector began in Q4 2014. In preparing the 2014 Group financial statements a goodwill impairment review was conducted resulting in a write-off of $40.0m for the Electronics CGU and $9.6m for the Drilling Tools CGU. Business activity levels have declined more quickly and more severely than was expected at this time. Furthermore, the recovery is expected to be a more protracted process. Management has therefore tested goodwill for impairment across all CGUs in preparing the interim financial statements.

The recoverable amount for all CGUs has been determined based on a fair value less cost to sell approach, thereby including currently approved growth capital projects which are in progress. The recoverable amount calculations use discounted pre-tax nominal cash flow projections.

For the remainder of 2015 through to the end of 2018 these projections are based on management's most recent financial forecasts and include an assessment of how the CGUs are expected to perform given current market conditions, using past experience as a guide, and by comparison to external research such as Spears and Associates ("Spears") Drilling and Production Outlook. For 2019 and 2020 management has forecast revenue based on Spears' projections using management's assessment of the most relevant market and drivers (e.g. rig count, footage drilled, E&P spend) and management's assessment of likely margin impacts.

Market conditions are currently volatile and will impact CGUs differently. The compound annual revenue growth rates ("CAGR") for the CGUs from 2014 to 2020 varies between minus 7% and positive 7%. After 2020 a terminal value has been calculated assuming growth of cash flows above inflation of 0.5% (giving nominal growth rates between 2% and 5%) to arrive at the fair value of the CGU from which selling cost has been deducted.

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

The key assumptions for the recoverable amount calculations are revenue growth rates, taking into account the impact these have on margins, terminal growth rate and the pre-tax discount rates applied.

Impairment of Goodwill
Electronics – Goodwill in the Electronics CGU was impaired by $40.0m at 31 December 2014 following a prolonged period of customer de-stocking and increased competition, in particular from the Far East, and reflecting expectations for the downturn and recovery. As management's expectations of the depth of the downturn and speed of recovery have worsened, a further impairment charge of $28.7m (six months ended 30 June 2014 – $nil) has been taken reducing the goodwill balance to $nil. The CGU has a total carrying value of $29.9m (year ended 31 December 2014 – $63.7m). The cash flows have been discounted using a nominal pre-tax rate of 11%.

Drilling Tools – The position is similar for the Drilling Tools CGU which had been adversely impacted by increased competition and rising equipment maintenance costs. The downturn caused by the oil price decline particularly impacts this CGU due to its focus on US shale activity and on high cost Canadian projects. An impairment of $4.3m (six months ended 30 June 2014 – $nil; year ended 31 December 2014 – $9.6m) representing the remaining goodwill balance has been charged. The CGU has a total carrying value of $73.6m (year ended 31 December 2014 – $107.1m). The cash flows have been discounted using a nominal pre-tax rate of 12%. In addition to the impairment of goodwill, there has also been an impairment of property, plant and equipment and inventory in this CGU of $27.6m (see note 3).

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9. Goodwill continued
Other CGUs – A goodwill impairment charge of $2.2m (six months ended 30 June 2014 – $nil; year ended 31 December 2014 – $nil) has also been recognised in respect of other CGUs relating to business activities in Indonesia.

Sensitivities
Titan – The Titan CGU represents 71% (year ended 31 December 2014 – 65%) of the goodwill balance. The carrying value, including amounts recognised on consolidation such as goodwill, is $616.4m (year ended 31 December 2014 – $654.0m). Cash flows have been discounted using a nominal pre-tax rate of 11%. Based on management's current projections for an impairment to be reflected the pre-tax discount rate would have to increase by 2.0%, or the revenue CAGR from 2014 to 2020 would have to be 3.0% adverse, or the terminal growth rate 2.4% adverse.

Hunting Stafford "Subsea" – Cash flows have been discounted using a nominal pre-tax rate of 13%. Based on management's current projections, for an impairment to be reflected, the revenue growth CAGR from 2014 to 2020 would have to be 7.5% adverse. Management does not believe there are reasonably foreseeable changes in discount rates or terminal growth values which would give rise to an impairment charge.

Dearborn – Cash flows have been discounted using a nominal pre-tax rate of 11%. Based on management's current projections, for an impairment to be reflected, the pre-tax discount rate would have to increase by 1.4%, or the revenue growth CAGR from 2014 to 2020 would have to be 1.5% adverse, or the terminal growth rate 1.5% adverse.

Welltonic – Cash flows have been discounted using a nominal pre-tax rate of 9%. Based on management's current projections, for an impairment to be reflected, the pre-tax discount rate would have to increase by 2.5%, or the revenue growth CAGR from 2014 to 2020 would have to be 2.9% adverse, or the terminal growth rate 3.0% adverse.

10. Other Intangible Assets
During the first six months of 2015, the net book value of other intangible assets decreased from $224.8m to $208.9m due to amortisation charges of $19.4m on acquired intangible assets and $1.0m on purchased intangible assets, offset by $4.5m of additions.

11. Business Disposals
On 31 March 2015, the Group sold Gibson Shipbrokers to an employee owned trust. The selling price was $3.7m with $3.0m deferred in the form of an interest-bearing loan note and the remainder paid in cash. A curtailment gain on the Group's pension obligations of $5.5m was also recognised upon the sale.

Details of the net assets disposed and consideration are set out below:

	$m
Property, plant and equipment	**0.5**
Goodwill	**1.8**
Investments	**0.7**
Deferred tax assets	**0.1**
Trade and other receivables	**10.4**
Cash and cash equivalents	**3.9**
Trade and other payables	**(13.2)**
Current tax liabilities	**(0.5)**
Net assets disposed	**3.7**
Gain on curtailment of pension obligations	**(5.5)**
Release of foreign exchange adjustments	**0.6**
Gain on disposal (note 6)	**4.9**
Consideration	**3.7**
The consideration comprised the following:	
Net cash proceeds	**0.7**
Deferred consideration	**3.0**
	3.7

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12. Dividends paid

	Six months ended 30 June 2015 $m	Six months ended 30 June 2014 $m	Year ended 31 December 2014 $m
Ordinary dividends:			
2014 final paid – 22.9c	**33.9**	–	–
2014 interim paid – 8.1c	**–**	–	12.0
2013 final paid – 21.8c	**–**	32.1	32.1
	33.9	32.1	44.1

The 2014 final dividend was paid on 26 May 2015 (2013 final dividend paid on 27 May 2014). A 2015 interim dividend of 4.0c per share, which will absorb an estimated $5.9m, has been approved by the Board for payment on 28 October 2015 to shareholders on the register at the close of business on 9 October 2015, with an ex-dividend date of 8 October 2015. The dividend will be paid in Sterling 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 Company will announce the Sterling interim dividend amount on or around 14 October 2015.

13. Changes in Net Debt

	At 1 January 2015 $m	Reclassified from held for sale $m	Cash flow $m	Exchange movements $m	Amortisation of loan facility fees $m	**At 30 June 2015 $m**
Cash and cash equivalents	88.5	3.8	(20.2)	(0.5)	–	**71.6**
Bank overdrafts	(50.5)	–	(0.6)	(0.2)	–	**(51.3)**
	38.0	3.8	(20.8)	(0.7)	–	**20.3**
Current investments	3.8	–	–	0.1	–	**3.9**
Non-current borrowings	(157.9)	–	(18.5)	1.1	(0.9)	**(176.2)**
Current borrowings	(14.9)	–	(0.9)	1.1	–	**(14.7)**
Total net debt	(131.0)	3.8	(40.2)	1.6	(0.9)	**(166.7)**

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

14. Capital Commitments
Group capital expenditure committed, for the purchase of property, plant and equipment, but not provided for at 30 June 2015 amounted to $17.3m (at 30 June 2014 – $32.1m; at 31 December 2014 – $23.3m).

15. Financial Instruments: Fair Values
The carrying values of financial assets and liabilities approximates to their fair values. Non-current investments includes listed equity investments and mutual funds which are measured at fair value. The fair value of listed equity investments and mutual funds is based on quoted market prices and so the fair value measurement can be categorised in Level 1 of the fair value hierarchy. The fair value of listed equity investments and mutual funds categorised in Level 1 of the fair value hierarchy at 30 June 2015 was $9.5m (30 June 2014 – $8.6m; 31 December 2014 – $8.9m). There were no transfers between levels of the fair value hierarchy used in the measurement of the fair values of financial instruments.