HUNTING

MAINTAINING CAPABILITY TO DELIVER

HALF YEAR REPORT 2016

WITH FRAGILE OPTIMISM, INDICATORS POINT TO A RECOVERY BUT WITH UNCERTAIN SPEED. ENQUIRY LEVELS ARE JUST NOW BUILDING ACROSS SOME OF OUR BUSINESS UNITS.

Front cover: Examples of maintaining competitive capability include: (top) development of the H1 perforating system, (left) strengthening of quality assurance through robust test technology and (right) reinforcing the OCTG manufacturing presence in Cape Town, South Africa.

Hunting PLC ("the Group"), the international energy services group, announces its results for the six months ended 30 June 2016.

Group Performance and Development

Introduction

Hunting's performance in the first half of 2016 reflects a continuation of the deteriorating global energy market. WTI crude oil prices ended 2015 at $37.04 per barrel and closed the reporting period at $48.33 per barrel, an overall increase of 30.4%. While the price of WTI crude oil averaged at $39.78 per barrel during the period, a low of $26.21 was recorded in February 2016. This contributed to further declines in the North American and International rig counts and the depressed market conditions seen in H1 2016.

This market environment, across all regions of the Group's activities, impacted capital investment and equipment purchasing by Hunting's customers throughout H1 2016, leading to the reduced revenue and losses reported.

Revenue declined 51% in the reporting period to $228.4m compared to the same period in 2015, leading to an underlying EBITDA[1] loss of $29.5m (2015 – $44.1m profit) and an underlying loss from continuing operations of $50.8m (2015 – $20.4m profit).

Underlying results are based on continuing operations before amortisation of acquired intangible assets and exceptional items. Reported results are based on the statutory results for continuing operations as reported under International Financial Reporting Standards.

Operational Objectives

Hunting's operational losses have been mitigated by cost base reduction measures implemented across the Group.

The largest, single controllable cost within the Group, after raw material input costs, is wages and salaries. Employees at 31 December 2014 were 4,003; at 31 December 2015 were 2,784; and at 31 July 2016 were 2,145 representing a 46% reduction from the 2014 peak. Most businesses within the Group currently operate at or below one shift. Global headcount reductions continue to be implemented throughout the Group and across all departments.

Hunting continues to review its global manufacturing and distribution footprint to align with the lower levels of industry activity, particularly in North America. In the US, Hunting Titan has closed its Tyler manufacturing facility and decommissioned its Oklahoma facility, consolidating both operations into its Pampa facility. Hunting Titan has also reviewed its network of Distribution Centres in the context of current and short-term onshore drilling activity levels and has closed four centres in the US and two in Canada. Elsewhere across the Group, Hunting has closed manufacturing facilities in the Netherlands and Thailand and a Distribution Centre in the UK.

Capital investment has been reduced to minimal levels, with expenditure limited to essential maintenance programmes at the Group's facilities ensuring capabilities are maintained and our operational environment remains HS&E compliant. Capital investment totalled $13.1m in the period compared to $50.8m in H1 2015.

Reduction of Net Debt

As at 30 June 2016 net debt of the Group was $87.5m (30 June 2015 – $166.7m; 31 December 2015 – $110.5m).

During H1 2016, Hunting continued to generate cash, benefiting from the cost-cutting measures implemented, but also through the reduction in working capital[1] and, in particular, inventories. At 30 June 2016 inventories were $288.9m (31 December 2015 – $331.2m), a reduction of 13% since the year end.

The Group also received tax refunds following the carry back of tax losses totalling $29.5m and in addition $7.9m was received from the Canadian Revenue Agency for the settlement of a previous tax dispute in relation to its former subsidiary, Gibson Energy Inc.

Revolving Credit Facility Amendments

Due to the losses reported in the period, Hunting was obliged to seek amendments from its bank lending group to the covenants within the Group's $350m Revolving Credit Facility ("RCF").

Following discussions with the bank lending group, changes were agreed to the terms, conditions and covenants governing the RCF, including reducing the quantum of the facility from $350m to $200m to reflect the Group's reduced requirements; the suspension of profit-based covenants up to and including the 30 June 2018 covenant test date; providing security over selected trade receivables, inventories and principal properties; and the suspension of dividends to shareholders during the amendment period. Further details are provided in note 17.

The Board believes that the revised covenant profile is more appropriate, given the continued market outlook. The Board is confident that the Group is on a secure financial footing to face the continued difficult market and to be well positioned to take advantage of the recovery when it comes.

Group Developments

During the period, Hunting's major US capital expenditure programmes concluded, including the full commissioning of the AmeriPort threading facility in Houston, US. Hunting Dearborn has commissioned its new plant and equipment as part of its completed facility expansion.

In the period, the Group advanced its 60:40 working relationship with the Alpha Group in Kenya. Pipe repair and finishing for customers can now be undertaken at the Mombasa facility.

Hunting's 60:40 joint venture in Saudi Arabia is now well established and is pursuing trading opportunities in-country.

1. Non-GAAP measure ("NGM") (see page 27).

Outlook

Many industries have witnessed a decline in their market. Those that fail to change and step up their future performance will miss the eventual recovery. It often appears that the purpose of a troubled industry is to make fools of management, analysts, bankers and investors. No forecaster, mentor or "industry expert" envisioned the environment the oil and gas industry has operated in for the past two years. Sadly, an extreme employee reduction has occurred across the industry which will have many consequences at any level of recovery.

With fragile optimism, indicators point to a recovery but with uncertain speed. Many onshore operators can now generate free cash flow at $50 per barrel versus $90 per barrel two years ago. Global producers appear to be reviewing production caps. Surplus inventories are smaller and inefficient equipment has been scrapped. Enquiry levels are just now building across some of our business units. Certainly, as evidenced by the interim numbers, your Company has not been exempt from this dismal market. However, not seen in the numbers is the Company's effort to change and step up its performance to satisfy a new and different industry in a recovering market.

- The introduction of new, proprietary technologies to ultimately lower operators well costs.
- Step up lean manufacturing principles to protect future margins but lower customer pricing.
- Reduce employee levels but retain key staff regardless of short-term losses.
- Remain focused on our historical excellence in health and safety performance while conserving cash.
- Target a cash neutral/positive condition at each manufacturing facility.
- Seek other industries in need of our manufacturing skills and equipment capabilities.

With such a critical destruction of the oil service supply chain, few companies will be able to react to any significant recovery at short notice. The managers of your Company each have 20 plus years with Hunting and possess the experience and wisdom to react to any level of an imminent recovery. However, given the inherent uncertainty within the industry at this time, the current market estimates for the 2016 full year will remain dependent on an improved trading environment in the latter part of the year.

While the industry will have changed, hydrocarbon demand will continue to grow resulting in higher profits than previous periods. Hunting is prepared to participate.

Results from Continuing Operations

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

Revenue

Revenue from continuing operations for the six months ended 30 June 2016 decreased to $228.4m (2015 – $463.6m). Revenue from Hunting Energy Services declined to $227.1m compared to $461.5m in the prior period. All segments reported year-on-year declines in revenue, reflecting adverse market conditions.

Profit Measures

Gross profit fell from $116.9m in H1 2015 to $23.8m in H1 2016. Gross margins declined in the six months to 30 June 2016 from 25% in 2015 to 10% reflecting reduced trading volumes and lower product pricing.

The underlying EBITDA loss for the period was $29.5m, against a profit of $44.1m in H1 2015.

The underlying loss from continuing operations was $50.8m (2015 – $20.4m profit). The reported loss from continuing operations was $77.0m (2015 – $63.1m), after the amortisation and exceptional items noted below.

The underlying loss before tax from continuing operations was $51.5m (2015 – $17.7m profit) and the reported loss before tax from continuing operations was $77.7m (2015 – $65.8m). The reported loss after tax from continuing operations was $62.4m (2015 – $52.4m). In 2016, discontinued operations reported an after tax profit of $8.1m (2015 – $4.1m) resulting in a total loss after tax including discontinued operations of $54.3m (2015 – $48.3m).

Amortisation and Exceptional Items

The charge before tax for amortisation of acquired intangibles and exceptional items in the period was $26.2m (2015 – $83.5m) and includes the amortisation of acquired intangible assets of $17.4m (2015 – $19.4m), restructuring costs of $3.9m, a net charge of $2.0m on the closure of the Company's UK defined benefit pension scheme and an impairment charge of $2.9m following the write down of assets relating to the Group's European Drilling Tools rental business, which are currently held for sale.

Other items charged in the prior period include an impairment to goodwill of $35.2m and an impairment of assets of $28.9m.

Summary results from continuing operations

	H1 2016 $m	H1 2015 $m
Revenue	**228.4**	463.6
Underlying[2] EBITDA (NGM A)	**(29.5)**	44.1
Depreciation and amortisation	**(21.3)**	(23.7)
Underlying[2] (loss) profit from operations	**(50.8)**	20.4
Amortisation of acquired intangibles and exceptional items (note 3)	**(26.2)**	(83.5)
Reported[3] loss from continuing operations	**(77.0)**	(63.1)
Underlying[2] diluted EPS	**(27.8)c**	8.4c
Reported[3] diluted EPS	**(40.3)c**	(35.5)c
Underlying[2] basic EPS	**(27.8)c**	8.7c
Reported[3] basic EPS	**(40.3)c**	(35.5)c

2. Underlying results are based on continuing operations before amortisation of acquired intangible assets and exceptional items.
3. Reported results are based on the statutory results for continuing operations as reported under International Financial Reporting Standards.

Taxation
The underlying tax credit on continuing operations was $7.5m (2015 – $4.9m charge) reflecting the losses reported across the Group's operations.

Amortisation of acquired intangibles and exceptional charges in the period attracted a tax credit of $7.8m (2015 – $18.3m), to give a net tax credit on continuing operations of $15.3m (2015 – $13.4m).

Dividends
The 2015 year end final dividend of 4.0 cents per share totalling $5.9m, approved at the AGM on 13 April 2016, was paid to shareholders on 6 July 2016. The Board is not proposing an interim dividend for 2016.

Discontinued Operations
During the period, the Group received $7.9m from the Canadian tax authorities, in relation to the settlement of litigation relating to its former subsidiary Gibson Energy Inc, which was disposed of in December 2008. All historic tax matters relating to Gibson Energy Inc have now been resolved.

Hunting Energy Services Trading Review
(Loss) profit from continuing operations

	H1 2016 $m	H1 2015 $m
Hunting Energy Services		
Well Construction	**(10.8)**	2.8
Well Completion	**(28.5)**	15.5
Well Intervention	**(9.9)**	4.2
	(49.2)	22.5
Other Activities		
Exploration and Production	**(1.6)**	(2.1)
Underlying[4] (loss) profit from operations	**(50.8)**	20.4
Amortisation and exceptional items	**(26.2)**	(83.5)
Reported[5] loss from continuing operations	**(77.0)**	(63.1)

Well Construction
Hunting's Well Construction division has reported an underlying loss from continuing operations of $10.8m (2015 – $2.8m profit). The reported loss from continuing operations was $15.8m (2015 – $61.4m).

Hunting's Premium Connections business reported a profit in the reporting period with activity at its Marrero facility, which provides large diameter threading, supporting deep water Gulf of Mexico drilling. The order book for the facility extends into Q4 2016. The family of WEDGE-LOCK™ premium connections continues to be extended and has now been certified for use in the field and is seeing new orders for the broader product line.

While the Drilling Tools business reported losses as US onshore drilling activity declined, the business reports indications of improving activity within the Williston and Permian basins, with smaller operators cautiously recommencing drilling.

Hunting's Advanced Manufacturing Group, comprising of Hunting Dearborn and Hunting Electronics, reported a poor performance in H1 2016. Hunting Dearborn has been successful in the diversification of its sales and has secured a number of new aviation clients in the period, partly offsetting a reducing oil and gas order book. The business has completed its facility expansion programme, with all new machinery and equipment commissioned in the period.

Hunting Electronics continued to report low activity levels in North America, leading to further reductions in headcount, however, prospects are more positive for the newly established capability in Asia Pacific.

Hunting's European Drilling Tools rental business has reported poor trading results in the period due to market conditions. Measures have been taken to reduce the cost base and the assets of the business unit have been written down to their net realisable value, with a $2.9m impairment charge to the income statement following their classification as held for sale assets.

Well Completion
Hunting's Well Completion division has reported an underlying loss from continuing operations of $28.5m (2015 – $15.5m profit). The reported loss from continuing operations was $46.6m (2015 – $2.2m).

Hunting Titan has reported further declines in business levels, reflecting the lower average US onshore rig count. As noted above, a number of manufacturing and distribution facilities have been closed or idled to manage this market environment, with 30% of the Hunting Titan workforce being released in H1 2016. Hunting Titan operates a "manufacturing to inventory" strategy and during the first half of the year reduced its inventory as demand decreased. The business has continued to internationalise its offering during the period, with new opportunities in the UK and Norway continuing to show promise as plug and abandonment programmes increase. Hunting Titan's recent developments, including the H-1 perforating system, Spectra^{2}™ Jet Cutters and ControlFire™ product lines, continue to be commercialised. Of note is the growing commercial acceptance of the H-1 system by key customers in the Williston and Permian basins during Q2 2016. Management continue to market these new technologies to exploration and production companies, and other service companies to highlight the increased efficiencies which can be realised.

Hunting's Manufacturing and Accessories business has addressed the continued market downturn with a reduction in headcount of 26% since the year end and plans for further facility consolidation during H2 2016. The division has continued to insource business during the period, including assisting Hunting Subsea in bringing more third-party manufacturing within the Group. The new AmeriPort facility has also completed threading orders in Q2 2016 for those deep water projects still underway and has secured new customer orders which will be completed during Q3 2016.

The Group's international completion businesses have all reported declining activity levels throughout the period, as excess global OCTG inventories continued to build. In Europe, activity on the UK Continental Shelf remained at historic lows, as the number of active rigs averaged eight during H1 2016. The headcount in the UK and the Netherlands has reduced by 9% to align operations with current demand. In Canada, the Group's business was impacted by a low rig count and the Alberta wildfires. A four-day week has been in place during the period to manage this decline in activity levels. In sub-Sahara Africa, the recruitment of core operational teams in South Africa and Kenya has continued. The business has built up various service and support capabilities throughout the period, including the receipt of OCTG inventory, drilling tools and rental tool equipment from other areas of the Group, to enable a broad-based product and service offering to be presented to all operators in the region. In the Middle East, Hunting's focus has been to build its joint venture in Saudi Arabia. In Asia Pacific the business continued to align with the current market environment with a further 14% reduction in staff.

4. Underlying results are based on continuing operations before amortisation of acquired intangible assets and exceptional items.
5. Reported results are based on the statutory results for continuing operations as reported under International Financial Reporting Standards.

Well Intervention

Hunting's Well Intervention division has reported an underlying loss from continuing operations of $9.9m (2015 – $4.2m profit). The reported loss from continuing operations was $11.0m (2015 – $3.9m profit).

Hunting Subsea has reported a reduction in activity as deep water projects were delayed or cancelled and as a consequence the unit has reduced headcount by 21% in the period. New product lines continue to be developed, including a modified Chemical Injection System and new metal seal and coupling products which will be commercialised over the coming months. New business enquiry levels have increased providing a more positive outlook for the end of 2016.

The well intervention business has reported lower activity levels in the reporting period, however, higher levels of customer enquiries have recently been reported, providing more confidence for the medium term.

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. The business did not participate in any new wells during the period.

With the decline in the prices for oil and gas, the business reported an underlying loss from continuing operations of $1.6m (2015 – $2.1m). The reported loss from continuing operations for the six months to 30 June 2016 was $1.6m (2015 – $3.4m).

Group Funding and Position at Half Year

Balance Sheet

Summary Group Balance Sheet

	As at 30 June 2016 $m	As at 31 December 2015 $m
Property, plant and equipment	**441.9**	460.8
Goodwill	**230.2**	230.6
Other intangible assets	**163.9**	180.4
Working capital (NGM B)	**337.4**	365.8
Taxation (current and deferred)	**(2.7)**	10.7
Provisions	**(17.2)**	(18.0)
Dividends payable	**(5.9)**	–
Other net assets	**40.7**	48.3
Capital employed	**1,188.3**	1,278.6
Net debt (note 13)	**(87.5)**	(110.5)
Net assets	**1,100.8**	1,168.1
Non-controlling interests	**(21.6)**	(26.2)
Equity attributable to owners of the parent	**1,079.2**	1,141.9
Gearing[6] (NGM C)	**8%**	9%

Net assets reported at $1,100.8m were $67.3m lower than the year end (31 December 2015 – $1,168.1m). The net movement comprises the $54.3m retained loss for the period, together with $11.1m of foreign exchange adjustments and $5.9m dividends declared, offset by other items totalling $4.0m.

Gearing has remained relatively constant at 8% (31 December 2015 – 9%).

Cash Flow

Summary Group Cash Flow

	Six months ended 30 June 2016 $m	Six months ended 30 June 2015 $m
Underlying EBITDA (NGM A)	**(29.5)**	44.1
Working capital movements	**26.7**	14.7
Net interest paid and bank fees	**(1.8)**	(2.6)
Tax received (paid)	**29.2**	(7.7)
Restructuring costs	**(3.9)**	–
Replacement capital investment	**(1.8)**	(15.3)
Other operating cash and non-cash movements	**7.6**	1.9
Free cash flow	**26.5**	35.1
Expansion capital investment	**(11.3)**	(35.5)
Dividends to PLC equity holders	**–**	(33.9)
Tax indemnity receipt	**7.9**	0.3
Other	**(0.1)**	(1.7)
Decrease (increase) in net debt in the period	**23.0**	(35.7)

Net debt at 30 June 2016 was $87.5m (30 June 2015 – $166.7m) compared to net debt at 31 December 2015 of $110.5m, reflecting a net cash inflow of $23.0m in the first half of 2016.

Underlying EBITDA losses of $29.5m and total capital investment of $13.1m were more than offset by a $26.7m improvement in working capital, $29.2m of net tax receipts, including the $29.5m refund arising on the carry-back of losses and a $7.9m tax indemnity receipt from Canada related to the disposal of Gibson Energy Inc.

Exchange Rates

Average exchange rates used to translate Sterling and Canadian dollar denominated results into US dollars were £0.6978 (2015 – £0.6566) and Can$1.3312 (2015 – Can$1.2342). Spot exchange rates for Sterling and Canadian dollar at 30 June 2016 were £0.7481 and Can$1.2987, at 30 June 2015 were £0.6358 and Can$1.2485 and at 31 December 2015 were £0.6785 and Can$1.3891 respectively.

6. Non-GAAP measure ("NGM") (see page 27).

Board Changes
The Nomination Committee met in June 2016 to consider the reappointment of Richard Hunting as Chairman and non-executive Director of the Company, for a further period of up to three years. Following an appraisal and evaluation process, Mr Hunting was reappointed for a further term of office with effect from 1 August 2016.

Principal Risks and Uncertainties Facing the Business
The Group has an established risk management framework, as detailed in the Group's 2015 Annual Report and Accounts on pages 22 to 29. The framework requires all businesses to identify, evaluate and monitor risks and take steps to reduce, eliminate or manage the risk.

There are a number of principal risks 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. Details of those principal risks facing the Group are detailed on page 26 to 29 of the Group's 2015 Annual Report and Accounts.

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. These principal risks are: commodity prices, curtailment of shale drilling, competition, loss of key executives, health, safety and environmental laws, geopolitics, capital investment programmes, and product quality and reliability.

The Directors do not consider that the principal risks have changed significantly since the publication of the Annual Report for the year ended 31 December 2015; as such these risks continue to apply to the Group for the remaining six months of the financial year.

The consequences of the UK's decision to leave the European Union are not considered a principal risk for the Group given its limited exposure to, and profits from, the UK market.

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

5 September 2016

The Directors confirm that, to the best of their knowledge, these condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 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 2015 Annual Report and Accounts.

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 48 and 49 in Hunting PLC's 2015 Annual Report and Accounts and on the Company's website: www.huntingplc.com. There have been no changes to the Directors since the publication of the 2015 Annual Report and Accounts.

On behalf of the Board

Peter Rose
Finance Director

5 September 2016

INDEPENDENT REVIEW REPORT TO HUNTING PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Hunting PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Report of Hunting PLC for the 6 month period ended 30 June 2016. Based on our review, nothing has come to our attention that causes us to believe that the 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 Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Balance Sheet as at 30 June 2016;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, 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.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the Directors

The Half Year Report, including the 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 Rules and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the 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 Rules and Transparency Rules of the United Kingdom's 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.

What a review of interim 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 interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London

5 September 2016

Notes:
1. 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 interim financial statements since they were initially presented on the website.
2. 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 2016 Before amortisation[1] and exceptional items $m	Amortisation[1] and exceptional items (note 3) $m	Total $m	Unaudited Six months ended 30 June 2015 Before amortisation[1] and exceptional items $m	Amortisation[1] and exceptional items (note 3) $m	Total $m
Revenue	2	**228.4**	**–**	**228.4**	463.6	–	463.6
Cost of sales		**(204.6)**	**(2.0)**	**(206.6)**	(346.7)	(28.9)	(375.6)
Gross profit		**23.8**	**(2.0)**	**21.8**	116.9	(28.9)	88.0
Other operating income		**2.3**	**–**	**2.3**	2.3	–	2.3
Operating expenses		**(76.9)**	**(24.2)**	**(101.1)**	(98.8)	(54.6)	(153.4)
(Loss) profit from continuing operations	2	**(50.8)**	**(26.2)**	**(77.0)**	20.4	(83.5)	(63.1)
Finance income		**2.6**	**–**	**2.6**	2.2	–	2.2
Finance expense		**(3.2)**	**–**	**(3.2)**	(4.9)	–	(4.9)
Share of associates' post-tax losses		**(0.1)**	**–**	**(0.1)**	–	–	–
(Loss) profit before tax from continuing operations		**(51.5)**	**(26.2)**	**(77.7)**	17.7	(83.5)	(65.8)
Taxation	4	**7.5**	**7.8**	**15.3**	(4.9)	18.3	13.4
(Loss) profit for the period:							
From continuing operations		**(44.0)**	**(18.4)**	**(62.4)**	12.8	(65.2)	(52.4)
From discontinued operations	5	**–**	**8.1**	**8.1**	–	4.1	4.1
(Loss) profit for the period		**(44.0)**	**(10.3)**	**(54.3)**	12.8	(61.1)	(48.3)
(Loss) profit attributable to:							
Owners of the parent		**(41.2)**	**(10.3)**	**(51.5)**	12.8	(61.1)	(48.3)
Non-controlling interests		**(2.8)**	**–**	**(2.8)**	–	–	–
		(44.0)	**(10.3)**	**(54.3)**	12.8	(61.1)	(48.3)
(Loss) earnings per share:		**cents**		**cents**	cents		cents
Basic – from continuing operations	6	**(27.8)**		**(40.3)**	8.7		(35.5)
– from discontinued operations	6	**–**		**5.5**	–		2.8
Group total		**(27.8)**		**(34.8)**	8.7		(32.7)
Diluted – from continuing operations	6	**(27.8)**		**(40.3)**	8.4		(35.5)
– from discontinued operations	6	**–**		**5.5**	–		2.8
Group total		**(27.8)**		**(34.8)**	8.4		(32.7)

The notes on pages 15 to 26 are an integral part of these condensed consolidated financial statements.

1. Relates to amortisation of intangible assets which arise on the acquisition of businesses (referred to hereafter as amortisation of acquired intangible assets).

	Notes	Year ended 31 December 2015 Before amortisation[2] and exceptional items $m	Amortisation[2] and exceptional items (note 3) $m	Total $m
Revenue	2	810.5	–	810.5
Cost of sales		(615.3)	(37.9)	(653.2)
Gross profit		195.2	(37.9)	157.3
Other operating income		3.8	–	3.8
Operating expenses		(182.6)	(260.7)	(443.3)
Profit (loss) from continuing operations	2	16.4	(298.6)	(282.2)
Finance income		3.3	–	3.3
Finance expense		(10.1)	–	(10.1)
Share of associates' post-tax losses		(0.2)	–	(0.2)
Profit (loss) before tax from continuing operations		9.4	(298.6)	(289.2)
Taxation	4	(5.4)	63.2	57.8
Profit (loss) for the year:				
From continuing operations		4.0	(235.4)	(231.4)
From discontinued operations	5	–	4.2	4.2
Profit (loss) for the year		4.0	(231.2)	(227.2)
Profit (loss) attributable to:				
Owners of the parent		4.6	(231.2)	(226.6)
Non-controlling interests		(0.6)	–	(0.6)
		4.0	(231.2)	(227.2)
Earnings (loss) per share:		cents		cents
Basic – from continuing operations	6	3.1		(156.1)
– from discontinued operations	6	–		2.8
Group total		3.1		(153.3)
Diluted – from continuing operations	6	3.1		(156.1)
– from discontinued operations	6	–		2.8
Group total		3.1		(153.3)

2. Relates to amortisation of acquired intangible assets.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June 2016 $m	Unaudited Six months ended 30 June 2015 $m	Year ended 31 December 2015 $m
Comprehensive expense:			
Loss for the period	**(54.3)**	(48.3)	(227.2)
Components of other comprehensive expense after tax:			
Items that have been reclassified to profit or loss:			
Release of foreign exchange losses	**–**	0.6	0.6
Items that may be reclassified subsequently to profit or loss:			
Exchange adjustments	**(11.1)**	(3.0)	(17.1)
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension schemes	**(0.4)**	0.4	9.2
Other comprehensive expense after tax	**(11.5)**	(2.0)	(7.3)
Total comprehensive expense for the period	**(65.8)**	(50.3)	(234.5)
Total comprehensive expense attributable to:			
Owners of the parent	**(61.2)**	(50.0)	(231.9)
Non-controlling interests	**(4.6)**	(0.3)	(2.6)
	(65.8)	(50.3)	(234.5)
Total comprehensive expense attributable to the owners of the parent arises from:			
Continuing operations	**(69.3)**	(54.7)	(236.5)
Discontinued operations	**8.1**	4.7	4.6
	(61.2)	(50.0)	(231.9)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**Unaudited As at 30 June 2016 $m**	Unaudited As at 30 June 2015 $m	At 31 December 2015 $m
ASSETS				
Non-current assets				
Property, plant and equipment	7	**441.9**	464.9	460.8
Goodwill	8	**230.2**	404.6	230.6
Other intangible assets	9	**163.9**	208.9	180.4
Investments in associates		**3.3**	4.5	3.7
Investments		**9.4**	9.5	9.1
Retirement benefit assets		**33.6**	36.7	41.4
Trade and other receivables	10	**3.1**	5.8	4.0
Deferred tax assets		**1.8**	1.7	2.0
		887.2	1,136.6	932.0
Current assets				
Inventories	11	**288.9**	383.8	331.2
Trade and other receivables	10	**112.6**	196.8	140.2
Current tax assets		**18.4**	9.3	33.5
Investments		**–**	3.9	4.6
Cash at bank and in hand		**65.5**	71.6	54.4
Assets classified as held for sale		**1.5**	–	–
		486.9	665.4	563.9
LIABILITIES				
Current liabilities				
Trade and other payables		**69.1**	125.0	104.2
Current tax liabilities		**14.1**	16.4	14.6
Borrowings		**149.1**	66.0	52.3
Provisions		**5.6**	5.6	5.4
		237.9	213.0	176.5
Net current assets		**249.0**	452.4	387.4
Non-current liabilities				
Borrowings		**3.9**	176.2	117.2
Deferred tax liabilities		**8.8**	29.6	10.2
Provisions		**11.6**	13.7	12.6
Trade and other payables		**11.1**	12.1	11.3
		35.4	231.6	151.3
Net assets		**1,100.8**	1,357.4	1,168.1
Equity attributable to owners of the parent				
Share capital		**61.8**	61.7	61.7
Share premium		**153.0**	153.0	153.0
Other components of equity		**5.1**	27.6	15.7
Retained earnings		**859.3**	1,086.5	911.5
		1,079.2	1,328.8	1,141.9
Non-controlling interests		**21.6**	28.6	26.2
Total equity		**1,100.8**	1,357.4	1,168.1

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 30 June 2016						
	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	**61.7**	**153.0**	**15.7**	**911.5**	**1,141.9**	**26.2**	**1,168.1**
Loss for the period	**–**	**–**	**–**	**(51.5)**	**(51.5)**	**(2.8)**	**(54.3)**
Other comprehensive expense	**–**	**–**	**(9.3)**	**(0.4)**	**(9.7)**	**(1.8)**	**(11.5)**
Total comprehensive expense	**–**	**–**	**(9.3)**	**(51.9)**	**(61.2)**	**(4.6)**	**(65.8)**
Dividends	**–**	**–**	**–**	**(5.9)**	**(5.9)**	**–**	**(5.9)**
Shares issued							
– share option schemes and awards	**0.1**	**–**	**–**	**–**	**0.1**	**–**	**0.1**
Treasury shares							
– purchase of treasury shares	**–**	**–**	**–**	**(1.8)**	**(1.8)**	**–**	**(1.8)**
Share options and awards							
– value of employee services	**–**	**–**	**4.6**	**–**	**4.6**	**–**	**4.6**
– discharge	**–**	**–**	**(5.9)**	**7.4**	**1.5**	**–**	**1.5**
Total transactions with owners	**0.1**	**–**	**(1.3)**	**(0.3)**	**(1.5)**	**–**	**(1.5)**
At 30 June	**61.8**	**153.0**	**5.1**	**859.3**	**1,079.2**	**21.6**	**1,100.8**

	Unaudited Six months ended 30 June 2015						
	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	61.6	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)
Investment by 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

	Year ended 31 December 2015						
	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	61.6	151.9	30.7	1,163.9	1,408.1	30.2	1,438.3
Loss for the year	–	–	–	(226.6)	(226.6)	(0.6)	(227.2)
Other comprehensive expense	–	–	(14.5)	9.2	(5.3)	(2.0)	(7.3)
Total comprehensive expense	–	–	(14.5)	(217.4)	(231.9)	(2.6)	(234.5)
Dividends	–	–	–	(39.8)	(39.8)	(2.0)	(41.8)
Investment by 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	–	–	–	(1.4)	(1.4)	–	(1.4)
Share options and awards							
– value of employee services	–	–	6.2	–	6.2	–	6.2
– discharge	–	–	(6.7)	6.5	(0.2)	–	(0.2)
– taxation	–	–	–	(0.3)	(0.3)	–	(0.3)
Total transactions with owners	0.1	1.1	(0.5)	(35.0)	(34.3)	(1.4)	(35.7)
At 31 December	61.7	153.0	15.7	911.5	1,141.9	26.2	1,168.1

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Unaudited Six months ended 30 June 2016 $m	Unaudited Six months ended 30 June 2015 $m	Year ended 31 December 2015 $m
Operating activities				
Loss from operations		**(77.0)**	(63.1)	(282.2)
Acquisition amortisation and exceptional items	3	**26.2**	83.5	298.6
Depreciation and non-acquisition amortisation		**21.3**	23.7	45.5
Underlying EBITDA		**(29.5)**	44.1	61.9
Loss on disposal of property, plant and equipment		**0.4**	1.3	1.8
Decrease (increase) in inventories		**37.6**	(4.9)	39.4
Decrease in receivables		**28.3**	87.8	143.5
Decrease in payables		**(39.2)**	(68.2)	(86.9)
Decrease in provisions		**–**	(5.4)	(6.7)
Restructuring costs	3	**(3.9)**	–	(5.9)
Taxation received (paid)		**29.2**	(7.7)	(10.5)
Proceeds from disposal of property, plant and equipment held for rental		**0.5**	1.4	2.9
Purchase of property, plant and equipment held for rental		**(1.1)**	(5.9)	(9.0)
Other non-cash flow items		**7.2**	6.0	10.8
Discontinued operations		**–**	1.0	1.0
Net cash inflow from operating activities		**29.5**	49.5	142.3
Investing activities				
Interest received		**0.4**	0.6	1.1
Dividends received from associates		**–**	–	0.1
Net movement on loans to and from associates		**–**	–	(0.2)
Proceeds from disposal of property, plant and equipment		**1.5**	0.5	1.3
Purchase of property, plant and equipment		**(12.0)**	(44.9)	(72.1)
Purchase of intangibles		**(2.3)**	(4.5)	(8.0)
Decrease (increase) in bank deposit investments		**4.5**	–	(1.1)
Net proceeds from disposal of subsidiaries		**0.7**	0.7	0.7
Net cash in subsidiaries sold		**–**	(3.9)	(3.9)
Discontinued operations: Indemnity receipts		**7.9**	0.3	0.4
Net cash inflow (outflow) from investing activities		**0.7**	(51.2)	(81.7)
Financing activities				
Interest and bank fees paid		**(2.2)**	(3.2)	(8.5)
Equity dividends paid		**–**	(33.9)	(39.8)
Non-controlling interest dividend paid		**–**	(1.9)	(2.0)
Investment by non-controlling interest		**–**	0.6	0.6
Share capital issued		**0.1**	1.2	1.2
Purchase of treasury shares		**(1.8)**	(1.3)	(1.4)
Disposal of treasury shares		**1.6**	–	–
Proceeds from new borrowings		**11.2**	19.4	7.6
Repayment of borrowings		**(42.3)**	–	(36.3)
Net cash outflow from financing activities		**(33.4)**	(19.1)	(78.6)
Net cash outflow in cash and cash equivalents		**(3.2)**	(20.8)	(18.0)
Cash and cash equivalents at the beginning of the period		**21.9**	38.0	38.0
Effect of foreign exchange rates		**(0.2)**	(0.7)	(1.9)
Reclassified from held for sale		**–**	3.8	3.8
Cash and cash equivalents at the end of the period		**18.5**	20.3	21.9
Cash and cash equivalents at the end of the period comprise:				
Cash at bank and in hand		**65.5**	71.6	54.4
Bank overdrafts included in borrowings		**(47.0)**	(51.3)	(32.5)
		18.5	20.3	21.9

1. Basis of Accounting

The financial information contained in this half year report is presented in US dollars and 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 2015 Annual Report and Accounts, which have been prepared in accordance with the Companies Act 2006 and those International Financial Reporting Standards ("IFRSs") and IFRS Interpretations Committee ("IFRS IC") 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 2015 Annual Report and Accounts except as described below.

A number of amendments to IFRSs became effective for the financial year beginning on 1 January 2016, however the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these new standards.

On 1 January 2016, the Group chose to adopt early the Amendments to IAS 7: Disclosure Initiative, which is effective for the financial year beginning on 1 January 2017. This has resulted in the net debt reconciliation tables being presented in note 13 and being removed from the "Non-GAAP Measures" section.

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
- IFRS 16 Leases

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 2015 Annual Report and Accounts. For the interim periods, taxes on income are accrued using the tax rate that would be applicable to the expected full year profit or loss.

Terms used in this condensed set of consolidated financial statements are defined in the Glossary on pages 142 and 143 contained in the 2015 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 2015 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 and Liquidity

Introduction

The Group's principal cash outflows include capital expenditure, labour costs, inventory purchases and dividends. The timing and extent of these cash flows is controlled by local management and the Board. The Group's principal cash inflows are generated from the sale of its products and services, the level of which is dependent on the general market and trading conditions, the variety of its products and ability to retain strong customer relationships. Cash inflows are further supported by the Group's credit insurance cover against customer default that at 30 June 2016 covered the majority of its trade receivables subject to certain limits.

Current and forecast cash/debt balances are reported on a weekly basis by each of the business units to a centralised treasury function that uses the information to manage the Group's day-to-day liquidity and longer-term funding needs through effective cash management programmes.

The terms and covenants of the Group's Revolving Credit Facility ("RCF") were amended on 20 July 2016 and these will apply up to 30 June 2018 unless the Group elects to return to the terms and covenants of the original facility at an earlier date. Following the amendment, the Group has access to a $200m committed bank facility, of which $89m was undrawn on 20 July 2016. The key terms and covenants to apply throughout the amendment period, which runs up to and including the 30 June 2018 covenant test date, are:

- First priority security charge taken by the bank group over trade receivables and inventories held by Group subsidiaries in the USA, Canada and the UK together with security charges over the Group's principal properties in the USA and Canada.
- Drawings under the facility to be covered by the secured assets.
- Twelve-month cash flow targets tested semi-annually.
- Capital expenditure limited to a maximum of $30m per annum in 2017 and 2018.
- Cessation of external dividend payments until the end of the amendment period.

Financial forecasts prepared by local and Group management, using externally published data on expected market conditions, indicate that the Group will have sufficient headroom over all covenants.

1. Basis of Accounting continued

Review

In conducting its review of the Group's ability to remain as a going concern, the Board assessed the Group's recent trading performance and its latest forecasts and took account of reasonably predictable changes in future trading performance. In addition, the Group's forecasts were stress-tested to simulate further adverse but unpredicted market conditions. The Board also considered the potential financial impact of the estimates, judgements and assumptions that were used to prepare these condensed consolidated financial statements.

The Board further considered the risks and uncertainties that have evolved from the UK's vote to exit the European Union and concluded that due to the Group's limited exposure to the European and UK markets, the direct impact would not be material to the Group. The Board also considered the impact of Brexit on the wider markets in North America, Asia and Africa. As Hunting's participation in these markets is localised with minimal cross-trading with the UK and Europe the Board concluded there would be minimal indirect financial impact on the Group.

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.

Conclusion

The Board is satisfied that it has conducted a robust review of the Group's going concern and has a high level of confidence that the Group has the necessary liquid resources to meet its liabilities as they fall due. Consequently, the Board considered it appropriate to adopt the going concern basis of accounting in preparing these condensed consolidated financial statements.

2. Segmental Reporting

For the six months ended 30 June 2016, the Group reports on five operating segments, one being a discontinued operation, 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 results from operations, before exceptional items and the amortisation of acquired 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

The discontinued operations comprise Gibson Shipbrokers, which was sold on 31 March 2015, and Gibson Energy Inc ("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 Hunting PLC Board, the Group's Chief Operating Decision Maker.

2. Segmental Reporting continued
Results from Operations

	Six months ended 30 June 2016					
	Total gross revenue $m	**Inter-segmental revenue $m**	**Total revenue $m**	**Loss from operations before amortisation[3] and exceptional items $m**	**Amortisation[3] and exceptional items $m**	**Total $m**
Continuing operations:						
Hunting Energy Services						
Well Construction	**52.4**	**(1.1)**	**51.3**	**(10.8)**	**(5.0)**	**(15.8)**
Well Completion	**149.3**	**(0.2)**	**149.1**	**(28.5)**	**(18.1)**	**(46.6)**
Well Intervention	**26.8**	**(0.1)**	**26.7**	**(9.9)**	**(1.1)**	**(11.0)**
	228.5	**(1.4)**	**227.1**	**(49.2)**	**(24.2)**	**(73.4)**
Other Activities						
Exploration and Production	**1.3**	**–**	**1.3**	**(1.6)**	**–**	**(1.6)**
Total from continuing operations	**229.8**	**(1.4)**	**228.4**	**(50.8)**	**(24.2)**	**(75.0)**
Exceptional defined benefit pension curtailment not apportioned to business segments				**–**	**(2.0)**	**(2.0)**
Loss from continuing operations				**(50.8)**	**(26.2)**	**(77.0)**
Net finance expense				**(0.6)**	**–**	**(0.6)**
Share of associates' post-tax losses				**(0.1)**	**–**	**(0.1)**
Loss before tax from continuing operations				**(51.5)**	**(26.2)**	**(77.7)**
Discontinued operations:						
Gibson Energy	**–**	**–**	**–**	**–**	**8.4**	**8.4**
Total from discontinued operations	**–**	**–**	**–**	**–**	**8.4**	**8.4**
Taxation				**–**	**(0.3)**	**(0.3)**
Profit from discontinued operations				**–**	**8.1**	**8.1**

	Six months ended 30 June 2015					
	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	Profit (loss) from operations before amortisation[3] and exceptional items $m	Amortisation[3] 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

3. Relates to amortisation of acquired intangible assets.

2. Segmental Reporting continued

	Year ended 31 December 2015					
	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	Profit (loss) from operations before amortisation[4] and exceptional items $m	Amortisation[4] and exceptional items $m	Total $m
Continuing operations:						
Hunting Energy Services						
Well Construction	216.6	(5.2)	211.4	1.9	(113.8)	(111.9)
Well Completion	495.0	(6.4)	488.6	14.2	(146.8)	(132.6)
Well Intervention	107.6	(1.3)	106.3	4.6	(31.6)	(27.0)
	819.2	(12.9)	806.3	20.7	(292.2)	(271.5)
Other Activities						
Exploration and Production	4.2	–	4.2	(4.3)	(6.4)	(10.7)
Total from continuing operations	823.4	(12.9)	810.5	16.4	(298.6)	(282.2)
Net finance expense				(6.8)	–	(6.8)
Share of associates' post-tax losses				(0.2)	–	(0.2)
Profit (loss) before tax from continuing operations				9.4	(298.6)	(289.2)
Discontinued operations:						
Gibson Shipbrokers	11.6	–	11.6	–	4.9	4.9
Gibson Energy	–	–	–	–	0.4	0.4
Total from discontinued operations	11.6	–	11.6	–	5.3	5.3
Net finance income				0.1	–	0.1
Taxation				(0.1)	(1.1)	(1.2)
Profit from discontinued operations				–	4.2	4.2

4. Relates to amortisation of acquired intangible assets.

2. Segmental Reporting continued

Geographical Information

The Group operates across a number of geographical areas. The table below shows revenues from its external customers, which are attributed to individual countries on the basis of the location in which the sale originated.

	External revenue			(Loss) profit from operations before amortisation[5] and exceptional items		
	Six months ended 30 June 2016 $m	Six months ended 30 June 2015 $m	Year ended 31 December 2015 $m	**Six months ended 30 June 2016 $m**	Six months ended 30 June 2015 $m	Year ended 31 December 2015 $m
Continuing operations:						
Hunting Energy Services						
USA	**144.3**	295.8	507.0	**(20.5)**	24.5	31.7
Canada	**18.6**	30.5	56.1	**(3.0)**	(3.4)	(3.6)
North America	**162.9**	326.3	563.1	**(23.5)**	21.1	28.1
UK	**33.4**	64.9	119.4	**(11.5)**	0.2	(2.7)
Rest of Europe	**7.1**	8.1	15.2	**(2.0)**	(0.3)	(1.5)
Europe	**40.5**	73.0	134.6	**(13.5)**	(0.1)	(4.2)
Singapore	**13.8**	40.2	67.2	**(4.7)**	3.8	1.6
Rest of Asia Pacific	**4.5**	12.7	22.9	**(2.8)**	(1.8)	(1.9)
Asia Pacific	**18.3**	52.9	90.1	**(7.5)**	2.0	(0.3)
Middle East, Africa and Other	**5.4**	9.3	18.5	**(4.7)**	(0.5)	(2.9)
	227.1	461.5	806.3	**(49.2)**	22.5	20.7
Other Activities						
USA	**1.3**	2.1	4.2	**(1.6)**	(2.1)	(4.3)
Total from continuing operations	**228.4**	463.6	810.5	**(50.8)**	20.4	16.4
Discontinued operations:						
UK	**–**	9.9	9.9	**–**	(0.1)	(0.2)
Other	**–**	1.7	1.7	**–**	0.1	0.2
	–	11.6	11.6	**–**	–	–

Major Customer Information

The Group received $23.2m (six months ended 30 June 2015 – $51.6m; year ended 31 December 2015 – $86.3m) of revenue from the Halliburton Company consolidated group which is 10% (six months ended 30 June 2015 – 11%; year ended 31 December 2015 – 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.

5. Relates to amortisation of acquired intangible assets.

3. Amortisation and Exceptional Items

	Six months ended 30 June 2016 $m	Six months ended 30 June 2015 $m	Year ended 31 December 2015 $m
Restructuring costs	**2.0**	–	4.7
Impairment of assets	**–**	28.9	33.2
Charged to cost of sales	**2.0**	28.9	37.9
Amortisation of acquired intangibles	**17.4**	19.4	38.9
Impairment of held for sale assets	**2.9**	–	–
Defined benefit pension curtailment	**2.0**	–	–
Restructuring costs	**1.9**	–	2.4
Impairment of goodwill	**–**	35.2	208.2
Impairment of other intangible assets	**–**	–	11.2
Charged to operating expenses	**24.2**	54.6	260.7
Amortisation and exceptional items	**26.2**	83.5	298.6
Taxation on amortisation and exceptional items	**(7.8)**	(18.3)	(63.2)
Continuing operations	**18.4**	65.2	235.4

Management continues to implement cost base reduction measures at all levels across the Group, resulting in total restructuring costs of $3.9m being paid during the period (six months ended 30 June 2015 – $nil; year ended 31 December 2015 – $7.1m).

The assets of the Group's European Drilling Tools rental business have been classified as held for sale and an impairment charge of $2.9m has been posted to the income statement in the period to recognise the assets at their net realisable value.

On 11 March 2016, it was agreed that the defined benefit section of the Company's UK pension scheme would be closed to future accrual of further benefits from 30 June 2016. The active members have been offered membership of the defined contribution section of the scheme from 1 July 2016. The effect of this change has been recognised in the 2016 financial statements, resulting in a gain on the curtailment of future defined benefit scheme accruals of $8.7m and a past service cost of $10.7m on defined benefit members' uplift on 11 March 2016, the net charge being $2.0m.

During the six months to 30 June 2015, a $27.6m impairment charge to the assets of the US Drilling Tools business was recorded following a review of the carrying value given the prevailing trading conditions and future expectations. In addition, an impairment charge of $1.3m for the Group's oil and gas properties was recorded. In the second half of 2015 an additional impairment charge of $4.3m, principally relating to the Group's oil and gas properties, was recorded bringing the impairment charge for the year to $33.2m.

A goodwill impairment charge of $35.2m was recognised in the six months to 30 June 2015 and $208.2m for the year ended 31 December 2015.

An impairment charge of $11.2m for other intangible assets was recognised in the year ended 31 December 2015 following a review of customer relationships arising on the acquisition of the Hunting Electronics and Hunting Doffing businesses.

4. Taxation

The taxation charge for the six months ended 30 June 2016 is calculated by applying the estimated annual Group effective rate of tax to the profit or loss for the period.

The estimated weighted average tax rate for continuing operations before amortisation of acquired intangible assets and exceptional items for the year ending 31 December 2016 is 15% and has been used for the six months ended 30 June 2016 (six months ended 30 June 2015 – 28%; year ended 31 December 2015 – 57%).

Included in the income statement are tax credits of $7.8m in respect of amortisation of acquired intangible assets and exceptional items from continuing operations (six months ended 30 June 2015 – $18.3m; year ended 31 December 2015 – $63.2m).

A number of changes to the UK corporation tax system were announced in the Chancellor's Budget on 16 March 2016. These include reductions to the main rate of corporation tax to reduce the rate to 17% from 1 April 2020. The Finance Bill 2015 included a reduction to the main corporation tax rate to 19% from 1 April 2017. As the changes in this year's Budget 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.

5. 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:

Gibson Energy	Six months ended 30 June 2016 $m
Gain on disposal:	
Gain on disposal before tax	**8.4**
Tax on gain	**(0.3)**
Total profit from discontinued operations	**8.1**

	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

	Year ended 31 December 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	0.4	5.3
Tax on gain	(1.1)	–	(1.1)
Gain on disposal after tax	3.8	0.4	4.2
Total profit from discontinued operations	3.8	0.4	4.2

6. Earnings per Share

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

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

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

	Six months ended 30 June 2016 $m	Six months ended 30 June 2015 $m	Year ended 31 December 2015 $m
Basic and diluted (loss) earnings attributable to Ordinary shareholders:			
From continuing operations	**(59.6)**	(52.4)	(230.8)
From discontinued operations	**8.1**	4.1	4.2
Total	**(51.5)**	(48.3)	(226.6)
Basic and diluted (loss) earnings attributable to Ordinary shareholders before amortisation and exceptional items:			
From continuing operations	**(59.6)**	(52.4)	(230.8)
Add: amortisation and exceptional items after taxation	**18.4**	65.2	235.4
Total for continuing operations	**(41.2)**	12.8	4.6
From discontinued operations	**8.1**	4.1	4.2
Less: exceptional items after taxation	**(8.1)**	(4.1)	(4.2)
Total for discontinued operations	**–**	–	–
	millions	millions	millions
Weighted average number of Ordinary shares in issue	**148.1**	147.7	147.8
Dilutive outstanding share options	**–**	0.2	0.1
Long-term incentive plans	**3.1**	4.2	2.0
Weighted average number of Ordinary shares for diluted EPS	**151.2**	152.1	149.9
	cents	cents	cents
Basic EPS:			
From continuing operations	**(40.3)**	(35.5)	(156.1)
From discontinued operations	**5.5**	2.8	2.8
	(34.8)	(32.7)	(153.3)
Diluted EPS[6]:			
From continuing operations	**(40.3)**	(35.5)	(156.1)
From discontinued operations	**5.5**	2.8	2.8
	(34.8)	(32.7)	(153.3)
Earnings per share before amortisation and exceptional items:			
Basic EPS:			
From continuing operations	**(27.8)**	8.7	3.1
From discontinued operations	**–**	–	–
	(27.8)	8.7	3.1
Diluted EPS[6]:			
From continuing operations	**(27.8)**	8.4	3.1
From discontinued operations	**–**	–	–
	(27.8)	8.4	3.1

6. For the six months ended 30 June 2016 and 30 June 2015 and for the year ended 31 December 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.

7. Property, Plant and Equipment

During the first six months of 2016, the net book value of property, plant and equipment decreased from $460.8m to $441.9m due to additions of $11.6m being offset by foreign exchange adjustments of $3.5m, disposals of $2.3m, depreciation of $20.2m and the reclassification of items to assets held for sale of $4.5m.

Additions include $1.8m for land and buildings, $8.1m for plant, machinery and motor vehicles, $1.1m for rental tools and $0.6m for oil and gas exploration and development.

8. Goodwill

During the first six months of 2016, the net book value of goodwill decreased from $230.6m to $230.2m due to foreign exchange adjustments of $0.4m. Hunting Titan represents 78% of the goodwill balance at 30 June 2016 (31 December 2015 – 78%) and has a carrying value, including amounts recognised on consolidation such as goodwill, of $483.9m (31 December 2015 – $503.0m).

Details of the Group's other CGUs can be found in note 15 of the 2015 Annual Report and Accounts.

Impairment Tests for Goodwill

The continuing poor trading conditions and the subsequent renegotiation of bank facilities were considered indicators of potential impairment and an impairment test was carried out. The Group uses a fair value less costs to sell method, discounting nominal pre-tax cash flow projections. Details on the Group's impairment test methodology can be found in note 15 of the 2015 Annual Report and Accounts.

Pre-tax discount rates used were between 9% and 17%. The basis for cash flow projections were business unit forecasts for the remainder of 2016. For 2017 to 2020 revenue growth projections were supported by market drivers from Spears and Associates June 2016 "Drilling and Production Outlook" reports as a basis, selecting the most appropriate geographic market and driver (rig count, footage drilled or E&P spend) for each CGU, in conjunction with other adjustments made as a result of management experience. This has resulted in compound annual growth rates ("CAGRs") for revenue from 2015 to 2020 from minus 1% to positive 15%. Management remains confident that market fundamentals will drive a significant recovery in the sector and this assessment of the mid to long-term outlook has not changed materially since the year end. No impairment charges have been recorded as a result of the impairment review.

Sensitivities

Given the current market conditions, the results of the impairment review remain sensitive. The carrying value of certain CGUs is dependent on the strength and speed of the expected recovery in the sector. The following CGUs are material or are sensitive to a reasonably possible change in expectations.

- *Hunting Titan* – cash flows have been discounted at a nominal pre-tax rate of 10% (31 December 2015 – 10%). If the 2015 to 2020 revenue CAGR were to fall by 4.4%, then, from expectations, management estimates an impairment of $43m would be required.
- *Welltonic* – if the 2015 to 2020 revenue CAGR were to fall by 2.7%, then, from expectations, management estimates an impairment of $7m would be required.

9. Other Intangible Assets

During the first six months of 2016, the net book value of other intangible assets decreased from $180.4m to $163.9m due to amortisation charges of $17.4m on acquired intangible assets, $1.1m amortisation of purchased intangible assets, disposals of $0.1m and foreign exchange adjustments of $0.2m, offset by additions of $2.3m.

10. Trade and Other Receivables

	Six months ended 30 June 2016 $m	Six months ended 30 June 2015 $m	Year ended 31 December 2015 $m
Non-current:			
Loan note	**1.3**	2.3	2.2
Prepayments	**1.6**	3.1	1.6
Other receivables	**0.2**	0.4	0.2
	3.1	5.8	4.0
Current:			
Trade receivables	**90.2**	163.6	119.1
Less: provision for impairment of receivables	**(2.2)**	(2.4)	(2.7)
Net trade receivables	**88.0**	161.2	116.4
Prepayments	**13.1**	12.9	13.1
Accrued revenue	**3.4**	12.0	3.8
Loan note	**0.7**	0.8	0.7
Other receivables	**7.4**	9.9	6.2
	112.6	196.8	140.2

11. Inventories

	Six months ended 30 June 2016 $m	Six months ended 30 June 2015 $m	Year ended 31 December 2015 $m
Raw materials	**85.2**	103.0	94.1
Work in progress	**37.3**	52.2	43.9
Finished goods	**190.6**	241.5	213.1
Less: provisions for losses	**(24.2)**	(12.9)	(19.9)
	288.9	383.8	331.2

Due to the current poor trading conditions, the provision for inventory losses has increased as inventory is moving more slowly and the net realisable value of certain items has decreased. An increase in the provision for inventories of $5.5m (six months ended 30 June 2015 – $1.2m; year ended 31 December 2015 – $9.3m) has been included in cost of sales in the period.

12. Dividends Paid

	Six months ended 30 June 2016 $m	Six months ended 30 June 2015 $m	Year ended 31 December 2015 $m
Ordinary dividends:			
2015 interim paid – 4.0c	**–**	–	5.9
2014 final paid – 22.9c	**–**	33.9	33.9
	–	33.9	39.8

The 2015 final dividend of 4.0 cents per share was paid on 6 July 2016 absorbing $5.9m (2014 final dividend paid on 26 May 2015). No 2016 interim dividend is proposed.

13. Changes in Net Debt

Hunting operates a centralised Treasury function that manages all cash and loan positions throughout the Group and ensures funds are used efficiently through the use of interest offsetting arrangements and other such measures. The Group manages funding on a net debt basis and therefore internal reporting focuses on changes in net debt. The net debt reconciliation provides an analysis of the movement in the year for each component of net debt split between cash and non-cash items.

Net debt comprises bank overdrafts, current and non-current borrowings, less cash at bank and in hand and bank deposits maturing after more than three months.

	At 1 January 2016 $m	Cash flow $m	Exchange movements $m	Movement in capitalised loan facility fees[7] $m	Facility classified as current borrowings $m	At 30 June 2016 $m
Cash at bank and in hand	**54.4**	**12.3**	**(1.2)**	**–**	**–**	**65.5**
Bank overdrafts	**(32.5)**	**(15.5)**	**1.0**	**–**	**–**	**(47.0)**
Cash and cash equivalents	**21.9**	**(3.2)**	**(0.2)**	**–**	**–**	**18.5**
Current investments	**4.6**	**(4.5)**	**(0.1)**	**–**	**–**	**–**
Non-current borrowings	**(119.9)**	**39.4**	**1.5**	**–**	**75.1**	**(3.9)**
Current unsecured bank loans	**(19.8)**	**(8.3)**	**(1.4)**	**–**	**(75.1)**	**(104.6)**
Total net borrowings	**(113.2)**	**23.4**	**(0.2)**	**–**	**–**	**(90.0)**
Capitalised loan facility fees	**2.7**	**–**	**–**	**(0.2)**	**–**	**2.5**
Total net debt	**(110.5)**	**23.4**	**(0.2)**	**(0.2)**	**–**	**(87.5)**

Due to losses reported in the relevant test period, the bank covenants relating to the Group's $350m Revolving Credit Facility ("RCF") were breached at 30 June 2016, therefore any borrowings under the facility are repayable on demand and are accordingly all reported as current, unsecured bank loans as at 30 June 2016.

Prior to this occurring, management had been in discussions with the bank lending group to seek amendments to the covenants. Following agreement of the revised covenant terms on 20 July 2016, the borrowings under the RCF will be disclosed in the accounts as non-current secured borrowings in the Annual Report and Accounts for 2016. As the revised facility size and covenant terms are significantly different, the existing $350m RCF is deemed to have been extinguished and replaced by the new $200m RCF. Consequently, the capitalised loan facility fees of $2.5m will be written off to the income statement. Further details on the revised terms are provided in note 17.

	At 1 January 2015 $m	Cash flow $m	Exchange movements $m	Movement in capitalised loan facility fees[8] $m	Reclassified from held for sale $m	At 31 December 2015 $m
Cash at bank and in hand	88.5	(35.0)	(2.9)	–	3.8	54.4
Bank overdrafts	(50.5)	17.0	1.0	–	–	(32.5)
Cash and cash equivalents	38.0	(18.0)	(1.9)	–	3.8	21.9
Current investments	3.8	1.1	(0.3)	–	–	4.6
Non-current borrowings	(160.9)	36.3	4.7	–	–	(119.9)
Current borrowings	(14.9)	(7.6)	2.7	–	–	(19.8)
Total net borrowings	(134.0)	11.8	5.2	–	–	(113.2)
Capitalised loan facility fees	3.0	–	–	(0.3)	–	2.7
Total net debt	(131.0)	11.8	5.2	(0.3)	3.8	(110.5)

	At 1 January 2015 $m	Cash flow $m	Exchange movements $m	Movement in capitalised loan facility fees[9] $m	Reclassified from held for sale $m	At 30 June 2015 $m
Cash at bank and in hand	88.5	(20.2)	(0.5)	–	3.8	71.6
Bank overdrafts	(50.5)	(0.6)	(0.2)	–	–	(51.3)
Cash and cash equivalents	38.0	(20.8)	(0.7)	–	3.8	20.3
Current investments	3.8	–	0.1	–	–	3.9
Non-current borrowings	(160.9)	(18.5)	1.1	–	–	(178.3)
Current borrowings	(14.9)	(0.9)	1.1	–	–	(14.7)
Total net borrowings	(134.0)	(40.2)	1.6	–	3.8	(168.8)
Capitalised loan facility fees	3.0	–	–	(0.9)	–	2.1
Total net debt	(131.0)	(40.2)	1.6	(0.9)	3.8	(166.7)

7. During the period, $0.1m loan facility fees were paid and $0.3m fees were amortised.
8. During the year, $2.7m loan facility fees were paid and $3.0m fees were amortised.
9. During the period, $0.9m loan facility fees were amortised.

14. Capital Commitments
Group capital expenditure committed, for the purchase of property, plant and equipment, but not provided for at 30 June 2016 amounted to $2.8m (at 30 June 2015 – $17.3m; at 31 December 2015 – $4.8m).

15. Financial Instruments: Fair Values
The carrying values of financial assets and liabilities approximates to their fair values. Non-current investments include 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 2016 was $9.4m (30 June 2015 – $9.5m; 31 December 2015 – $9.1m). There were no transfers between levels of the fair value hierarchy used in the measurement of the fair values of financial instruments.

16. Financial Risk Management
The Group's activities expose it to a variety of financial risks, namely market risk (including currency risk, fair value interest rate risk and cash flow interest risk), credit risk and liquidity risk.

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's 2015 Annual Report and Accounts.

There have been no changes in any risk management policies since the year end.

17. Events After the Balance Sheet Date
Bank Facility:
Management has held discussions with the Group's banks and on 20 July 2016 secured revised covenant terms to the RCF. The main revised covenants and terms to apply throughout the amendment period, which runs up to and including the 30 June 2018 covenant test date, are:

- Facility size reduces from $350m to $200m to reflect the Group's reduced requirements.
- First priority security charge taken by the bank group over trade receivables and inventories held by Group subsidiaries in the USA, Canada and UK, together with security charges over the Group's principal properties in the USA and UK.
- Drawings under the RCF to be covered by the secured assets.
- Tangible net worth of the Group must exceed $450m.
- Rolling 12-month cash flow targets tested semi annually.
- Capital expenditure limited to a maximum of $30m per annum in 2017 and 2018.
- Cessation of dividend payments until the end of the amendment period.
- An amendment fee of $400,000 is payable and the interest margin over LIBOR on funds drawn increases to 2.75%.

The ratio of net debt to EBITDA and the EBITDA interest cover covenants included in the facility agreement signed in October 2015 have been suspended until 31 December 2018. If trading conditions improve before the end of the amendment period then Hunting can elect to return to the original covenants of the RCF.

The Directors believe it is appropriate to include in the Half Year Report a number of non-GAAP measures ("NGMs") that are commonly used within the business. These measures supplement the information provided in the IFRS "reported" financial statements and accompanying notes, providing additional insight to the users of the Half Year Report. The condensed interim financial statements do not include all non-GAAP measures of the Group; this section should be read in conjunction with the Group's 2015 Annual Report and Accounts.

A. EBITDA

Purpose: This profit measure is used as a simple proxy for pre-tax cash flows from operating activities.

Calculation Definition: Underlying earnings before share of associates' post-tax results, interest, tax, depreciation, impairment and amortisation for continuing operations.

	Six months ended 30 June 2016 $m	Six months ended 30 June 2015 $m	Year ended 31 December 2015 $m
Reported loss from continuing operations	**(77.0)**	(63.1)	(282.2)
Add:			
Depreciation charge for property, plant and equipment	**20.2**	22.7	43.6
Impairment of property, plant and equipment	**–**	28.3	33.2
Impairment of goodwill	**–**	35.2	208.2
Amortisation of intangible assets	**18.5**	20.4	40.8
Impairment of intangible assets	**–**	–	11.2
Reported EBITDA	**(38.3)**	43.5	54.8
Add exceptional items impacting EBITDA:			
Restructuring costs	**3.9**	–	7.1
Defined benefit pension curtailment	**2.0**	–	–
Impairment of held for sale assets	**2.9**	–	–
Impairment of other assets	**–**	0.6	–
Underlying EBITDA	**(29.5)**	44.1	61.9

B. Working Capital

Purpose: Working Capital is a measure of the Group's liquidity identifying whether the Group has sufficient assets to cover liabilities as they fall due.

Calculation Definition: Trade and other receivables, excluding receivables from associates, derivative financial assets, environmental escrow and promissory notes, plus inventories less trade and other payables, excluding payables due to associates, derivative financial liabilities, dividend liabilities and retirement plan obligations.

	Six months ended 30 June 2016 $m	Six months ended 30 June 2015 $m	Year ended 31 December 2015 $m
Trade and other receivables – non-current	**3.1**	5.8	4.0
Trade and other receivables – current	**112.6**	196.8	140.2
Inventories	**288.9**	383.8	331.2
Trade and other payables – current	**(69.1)**	(125.0)	(104.2)
Trade and other payables – non-current	**(11.1)**	(12.1)	(11.3)
Less: non-working capital loan note	**(2.0)**	(3.1)	(2.9)
Add: non-working capital non-current other payables	**9.4**	9.5	9.1
Less: non-working capital current other receivables and other payables	**5.6**	(0.1)	(0.3)
	337.4	455.6	365.8

C. Gearing

Purpose: This ratio indicates the relative level of debt funding, or financial leverage, which the Group is subject to with higher levels indicating increasing levels of financial risk.

Calculation Definition: Gearing is calculated as net debt as a percentage of total equity.

	Six months ended 30 June 2016 $m	Six months ended 30 June 2015 $m	Year ended 31 December 2015 $m
Total equity	**1,100.8**	1,357.4	1,168.1
Net debt	**87.5**	166.7	110.5
Capital employed	**1,188.3**	1,524.1	1,278.6
Gearing	**8%**	12%	9%

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