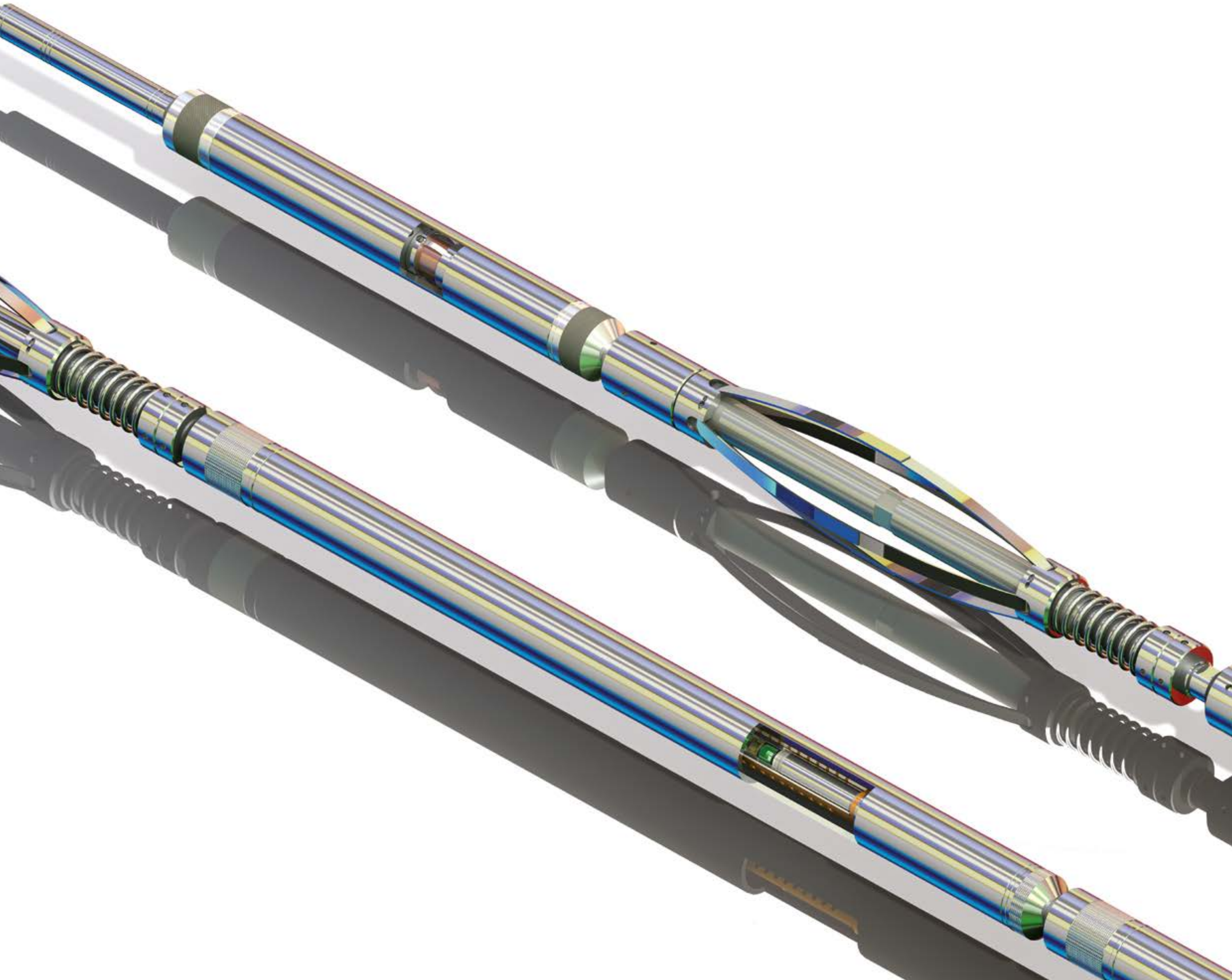
HUNTING

BUILDING MOMENTUM FROM NEW TECHNOLOGY

HALF YEAR REPORT 2017



THE GROUP'S PERFORATING SYSTEMS BUSINESS WAS THE MAIN BENEFICIARY OF THE INCREASE IN US ONSHORE ACTIVITY. ACROSS THE WIDER GROUP, MOST BUSINESS UNITS REPORT A NOTABLE INCREASE IN ENQUIRY LEVELS, WHICH HAS IN TURN LED TO MORE PURCHASE ORDERS BEING RECEIVED.

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Front cover images: Examples of Hunting's Gamma Logging Tools manufactured by the Perforating Systems business.

Hunting PLC ("the Group"), the international energy services group, announces its results for the six months ended 30 June 2017.

Group Performance and Development

Introduction

The Group is reporting improved revenues and a return to a positive EBITDA, supported by a solid balance sheet with minimal levels of net debt.

Oil prices were generally increasing in the second half of 2016. This gave confidence to US onshore operators to ramp up drilling programmes in the early part of 2017, with many participants locking in prices through hedges when oil neared $55/bbl and this resulted in the onshore rig count increasing by 45% to 919 rigs. The growth was focused in the lower cost basins such as the Permian.

The Group's Perforating Systems business was the main beneficiary of the increase in US onshore activity. Across the wider Group, most business units report a notable increase in enquiry levels, which has in turn led to more purchase orders being received. As the Group enters the second half of the year, activities are likely to remain focused on drilled-but-uncompleted wells, providing a continuation of the momentum seen during the reporting period.

The increase in US onshore oil production has, however, meant that oversupply concerns have persisted with the oil price closing the period at $46.04/bbl. With oil prices generally trading around $50/bbl, international and offshore drilling activity levels have stabilised, albeit at historically low levels, with the prospects of a recovery being dependent on an improving oil price.

Group Developments

The strategy of the Group during H1 2017 has been to align Hunting's businesses with the increasing activity in the onshore basins in the US.

Of note has been the strong growth seen within Hunting's Perforating Systems business. As activity levels improved, the business increased production to meet demand, hired personnel and recommissioned a facility that had previously been mothballed.

The acceleration in US onshore activity has led to a material increase in sales reported by the Group's distribution centres located in the Permian, Eagle Ford, Marcellus and Utica shale regions, with a doubling in sales recorded at key locations in the period compared to the second half of 2016. Hunting's perforating charges and switches have seen strong increases in demand, which has led to some price increases being implemented.

Sales of the recently introduced H-1 Perforating System have been strong during the reporting period, with the number of units sold during H1 2017 exceeding the total number of units sold for the whole of 2016. To address this demand, the manufacture of Hunting's Perforating Systems and Accessories has been expanded at a number of the Group's international locations including Canada, Mexico and China, as market acceptance of Hunting's broad range of perforating products has increased.

Other businesses benefiting from the increase in onshore US drilling activity include the Group's Premium Connections and Specialty Supply businesses. In Europe, Hunting's OCTG businesses in the UK and Netherlands have also received orders from US shale operators.

The number of operational facilities at 30 June 2017 was 38 compared to 40 at 31 December 2016 following the closure of the Group's European Drilling Tools business.

Hunting's global distribution centres continue to be rationalised with two centres closing giving a total of 23 at 30 June 2017 (31 December 2016 – 25).

Outlook

The Group's 4 July 2017 trading statement noted our H2 2017 results would be "predicated on sustained US onshore drilling activity." Since that time, the following comments, forecasts and events have occurred to reinforce that statement.

- Operators appear to be applying the brakes;
- Stronger dollar thus lower oil price;
- Drop in crude demand from Chinese refiners;
- Compliance among OPEC member supply cuts is slipping;
- E&P companies have substantially outspent their cash flow;
- Record oil production levels in US shale;
- Lower for longer;
- Seasonal demand declines;
- Shale well decline rates accelerating; and
- Budget cuts announced by many operators.

While we acknowledge the above and respect some of the sources, we hold steadfast in our belief and commitment to a supply/demand rebalance occurring when least expected. While many pundits assert US shale activity as the cause for OPEC price aggression and global inventory overhang, one cannot dismiss that their targeting of offshore players, by choice or accident, has devastated future offshore investment. With 30% of global oil production coming from very high cost, long lead time, offshore fields, continued under investment combined with natural depletion will quickly reverse current supply/demand issues. North American shale would not be able to offset this reversal without massive manpower, equipment and infrastructure, therefore higher oil prices and activity.

That is our strongly held belief.

Our Balance Sheet, facility footprint, proprietary products, new technology and market share gains are solid. Cost containment, customer focus and quality output is a daily focus. The payoff will occur – the timing is the debate.

Results from Continuing Operations

Revenue

Revenue from continuing operations for the six months ended 30 June 2017 increased by 40% to $318.9m compared to the prior period (H1 2016 – $228.4m).

All segments within Hunting Energy Services reported period-on-period increases in revenue as drilling activity increased within US onshore basins and as some stability re-entered Hunting's other markets. Of note, the Well Completion segment, which incorporates Hunting's Perforating Systems business, increased revenue by 52% reflecting the strong demand for its products.

Profit Measures

Underlying gross profit increased from $23.8m in H1 2016 to $71.0m in H1 2017. Underlying gross margin improved to 22% in the six months to 30 June 2017 from 10% in H1 2016, reflecting the lower cost base, higher trading volumes and firmer product pricing. Reported gross profit for the period was $71.0m compared to $21.8m in H1 2016.

Underlying EBITDA for the period was $12.1m, against an underlying EBITDA loss of $29.5m in H1 2016. Underlying EBITDA margin was positive 4% in the period compared to negative 13% in H1 2016. EBITDA is a Non-GAAP Measure ("NGM"). Refer to page 25 for further information on the definition and calculation of this measure.

Despite the improved trading reported in the period, the underlying loss from continuing operations was $9.1m (H1 2016 – $50.8m loss). The reported loss from continuing operations was $23.7m (H1 2016 – $77.0m loss), after the amortisation and exceptional items noted below.

The underlying loss before tax from continuing operations was $10.7m (H1 2016 – $51.5m loss) and the reported loss before tax from continuing operations was $25.3m (H1 2016 – $77.7m loss).

The reported loss after tax from continuing operations was $25.2m (H1 2016 – $62.4m loss).

Amortisation and Exceptional Items

The charge before tax for amortisation of acquired intangible assets in the period was $14.6m (H1 2016 – $17.4m). There were no exceptional items in the period (H1 2016 – $8.8m).

The $8.8m exceptional charge reported in H1 2016 comprised a net charge of $2.0m related to the closure of the Company's UK defined benefit pension scheme and restructuring charges of $6.8m.

Taxation

The underlying tax credit on continuing operations was $0.1m (H1 2016 – $7.5m credit). While an underlying loss before tax of $10.7m was generated in H1 2017, tax credits in the period were restricted because the Group does not expect to pay US Federal taxes for the next three years and is not recognising deferred tax assets on losses.

Amortisation of acquired intangible assets and exceptional charges in the period did not attract a tax charge (2016 – $7.8m credit). The reported tax credit on continuing operations was $0.1m (H1 2016 – $15.3m credit).

Dividends

The Board is not proposing an interim dividend for H1 2017 (H1 2016 – $nil).

Discontinued Operations

No transactions from discontinued operations were recorded in the period.

In H1 2016, discontinued operations reported an exceptional after tax profit of $8.1m in relation to the settlement of litigation relating to its former subsidiary Gibson Energy Inc, which was disposed of in December 2008.

Summary Results from Continuing Operations

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

	H1 2017 $m	H1 2016 $m
Revenue	**318.9**	228.4
Underlying[i] EBITDA (loss) (NGM A)	**12.1**	(29.5)
Depreciation and non-acquisition amortisation	**(21.2)**	(21.3)
Underlying[i] loss from operations	**(9.1)**	(50.8)
Amortisation of acquired intangible assets and exceptional items (note 3)	**(14.6)**	(26.2)
Reported[ii] loss from continuing operations	**(23.7)**	(77.0)
Underlying[i] diluted EPS	**(6.7)c**	(27.8)c
Reported[ii] diluted EPS	**(15.6)c**	(40.3)c
Underlying[i] basic EPS	**(6.7)c**	(27.8)c
Reported[ii] basic EPS	**(15.6)c**	(40.3)c

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

Segmental Trading Review

Results from continuing operations

Business unit	H1 2017 $m	H1 2016 $m
Well Construction	**(9.5)**	(10.8)
Well Completion	**8.0**	(28.5)
Well Intervention	**(7.1)**	(9.9)
Hunting Energy Services	**(8.6)**	(49.2)
Exploration and Production	**(0.5)**	(1.6)
Underlying[i] loss from operations	**(9.1)**	(50.8)
Amortisation and exceptional items	**(14.6)**	(26.2)
Reported[ii] loss from continuing operations	**(23.7)**	(77.0)

Hunting Energy Services

Well Construction

Hunting's Well Construction division has reported an underlying loss from continuing operations of $9.5m (H1 2016 – $10.8m loss). The reported loss from continuing operations was $10.9m (H1 2016 – $15.8m loss).

Hunting's Premium Connections reported profitable trading during H1 2017 as sales into the Permian Basin and ongoing Gulf of Mexico drilling programmes continued. The Group's WEDGE-LOCK™ premium connection range has seen increased customer acceptance of the product line leading to improving sales. Sales of Hunting's SEAL-LOCK™ premium connection range also performed well, despite the relatively weak US offshore and international market environment. The business unit continues to develop, test and certify new sizes of both these families of premium connections, with the Group's Connection Test Facility at Ameriport heavily utilised. Hunting's WEDGE-LOCK™ range now extends from 14 to 18 inch sizes, being the premium segment of a typical deepwater well string.

The Group's Drilling Tools business in the US has encountered poor market conditions, as pricing continues to challenge all suppliers. The business has benefited, however, from the improving onshore rig count, with increases in utilisation rates being recorded and in some instances price increases have been implemented as the market has slowly tightened.

Hunting Specialty has also benefited from the increase in onshore drilling activity and, as a result, traded profitably during H1 2017. Specialty's MWD components and filtration product lines have reported increased volumes during the period, supporting its positive performance.

The Advanced Manufacturing Group ("AMG"), which comprises Hunting Electronics and Hunting Dearborn, have both reported improving order books during the period, with efforts to increase non-oil and gas sales being successful – Hunting Electronics' order book was $43.4m and Hunting Dearborn's order book was $29.5m at the end of the period.

Hunting Trenchless has also traded profitably during the period as new drill stem products were introduced and a new distributor agreement was signed.

In Kenya, Hunting's joint venture company reports new orders and associated repair work as drilling in East Africa continues. In South Africa, Hunting's facility remains quiet, as low commodity prices continue to impact activity levels. Overall, the African region generated operating losses of $2.2m in H1 2017.

Well Completion

Hunting's Well Completion division has reported an underlying profit from continuing operations of $8.0m (H1 2016 – $28.5m loss). The reported loss from continuing operations was $5.0m (H1 2016 – $46.6m loss).

Hunting's Perforating Systems business unit has seen strong growth since H2 2016, with trading momentum increasing throughout H1 2017, leading to month-on-month revenue and profit growth throughout the reporting period. As noted above, sales of the H-1 Perforating System have accelerated since its introduction to customers in 2016, with total unit sales in H1 2017 exceeding the total number of units sold in 2016. The system has enabled in-field operators to reduce costs with certain customers now standardising on the product line for their onshore operations. Sales of the ControlFire™ and EBFire™ instruments and switches have also seen strong growth, in line with the increase in drilling in the US. The business unit has recommissioned its facility at Oklahoma City to meet customer demand, with Hunting's Mexico, Canada and China facilities also producing components for the business. In the reporting period, one distribution centre was closed in Robstown, US, and a new centre in Pleasanton, Texas, US, will be commissioned shortly to better service the Eagle Ford shale region.

The Group's Manufacturing and Accessories business continues to encounter tough market conditions, due to the reduced levels of drilling in the Gulf of Mexico. The business unit's facility at Marrero, Louisiana, US, which provides large diameter threading capabilities, has however, seen good utilisation in the reporting period, as ongoing contracts with operators in the Gulf of Mexico continue. Management anticipates the Marrero facility will remain busy until the end of 2017. The unit's Ameriport facility has also seen increased orders as clients operating in the Gulf of Mexico continue with their offshore drilling programmes.

Hunting's Pipe Trading business has seen a strong increase in volumes sold during H1 2017. In Q1 2017, the business exceeded its total volume sold compared to the whole of 2016, reflecting firmer demand for OCTG in the US.

Hunting's International Completion business reported mixed results, given the prevailing trading conditions in H1 2017. As noted earlier, the Group's European OCTG business has benefited from increasing US onshore drilling activity, as well as new orders from Egypt. Hunting's facilities in the UK and Netherlands are expected to remain busy throughout the remainder of the year. As part of ongoing rationalisation, a distribution centre in Scotland was closed during the period.

In Canada, the Group's facility in Calgary has benefited from increased drilling in the country, leading to the business returning to a three shift pattern at the half way point.

There was a modest increase in revenues and margins from OCTG sales in the Middle East. New drilling activity in Kurdistan, Iraq, is anticipated to provide increased sales during H2 2017.

In Singapore, low activity levels reflect subdued international drilling markets, while in China, Hunting's Wuxi facility reports increased domestic threading orders and increased sales into Central Asia.

Well Intervention
Hunting's Well Intervention division has reported an underlying loss from continuing operations of $7.1m (H1 2016 – $9.9m loss). The reported loss from continuing operations was $7.3m (H1 2016 – $11.0m loss).

Hunting Subsea continued to report a weakening order book and deteriorating markets as offshore drilling continued to decline, with operators further reducing offshore budgets. Management continue to contain costs across the business but, despite this outlook, the business continues to introduce new coupling and valve product lines to customers, with reasonable market acceptance being reported.

The Group's well intervention business also continues to report tough markets, partly due to a strong competitive environment for pressure control equipment. The outlook for this business is, however, improving as customers begin replacement and maintenance programmes for older equipment.

The Group's joint venture in Saudi Arabia continues to establish itself following commissioning in 2016. Local content purchasing initiatives implemented by the Saudi government should benefit the business over the coming months.

With the closure of Hunting's European Drilling Tools operation, two manufacturing facilities in the UK and Netherlands were shut.

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 stabilisation in the prices for oil and gas, the business reported a reduced loss from continuing operations of $0.5m (H1 2016 – $1.6m loss).

Group Funding and Position at Half Year

Summary Group Balance Sheet

	As at 30 June 2017 $m	As at 31 December 2016 $m
Property, plant and equipment	**403.2**	419.0
Goodwill	**230.0**	229.8
Other intangible assets	**137.1**	150.7
Working capital (NGM B)	**333.7**	300.2
Taxation (current and deferred)	**1.8**	(3.4)
Provisions	**(17.3)**	(15.7)
Other net assets	**22.3**	38.7
Capital employed	**1,110.8**	1,119.3
Net debt (note 15)	**(5.7)**	(1.9)
Net assets	**1,105.1**	1,117.4
Non-controlling interests	**(20.7)**	(19.3)
Equity attributable to owners of the parent	**1,084.4**	1,098.1

Net assets reported at $1,105.1m were materially unchanged compared to the position at 31 December 2016 of $1,117.4m. The net decrease of $12.3m comprises the $25.2m retained loss for the period, offset by $6.9m of foreign exchange adjustments and other items totalling $6.0m.

Cash Flow

Summary Group Cash Flow

	Six months ended 30 June 2017 $m	Six months ended 30 June 2016 $m
Underlying EBITDA (loss) (NGM A)	**12.1**	(29.5)
Add: share-based payments	**7.1**	4.8
	19.2	(24.7)
Working capital movements	**(32.0)**	26.7
Net interest paid and bank fees	**(1.6)**	(1.8)
Tax (paid) received	**(0.1)**	29.2
Restructuring costs	**–**	(3.9)
Replacement capital investment	**(2.7)**	(1.8)
Other	**2.2**	2.8
Free cash flow	**(15.0)**	26.5
Expansion capital investment	**(1.8)**	(11.3)
Pension scheme refund	**9.7**	–
Proceeds from held for sale assets	**1.2**	–
Tax indemnity receipt	**–**	7.9
Other	**2.1**	(0.1)
(Increase) reduction in net debt	**(3.8)**	23.0

The Group returned to positive EBITDA generation in the period. When adjusted for non-cash share-based payment charges this gave rise to cash inflows of $19.2m (H1 2016 – $24.7m outflow), however, this was more than offset by an increase in working capital of $32.0m as activity levels in some businesses began to recover.

The Group received a refund from its UK pension scheme of $9.7m reflecting surplus net assets in the scheme, with a further refund expected in 2018. Capital investment in the period was limited to $4.5m with strict controls still being applied until the recovery is more established. After other sundry items the net cash outflow in the period was $3.8m (H1 2016 – inflow $23.0m) increasing net debt to $5.7m, which is very modest in relation to the Group's committed facilities of $200m.

On 3 July 2017, $7.8m was received from the US tax authorities being tax refunds from the carry back of losses.

Exchange Rates
Average exchange rates used to translate Sterling and Canadian dollar denominated results into US dollars were £0.7948 (H1 2016 – £0.6978) and Can$1.3345 (H1 2016 – Can$1.3312). Spot exchange rates for Sterling and Canadian dollar at 30 June 2017 were £0.7698 and Can$1.2987, at 30 June 2016 were £0.7481 and Can$1.2987 and at 31 December 2016 were £0.8093 and Can$1.3411 respectively.

Board Succession

On 7 April 2017, Hunting announced the start of a succession process to appoint a new Chief Executive. The Group engaged the international search firm Russell Reynolds Associates to assist with the process, which considered both internal and external candidates.

Following a full and thorough process and completion of candidate interviews, the Nomination Committee recommended to the Board the appointment of Arthur James ("Jim") Johnson. Mr Johnson is currently the Group's Chief Operating Officer, a role he has held since 2011.

On 15 August 2017, the Board met and approved the appointment of Mr Johnson, who will succeed Dennis Proctor as Chief Executive on 1 September 2017.

Mr Proctor will retire and step down as a Director of the Company on the same date.

Principal Risks and Uncertainties Facing the Business

The Group has an established risk management framework, as detailed in the Group's 2016 Annual Report and Accounts on pages 30 to 32. 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 that 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 on pages 33 to 37 of the Group's 2016 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. The principal risks are: commodity prices; curtailment of shale drilling; competition; loss of key executives; health, safety and environmental laws; geopolitics; and product quality and reliability.

The Directors do not consider that the principal risks have changed significantly since the publication of the 2016 Annual Report and Accounts, and 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.	**Dennis Proctor**
Chairman	Chief Executive

24 August 2017

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 2016 Annual Report and Accounts.

The Directors believe that the Half Year 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 Half Year Report;
- regular review of 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 50 and 51 in Hunting PLC's 2016 Annual Report and Accounts and on the Company's website: www.huntingplc.com.

As announced on 16 August 2017, and noted on page 5, the Board has appointed Arthur James ("Jim") Johnson as Hunting PLC's new Chief Executive, with effect from 1 September 2017. Dennis Proctor will retire as Chief Executive and step down as a Director of the Company on the same date.

On behalf of the Board

Peter Rose
Finance Director

24 August 2017

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 2017. 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 Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 June 2017;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- 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 Guidance and Transparency Rules sourcebook 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 condensed consolidated 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 Guidance and Transparency Rules sourcebook 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 Guidance and Transparency Rules sourcebook 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 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, 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

24 August 2017

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 interim 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

		Unaudited			Unaudited		
		Six months ended 30 June 2017			Six months ended 30 June 2016		
	Notes	**Before amortisation[i] and exceptional items $m**	**Amortisation[i] and exceptional items (note 3) $m**	**Total $m**	Before amortisation[i] and exceptional items $m	Amortisation[i] and exceptional items (note 3) $m	Total $m
Revenue	2	**318.9**	**–**	**318.9**	228.4	–	228.4
Cost of sales		**(247.9)**	**–**	**(247.9)**	(204.6)	(2.0)	(206.6)
Gross profit		**71.0**	**–**	**71.0**	23.8	(2.0)	21.8
Other operating income		**2.4**	**–**	**2.4**	2.3	–	2.3
Operating expenses		**(82.5)**	**(14.6)**	**(97.1)**	(76.9)	(24.2)	(101.1)
Loss from continuing operations	2	**(9.1)**	**(14.6)**	**(23.7)**	(50.8)	(26.2)	(77.0)
Finance income		**1.6**	**–**	**1.6**	2.6	–	2.6
Finance expense		**(2.7)**	**–**	**(2.7)**	(3.2)	–	(3.2)
Share of associates' post-tax losses		**(0.5)**	**–**	**(0.5)**	(0.1)	–	(0.1)
Loss before tax from continuing operations		**(10.7)**	**(14.6)**	**(25.3)**	(51.5)	(26.2)	(77.7)
Taxation	4	**0.1**	**–**	**0.1**	7.5	7.8	15.3
Loss for the period:							
From continuing operations		**(10.6)**	**(14.6)**	**(25.2)**	(44.0)	(18.4)	(62.4)
From discontinued operations	5	**–**	**–**	**–**	–	8.1	8.1
Loss for the period		**(10.6)**	**(14.6)**	**(25.2)**	(44.0)	(10.3)	(54.3)
Loss attributable to:							
Owners of the parent		**(10.9)**	**(14.6)**	**(25.5)**	(41.2)	(10.3)	(51.5)
Non-controlling interests		**0.3**	**–**	**0.3**	(2.8)	–	(2.8)
		(10.6)	**(14.6)**	**(25.2)**	(44.0)	(10.3)	(54.3)
(Loss) earnings per share:		**cents**		**cents**	cents		cents
Basic – from continuing operations	6	**(6.7)**		**(15.6)**	(27.8)		(40.3)
– from discontinued operations	6	**–**		**–**	–		5.5
Group total		**(6.7)**		**(15.6)**	(27.8)		(34.8)
Diluted – from continuing operations	6	**(6.7)**		**(15.6)**	(27.8)		(40.3)
– from discontinued operations	6	**–**		**–**	–		5.5
Group total		**(6.7)**		**(15.6)**	(27.8)		(34.8)

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

The notes on pages 15 to 24 are an integral part of these condensed consolidated financial statements.

CONDENSED CONSOLIDATED INCOME STATEMENT

CONTINUED

		Year ended 31 December 2016		
	Notes	Before amortisation[ii] and exceptional items $m	Amortisation[i] and exceptional items (note 3) $m	Total $m
Revenue	2	455.8	–	455.8
Cost of sales		(403.7)	(4.0)	(407.7)
Gross profit		52.1	(4.0)	48.1
Other operating income		6.8	–	6.8
Operating expenses		(151.1)	(44.5)	(195.6)
Loss from continuing operations	2	(92.2)	(48.5)	(140.7)
Finance income		5.5	–	5.5
Finance expense		(6.2)	(2.5)	(8.7)
Share of associates' post-tax losses		(0.3)	–	(0.3)
Loss before tax from continuing operations		(93.2)	(51.0)	(144.2)
Taxation	4	19.9	3.0	22.9
Loss for the year:				
From continuing operations		(73.3)	(48.0)	(121.3)
From discontinued operations	5	–	8.2	8.2
Loss for the year		(73.3)	(39.8)	(113.1)
Loss attributable to:				
Owners of the parent		(68.2)	(39.3)	(107.5)
Non-controlling interests		(5.1)	(0.5)	(5.6)
		(73.3)	(39.8)	(113.1)
(Loss) earnings per share:		cents		cents
Basic – from continuing operations	6	(45.3)		(76.8)
– from discontinued operations	6	–		5.5
Group total		(45.3)		(71.3)
Diluted – from continuing operations	6	(45.3)		(76.8)
– from discontinued operations	6	–		5.5
Group total		(45.3)		(71.3)

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 30 June 2017 $m	Unaudited Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m
Comprehensive expense:			
Loss for the period	**(25.2)**	(54.3)	(113.1)
Components of other comprehensive expense after tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange adjustments	**6.9**	(11.1)	(21.6)
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit pension schemes	**(0.8)**	(0.4)	(4.0)
Other comprehensive expense after tax	**6.1**	(11.5)	(25.6)
Total comprehensive expense for the period	**(19.1)**	(65.8)	(138.7)
Total comprehensive expense attributable to:			
Owners of the parent	**(20.5)**	(61.2)	(129.8)
Non-controlling interests	**1.4**	(4.6)	(8.9)
	(19.1)	(65.8)	(138.7)
Total comprehensive expense attributable to the owners of the parent arises from:			
Continuing operations	**(20.5)**	(69.3)	(138.0)
Discontinued operations	**–**	8.1	8.2
	(20.5)	(61.2)	(129.8)

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	**Unaudited As at 30 June 2017 $m**	Unaudited As at 30 June 2016 $m	At 31 December 2016 $m
ASSETS				
Non-current assets				
Property, plant and equipment	7	**403.2**	441.9	419.0
Goodwill		**230.0**	230.2	229.8
Other intangible assets	9	**137.1**	163.9	150.7
Investments in associates		**2.7**	3.3	3.2
Investments		**11.1**	9.4	10.2
Retirement benefit assets		**18.5**	33.6	18.5
Trade and other receivables	10	**2.5**	3.1	2.9
Deferred tax assets		**8.3**	1.8	7.0
		813.4	887.2	841.3
Current assets				
Inventories	11	**284.9**	288.9	259.7
Trade and other receivables	10	**157.8**	112.6	111.7
Current tax assets		**9.2**	18.4	9.3
Investments		**0.8**	–	0.8
Retirement benefit assets		**–**	–	14.8
Cash at bank and in hand		**19.9**	65.5	63.5
Assets classified as held for sale		**–**	1.5	–
		472.6	486.9	459.8
LIABILITIES				
Current liabilities				
Trade and other payables		**108.6**	69.1	70.0
Current tax liabilities		**8.6**	14.1	7.1
Borrowings		**6.0**	149.1	54.3
Provisions		**6.2**	5.6	4.8
		129.4	237.9	136.2
Net current assets		**343.2**	249.0	323.6
Non-current liabilities				
Borrowings		**20.4**	3.9	11.9
Deferred tax liabilities		**7.1**	8.8	12.6
Provisions		**11.1**	11.6	10.9
Other payables		**12.9**	11.1	12.1
		51.5	35.4	47.5
Net assets		**1,105.1**	1,100.8	1,117.4
Equity attributable to owners of the parent				
Share capital		**66.4**	61.8	66.3
Share premium		**153.0**	153.0	153.0
Other components of equity		**82.6**	5.1	78.8
Retained earnings		**782.4**	859.3	800.0
		1,084.4	1,079.2	1,098.1
Non-controlling interests		**20.7**	21.6	19.3
Total equity		**1,105.1**	1,100.8	1,117.4

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 30 June 2017						
	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	**66.3**	**153.0**	**78.8**	**800.0**	**1,098.1**	**19.3**	**1,117.4**
Loss for the period	**–**	**–**	**–**	**(25.5)**	**(25.5)**	**0.3**	**(25.2)**
Other comprehensive income (expense)	**–**	**–**	**5.8**	**(0.8)**	**5.0**	**1.1**	**6.1**
Total comprehensive income (expense)	**–**	**–**	**5.8**	**(26.3)**	**(20.5)**	**1.4**	**(19.1)**
Shares issued							
– share option schemes and awards	**0.1**	**–**	**–**	**–**	**0.1**	**–**	**0.1**
Share options and awards							
– value of employee services	**–**	**–**	**6.8**	**–**	**6.8**	**–**	**6.8**
– discharge	**–**	**–**	**(8.8)**	**8.7**	**(0.1)**	**–**	**(0.1)**
Total transactions with owners	**0.1**	**–**	**(2.0)**	**8.7**	**6.8**	**–**	**6.8**
At 30 June	**66.4**	**153.0**	**82.6**	**782.4**	**1,084.4**	**20.7**	**1,105.1**

	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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
CONTINUED

	Year ended 31 December 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 year	–	–	–	(107.5)	(107.5)	(5.6)	(113.1)
Other comprehensive expense	–	–	(18.3)	(4.0)	(22.3)	(3.3)	(25.6)
Total comprehensive expense	–	–	(18.3)	(111.5)	(129.8)	(8.9)	(138.7)
Dividends	–	–	–	(5.9)	(5.9)	–	(5.9)
Shares issued							
– share option schemes and awards	0.1	–	–	–	0.1	–	0.1
– share placing	4.5	–	81.5	–	86.0	–	86.0
– share placing costs	–	–	(2.1)	–	(2.1)	–	(2.1)
Treasury shares							
– purchase of treasury shares	–	–	–	(1.8)	(1.8)	–	(1.8)
Share options and awards							
– value of employee services	–	–	8.0	–	8.0	–	8.0
– discharge	–	–	(6.0)	7.5	1.5	–	1.5
– taxation	–	–	–	0.2	0.2	–	0.2
Investment by non-controlling interest	–	–	–	–	–	2.0	2.0
Total transactions with owners	4.6	–	81.4	–	86.0	2.0	88.0
At 31 December	66.3	153.0	78.8	800.0	1,098.1	19.3	1,117.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	**Unaudited Six months ended 30 June 2017 $m**	Unaudited Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m
Operating activities				
Loss from continuing operations		**(23.7)**	(77.0)	(140.7)
Acquisition amortisation and exceptional items	3	**14.6**	26.2	48.5
Depreciation and non-acquisition amortisation		**21.2**	21.3	43.3
Underlying EBITDA (loss)		**12.1**	(29.5)	(48.9)
Share-based payment expense		**7.1**	4.8	8.2
(Profit) loss on disposal of property, plant and equipment		**(0.5)**	0.4	–
(Increase) decrease in inventories		**(22.0)**	37.6	61.7
(Increase) decrease in receivables		**(46.2)**	28.3	26.9
Increase (decrease) in payables		**36.2**	(39.2)	(30.2)
Increase (decrease) in provisions		**1.2**	–	(1.7)
Restructuring costs		**–**	(3.9)	(5.9)
Taxation (paid) received		**(0.1)**	29.2	31.3
Proceeds from disposal of property, plant and equipment held for rental		**1.9**	0.5	1.7
Purchase of property, plant and equipment held for rental		**(1.0)**	(1.1)	(2.3)
Receipt of surplus pension assets		**9.7**	–	–
Other non-cash flow items		**1.5**	2.4	4.0
Net cash (outflow) inflow from operating activities		**(0.1)**	29.5	44.8
Investing activities				
Interest received		**0.3**	0.4	0.5
Proceeds from disposal of held for sale assets		**1.2**	–	–
Proceeds from disposal of property, plant and equipment		**1.4**	1.5	1.8
Purchase of property, plant and equipment		**(3.5)**	(12.0)	(14.9)
Purchase of intangibles		**(1.7)**	(2.3)	(6.4)
Increase in bank deposit investments		**–**	4.5	3.4
Net proceeds from disposal of subsidiaries		**0.6**	0.7	0.7
Discontinued operations: Indemnity receipts		**–**	7.9	7.9
Net cash (outflow) inflow from investing activities		**(1.7)**	0.7	(7.0)
Financing activities				
Interest and bank fees paid		**(1.9)**	(2.2)	(5.1)
Equity dividends paid		**–**	–	(5.9)
Investment by non-controlling interest		**–**	–	2.0
Share capital issued		**0.1**	0.1	86.0
Costs of share issue		**–**	–	(2.1)
Purchase of Treasury shares		**–**	(1.8)	(1.8)
Disposal of Treasury shares		**–**	1.6	1.6
Proceeds from new borrowings		**17.0**	11.2	12.2
Repayment of borrowings		**(16.0)**	(42.3)	(125.7)
Net cash outflow from financing activities		**(0.8)**	(33.4)	(38.8)
Net cash outflow in cash and cash equivalents		**(2.6)**	(3.2)	(1.0)
Cash and cash equivalents at the beginning of the period		**20.3**	21.9	21.9
Effect of foreign exchange rates		**0.4**	(0.2)	(0.6)
Cash and cash equivalents at the end of the period		**18.1**	18.5	20.3
Cash and cash equivalents at the end of the period comprise:				
Cash at bank and in hand		**19.9**	65.5	63.5
Bank overdrafts included in borrowings		**(1.8)**	(47.0)	(43.2)
		18.1	18.5	20.3

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 2016 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 2016 Annual Report and Accounts except as described below.

A number of amendments to IFRSs became effective for the financial year beginning on 1 January 2017, however the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

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; and
- IFRS 17 Insurance Contracts.

IFRS 15 Revenue from Contracts with Customers will be adopted by the Group on 1 January 2018. As described on page 92 of the 2016 Annual Report and Accounts, management is currently assessing the extent to which IFRS 15 will impact the Group's financial statements.

To date, this work has involved identifying which of the Group's revenue streams involve activities that qualify for recognition over time and which qualify for recognition at a point in time. In particular, management has identified which of the Group's business units perform "bespoke" manufacturing of customer-specific products, which activities involve the use of customer supplied components, which activities combine the sale of a product with the provision of a service, and has appraised the terms and conditions of major transactions with Hunting's key customers in order to identify which transactions provide an enforceable right to payment for work done to date. Each of the above revenue streams potentially impacts on Hunting's currently applied revenue accounting policies.

During the second half of 2017, local management will, having identified which of their activities are affected, appraise the financial impact of IFRS 15 at their separate business units. This data will be reviewed by central management to determine the full impact on each of the Group's primary financial statements and notes to the accounts.

Management remains of the view that the financial impact of adopting IFRS 15 will not be significant. However, more extensive disclosures are expected as well as a change in the Group's categorisation of its revenue generating activities, as currently presented in note 4 to the financial statements within the 2016 Annual Report and Accounts.

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 2016 Annual Report and Accounts. For the interim periods, taxes on income are accrued using the tax rate that would be applicable in each jurisdiction.

Terms used in this condensed set of consolidated financial statements are defined in the Glossary on pages 150 and 151 contained in the 2016 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 2016 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

Introduction

The Group's principal cash outflows include capital investment, labour costs and inventory purchases. 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 overall market conditions, the variety of its products and its 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 2017, covered the majority of its trade receivables subject to certain limits.

Current and forecast cash/debt balances are reported on a weekly basis by all 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 Group has access to sufficient financial resources, including $200m of secured committed facilities of which $178.3m was undrawn on 30 June 2017. At 30 June 2017, the Group had sufficient headroom over all currently applied covenants and the Group's internal financial projections indicate that this will remain the case for at least the next twelve months from the date of approval of these accounts. The currently applied covenants are temporary following an amendment to the terms of the Group's core bank facility in July 2016 and remain in place until 1 July 2018, after which the facility will revert to the original covenants. Under the terms of the amendment, management have the right to revert to the original covenants before 1 July 2018, if trading conditions improve sufficiently.

1. Basis of Accounting continued

The Group's internal financial projections indicate that the Group will have sufficient headroom over the original covenants earlier than the reversion date.

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. The Board also considered 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.

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 2017, the Group reports on five operating segments, one being a discontinued operation, in its internal management reports, which are used to make strategic decisions by the Hunting PLC Board, the Group's Chief Operating Decision Maker ("CODM"). 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 or loss 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 in line with the transfer pricing policy 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. No new capital will be invested in this segment, beyond where the division has contractual commitments. There were no exploration and evaluation activities during the period. 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 Operation

The discontinued operation comprises Gibson Energy, which was sold in 2008. The final transactions relating to the sale of the business were recorded in 2016.

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

2. Segmental Reporting continued
Results from Operations

	Six months ended 30 June 2017					
	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	(Loss) profit from operations before amortisation[i] and exceptional items $m	Amortisation[i] and exceptional items $m	Total $m
Continuing operations:						
Hunting Energy Services						
Well Construction	64.2	(1.3)	62.9	(9.5)	(1.4)	(10.9)
Well Completion	227.7	(1.1)	226.6	8.0	(13.0)	(5.0)
Well Intervention	27.6	(0.2)	27.4	(7.1)	(0.2)	(7.3)
	319.5	(2.6)	316.9	(8.6)	(14.6)	(23.2)
Other Activities						
Exploration and Production	2.0	–	2.0	(0.5)	–	(0.5)
Total from continuing operations	321.5	(2.6)	318.9	(9.1)	(14.6)	(23.7)
Net finance expense				(1.1)	–	(1.1)
Share of associates' post-tax losses				(0.5)	–	(0.5)
Loss before tax from continuing operations				(10.7)	(14.6)	(25.3)

	Six months ended 30 June 2016					
	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	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	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 before non-apportioned exceptional items	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

i. Relates to amortisation of acquired intangible assets.

2. Segmental Reporting continued

	Year ended 31 December 2016					
	Total gross revenue $m	Inter-segmental revenue $m	Total revenue $m	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	107.1	(1.6)	105.5	(24.2)	(8.9)	(33.1)
Well Completion	295.7	(0.6)	295.1	(45.9)	(34.6)	(80.5)
Well Intervention	52.4	(0.2)	52.2	(19.5)	(1.9)	(21.4)
	455.2	(2.4)	452.8	(89.6)	(45.4)	(135.0)
Other Activities						
Exploration and Production	3.0	–	3.0	(2.6)	–	(2.6)
Total from continuing operations before non-apportioned exceptional items	458.2	(2.4)	455.8	(92.2)	(45.4)	(137.6)
Exceptional defined benefit pension curtailment not apportioned to business segments				–	(3.1)	(3.1)
Loss from continuing operations				(92.2)	(48.5)	(140.7)
Net finance expense				(0.7)	(2.5)	(3.2)
Share of associates' post-tax losses				(0.3)	–	(0.3)
Loss before tax from continuing operations				(93.2)	(51.0)	(144.2)
Discontinued operations:						
Gibson Energy	–	–	–	–	8.4	8.4
Total from discontinued operations	–	–	–	–	8.4	8.4
Taxation				–	(0.2)	(0.2)
Profit from discontinued operations				–	8.2	8.2

i. Relates to amortisation of acquired intangible assets.

2. Segmental Reporting continued

Geographical Information

	External revenue			(Loss) profit from operations before amortisation[i] and exceptional items		
	Six months ended 30 June 2017 $m	Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m	**Six months ended 30 June 2017 $m**	Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m
Continuing operations:						
Hunting Energy Services						
US	**212.9**	144.3	290.5	**5.8**	(20.5)	(36.4)
Canada	**23.4**	18.6	38.8	**(2.0)**	(3.0)	(4.5)
North America	**236.3**	162.9	329.3	**3.8**	(23.5)	(40.9)
UK	**34.2**	33.4	59.1	**(2.9)**	(11.5)	(22.1)
Rest of Europe	**9.1**	7.1	11.1	**(0.4)**	(2.0)	(3.6)
Europe	**43.3**	40.5	70.2	**(3.3)**	(13.5)	(25.7)
Singapore	**14.1**	13.8	31.6	**(4.6)**	(4.7)	(8.6)
Rest of Asia Pacific	**15.4**	4.5	12.1	**(0.9)**	(2.8)	(4.7)
Asia Pacific	**29.5**	18.3	43.7	**(5.5)**	(7.5)	(13.3)
Middle East, Africa and Other	**7.8**	5.4	9.6	**(3.6)**	(4.7)	(9.7)
	316.9	227.1	452.8	**(8.6)**	(49.2)	(89.6)
Other Activities						
US	**2.0**	1.3	3.0	**(0.5)**	(1.6)	(2.6)
Total from continuing operations	**318.9**	228.4	455.8	**(9.1)**	(50.8)	(92.2)

i. Relates to amortisation of acquired intangible assets.

Major Customer Information

The Group received $28.0m (six months ended 30 June 2016 – $23.2m; year ended 31 December 2016 – $39.2m) of revenue from the Halliburton Company consolidated group which is 9% (six months ended 30 June 2016 – 10%; year ended 31 December 2016 – 9%) 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.

3. Amortisation and Exceptional Items

	Six months ended 30 June 2017 $m	Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m
Restructuring costs – charged to cost of sales	**–**	2.0	4.0
Amortisation of acquired intangibles	**14.6**	17.4	33.2
Restructuring costs	**–**	4.8	8.2
Defined benefit pension curtailment	**–**	2.0	3.1
Charged to operating expenses	**14.6**	24.2	44.5
Total charged to loss from operations	**14.6**	26.2	48.5
Capitalised loan facility fees written off – charged to finance expense	**–**	–	2.5
Amortisation and exceptional items	**14.6**	26.2	51.0
Taxation on amortisation and exceptional items	**–**	(7.8)	(3.0)
Continuing operations	**14.6**	18.4	48.0

Management implemented cost base reduction measures at all levels across the Group in 2016, resulting in restructuring costs of $6.8m being recognised in the six months ended 30 June 2016 and $12.2m in the year ended 31 December 2016. These restructuring costs gave rise to cash outflows of $3.9m during the six months ended 30 June 2016 and $5.9m in the year ended 31 December 2016.

As part of the Group's restructuring, a decision was made in 2016 to close the Group's European Drilling Tools business. Following an impairment review, the assets, with a net realisable value of $1.6m were classified as held for sale at 30 June 2016. Following a further review of the net realisable value, the carrying value of the held for sale assets was written down to $nil by the year end. Both the impairment charge of $2.9m and the fair value loss of $1.6m were included in restructuring costs in 2016.

On 11 March 2016, it was agreed that the defined benefit pension section of the Group's UK pension scheme would be closed to future accrual of further benefits from 30 June 2016. The effect of this change was recognised in the 2016 financial statements, resulting in a net charge of $2.0m at 30 June 2016 and $3.1m at 31 December 2016.

A series of amendments to the Group's borrowing facilities became effective on 20 July 2016. For accounting purposes, as the revised RCF size and covenant terms were significantly different, the existing RCF was deemed to have been extinguished and replaced by a new facility. Consequently, the unamortised portion of the capitalised loan facility fees of $2.5m relating to the RCF negotiations in 2015 were written off to the income statement in 2016.

4. Taxation

The tax credit for the six months ended 30 June 2017 is calculated using the underlying tax rate in each jurisdiction. The tax credit for continuing operations before amortisation of acquired intangible assets and exceptional items for the six months ending 30 June 2017 is $0.1m (six months ended 30 June 2016 – $7.5m credit; year ended 31 December 2016 – $19.9m credit).

There are no tax charges or credits included in the income statement for the six months ending 30 June 2017 in respect of amortisation of acquired intangible assets and exceptional items from continuing operations (six months ended 30 June 2016 – $7.8m credit; year ended 31 December 2016 – $3.0m credit).

A number of changes to the UK corporation tax system were announced in the Chancellor's Budget on 8 March 2017. Due to the summer election a number of the items were withdrawn from the Finance Bill and will be re-introduced after the summer recess. The Finance Bill 2015 included a reduction to the main corporation tax rate to 19% from 1 April 2017. The Finance Bill 2016, which received Royal Assent on 15 September 2016, included reductions to the main rate of corporation tax to reduce the rate to 17% from 1 April 2020. The changes are not expected to have a material impact on the Group's deferred tax balances.

5. Discontinued Operations

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

The results from discontinued operations were as follows:

Gibson Energy	**Six months ended 30 June 2017 $m**	Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m
Gain on disposal:			
Gain on disposal before tax	**–**	8.4	8.4
Tax on gain	**–**	(0.3)	(0.2)
Total profit from discontinued operations	**–**	8.1	8.2

6. Earnings per Share

Basic earnings per share ("EPS") is calculated by dividing the earnings attributable to Ordinary shareholders by the weighted average number of Ordinary shares outstanding during the 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 2017 $m	Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m
Basic and diluted (loss) earnings attributable to Ordinary shareholders:			
From continuing operations	**(25.5)**	(59.6)	(115.7)
From discontinued operations	**–**	8.1	8.2
Total	**(25.5)**	(51.5)	(107.5)
Basic and diluted (loss) earnings attributable to Ordinary shareholders before amortisation and exceptional items:			
From continuing operations	**(25.5)**	(59.6)	(115.7)
Add: amortisation and exceptional items after taxation	**14.6**	18.4	47.5
Total for continuing operations	**(10.9)**	(41.2)	(68.2)
From discontinued operations	**–**	8.1	8.2
Add: exceptional items after taxation	**–**	(8.1)	(8.2)
Total for discontinued operations	**–**	–	–

	millions	millions	millions
Basic weighted average number of Ordinary shares	**163.1**	148.1	150.7
Long term incentive plans	**8.2**	3.1	6.4
Adjusted weighted average number of Ordinary shares	**171.3**	151.2	157.1

	cents	cents	cents
Reported (loss) earnings per share:			
Basic EPS:			
From continuing operations	**(15.6)**	(40.3)	(76.8)
From discontinued operations	**–**	5.5	5.5
	(15.6)	(34.8)	(71.3)
Diluted EPS[i]:			
From continuing operations	**(15.6)**	(40.3)	(76.8)
From discontinued operations	**–**	5.5	5.5
	(15.6)	(34.8)	(71.3)
Underlying loss per share:			
Basic EPS:			
From continuing operations	**(6.7)**	(27.8)	(45.3)
Diluted EPS[i]:			
From continuing operations	**(6.7)**	(27.8)	(45.3)

[i] For the six months ended 30 June 2017 and 30 June 2016 and for the year ended 31 December 2016 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 2017, the net book value of property, plant and equipment reduced from $419.0m to $403.2m due to additions of $4.5m and foreign exchange adjustments of $2.7m being offset by disposals of $2.8m and depreciation of $20.2m.

Additions include $0.9m for land and buildings, $2.6m for plant, machinery and motor vehicles and $1.0m for rental tools.

Group capital expenditure committed, for the purchase of property, plant and equipment, but not provided for at 30 June 2017 amounted to $1.1m (30 June 2016 – $2.8m; 31 December 2016 – $1.2m).

8. Indicators of Impairment and Updated Impairment Tests

The group's overall financial position has improved since December 2016. However, the recovery has primarily occurred in cash generating units ("CGUs") which can access the US onshore market. CGUs which depend on international markets, or offshore activity, have generally seen a stabilisation of conditions.

Given the varied conditions facing our CGUs, a review for indicators of impairment was conducted to consider whether changes in expectations have occurred subsequent to the full impairment assessment carried out at year end (details of this assessment can be found in notes 14 and 15 of the 2016 Annual Report). This review considered internal sources, such as whether CGUs were performing in line with the projections used in the year end assessments, and external sources such as Spears and Associates Drilling and Production Outlook ("Spears") reports.

Our CGUs are generally performing in line or ahead of our projections with the exception of two small businesses in Asia. Spears longer term expectations for a number of key markets (eg US offshore, North Sea) are now significantly lower. Management has prepared impairment assessments for those CGUs with identified impairment indicators, concluding no impairment charges are required.

The assessments did, however, identify two CGUs that were sensitive to the strength and speed of the expected recovery in the sector:

- US Drilling Tools: A reduction of 0.5% (31 December 2016: 2%) in our expected CAGR for the period to 2021 would result in the removal of headroom between the CGUs carrying value and recoverable amount. A pre-tax discount rate of 13% was used in our assessment. An increase of 0.5% in the discount rate would similarly remove headroom. At 30 June 2017 this CGU has a pre-tax carrying value of $61.4m with $57.7m of this balance in non-current assets.
- Well Intervention UK (formerly "Welltonic"): A reduction of 0.3% (31 December 2016: 5%) in our expected CAGR for the period to 2021 would result in the removal of headroom between the CGUs carrying value and recoverable amount. A pre-tax discount rate of 11% was used in our assessment. An increase of 0.4% in the discount rate would similarly remove headroom. At 30 June 2017 this CGU has a pre-tax carrying value of $17.4m with $7.5m of this balance in non-current assets.

9. Other Intangible Assets

During the first six months of 2017, the net book value of other intangible assets reduced from $150.7m to $137.1m due to amortisation charges of $14.6m on acquired intangible assets and $1.0m on purchased intangible assets, offset by $1.7m of additions and $0.3m foreign exchange adjustments.

10. Trade and Other Receivables

	Six months ended 30 June 2017 $m	Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m
Non-current:			
Loan note	**0.7**	1.3	1.2
Prepayments	**1.6**	1.6	1.6
Other receivables	**0.2**	0.2	0.1
	2.5	3.1	2.9
Current:			
Trade receivables	**131.2**	90.2	97.6
Less: provision for impairment of receivables	**(4.7)**	(2.2)	(4.4)
Net trade receivables	**126.5**	88.0	93.2
Prepayments	**15.1**	13.1	8.0
Accrued revenue	**8.4**	3.4	4.1
Loan notes	**0.6**	0.7	0.6
Other receivables	**7.2**	7.4	5.8
	157.8	112.6	111.7

As a result of the amendments to the financial covenants over the Group's core committed bank facility in July 2016, security has been granted over certain trade receivables and other receivables in the UK, US and Canada, which have a gross value of $104.3m (year ended 31 December 2016 – $75.7m).

11. Inventories

	Six months ended 30 June 2017 $m	Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m
Raw materials	**93.9**	85.2	79.7
Work in progress	**42.9**	37.3	37.6
Finished goods	**171.5**	190.6	169.1
Gross inventories	**308.3**	313.1	286.4
Less: provision for losses	**(23.4)**	(24.2)	(26.7)
	284.9	288.9	259.7

Gross inventories have increased $21.9m from $286.4m at 31 December 2016 to $308.3m at 30 June 2017. Additions to inventories were $252.4m, and foreign exchange and other movements of $4.0m were offset by inventories expensed to cost of sales of $230.5m and inventories written off of $4.0m against the inventory provision.

The inventory provision has decreased by $3.3m from $26.7m at 31 December 2016 to $23.4m at 30 June 2017, with $4.0m (six months ended 30 June 2016 – $1.1m; year ended 31 December 2016 – $2.9m) of the provision being utilised in the period against inventories written off. This was offset by foreign exchange movements of $0.4m and a net charge to the income statement of $0.3m (six months ended 30 June 2016 – $5.5m; year ended 31 December 2016 – $10.3m), which has been included in cost of sales in the period.

As a result of the amendments to the financial covenants over the Group's core committed bank facility in July 2016, security has been granted over inventories in certain subsidiaries in the UK, US and Canada, which have a gross value of $179.2m (year ended 31 December 2016 – $166.9m).

12. Dividends Paid to Equity Shareholders

	Six months ended 30 June 2017 $m	Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m
Ordinary dividends:			
2015 final paid – 4.0c	**–**	–	5.9

The 2015 final dividend was paid on 6 July 2016. The Board is not proposing an interim dividend for 2017.

13. 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 2016 Annual Report and Accounts. There have been no changes in any risk management policies since the year end.

14. 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 2017 was $11.1m (30 June 2016 – $9.4m; 31 December 2016 – $10.2m). There were no transfers between levels of the fair value hierarchy used in the measurement of the fair values of financial instruments.

15. 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. As the Group manages funding on a net debt basis, internal reporting focuses on changes in net debt. The net debt reconciliation provides an analysis of the movement in the period 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 2017 $m	Cash flow $m	Exchange movements $m	Movements in capitalised loan facility fees[i] $m	Facility classified as current borrowings $m	At 30 June 2017 $m
Cash at bank and in hand	**63.5**	**(44.3)**	**0.7**	**–**	**–**	**19.9**
Bank overdrafts	**(43.2)**	**41.7**	**(0.3)**	**–**	**–**	**(1.8)**
Cash and cash equivalents	**20.3**	**(2.6)**	**0.4**	**–**	**–**	**18.1**
Current investments	**0.8**	**–**	**–**	**–**	**–**	**0.8**
Non-current borrowings	**(12.5)**	**(8.2)**	**(0.2)**	**–**	**–**	**(20.9)**
Current bank loans	**(11.1)**	**7.2**	**(0.3)**	**–**	**–**	**(4.2)**
Total net borrowings	**(2.5)**	**(3.6)**	**(0.1)**	**–**	**–**	**(6.2)**
Capitalised loan facility fees	**0.6**	**–**	**–**	**(0.1)**	**–**	**0.5**
Total net debt	**(1.9)**	**(3.6)**	**(0.1)**	**(0.1)**	**–**	**(5.7)**

i. During the period, $0.2m loan facility fees were amortised and $0.1m fees were paid.

	At 1 January 2016 $m	Cash flow $m	Exchange movements $m	Movements in capitalised loan facility fees[ii] $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 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)

ii. During the period, $0.1m loan facility fees were paid and $0.3m fees were amortised.

	At 1 January 2016 $m	Cash flow $m	Exchange movements $m	Movements in capitalised loan facility fees[iii] $m	Facility classified as current borrowings $m	At 31 December 2016 $m
Cash at bank and in hand	54.4	12.4	(3.3)	–	–	63.5
Bank overdrafts	(32.5)	(13.4)	2.7	–	–	(43.2)
Cash and cash equivalents	21.9	(1.0)	(0.6)	–	–	20.3
Current investments	4.6	(3.4)	(0.4)	–	–	0.8
Non-current borrowings	(119.9)	105.2	2.2	–	–	(12.5)
Current bank loans	(19.8)	8.3	0.4	–	–	(11.1)
Total net borrowings	(113.2)	109.1	1.6	–	–	(2.5)
Capitalised loan facility fees	2.7	–	–	(2.1)	–	0.6
Total net debt	(110.5)	109.1	1.6	(2.1)	–	(1.9)

iii. During the year, $0.9m loan facility fees were paid, $0.5m fees were amortised and $2.5m fees were written off and show in exceptional items (note 3).

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 2016 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 results before share of associates' post-tax results, interest, tax, depreciation, impairment and amortisation for continuing operations.

	Six months ended 30 June 2017 $m	Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m
Reported loss from continuing operations	**(23.7)**	(77.0)	(140.7)
Add:			
Depreciation charge for property, plant and equipment	**20.2**	20.2	41.2
Amortisation of intangible assets	**15.6**	18.5	35.3
Impairment of property plant and equipment and other assets	**–**	–	3.5
Reported EBITDA (loss)	**12.1**	(38.3)	(60.7)
Add exceptional items impacting EBITDA:			
Restructuring costs	**–**	6.8	8.7
Defined benefit pension curtailment	**–**	2.0	3.1
Underlying EBITDA (loss)	**12.1**	(29.5)	(48.9)

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 2017 $m	Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m
Trade and other receivables – non-current	**2.5**	3.1	2.9
Trade and other receivables – current	**157.8**	112.6	111.7
Inventories	**284.9**	288.9	259.7
Trade and other payables – current	**(108.6)**	(69.1)	(70.0)
Trade and other payables – non-current	**(12.9)**	(11.1)	(12.1)
Less: non-working capital loan note	**(1.3)**	(2.0)	(1.8)
Add: non-working capital non-current other payables	**11.1**	9.4	10.2
Less: non-working capital current other receivables and other payables	**0.2**	5.6	(0.4)
	333.7	337.4	300.2

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 2017 $m	Six months ended 30 June 2016 $m	Year ended 31 December 2016 $m
Total equity	**1,105.1**	1,100.8	1,117.4
Net debt	**5.7**	87.5	1.9
Capital employed	**1,110.8**	1,188.3	1,119.3
Gearing	**1%**	8%	0%

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