Condensed Consolidated Income Statement

	Notes	**Unaudited Six months ended 30 June 2022 $m**	Unaudited Six months ended 30 June 2021 $m	Audited Year ended 31 December 2021 $m
Revenue	2,3	**336.1**	244.4	521.6
Cost of sales		**(260.3)**	(200.4)	(456.7)
Gross profit		**75.8**	44.0	64.9
Selling and distribution costs		**(22.0)**	(18.1)	(38.1)
Administrative expenses[i]		**(53.9)**	(48.0)	(96.0)
Net operating income and other expenses	4	**1.8**	(4.4)	(10.5)
Profit (loss) from operations		**1.7**	(26.5)	(79.7)
Finance income		**1.3**	1.6	1.5
Finance expense		**(2.2)**	(2.6)	(3.5)
Share of associates' losses		**(1.3)**	(1.1)	(3.8)
Loss before tax from operations		**(0.5)**	(28.6)	(85.5)
Taxation	5	**(3.2)**	(3.1)	(4.2)
Loss for the period		**(3.7)**	(31.7)	(89.7)
Loss attributable to:				
Owners of the parent		**(3.9)**	(30.5)	(85.8)
Non-controlling interests		**0.2**	(1.2)	(3.9)
		(3.7)	(31.7)	(89.7)

Loss per share		**Cents**	Cents	Cents
Basic	6	**(2.4)**	(18.9)	(53.2)
Diluted	6	**(2.4)**	(18.9)	(53.2)

i. Included in administrative expenses is the net impairment loss on trade and other receivables recognised in the period of $0.2m (30 June 2021 – $0.2m; 31 December 2021 – $1.6m).

The notes on pages 16 to 34 are an integral part of these condensed set of consolidated financial statements.

Condensed Consolidated Statement of Comprehensive Income

	Unaudited Six months ended 30 June 2022 $m	Unaudited Six months ended 30 June 2021 $m	Audited Year ended 31 December 2021 $m
Comprehensive income			
Loss for the period	**(3.7)**	(31.7)	(89.7)
Components of other comprehensive (expense) income after tax			
Items that may be reclassified subsequently to profit or loss			
Exchange adjustments	**(8.4)**	1.9	0.5
Fair value gains and losses			
– gains originating on cash flow hedges arising during the period	**0.2**	–	–
	(8.2)	1.9	0.5
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit pension schemes	**0.1**	(0.1)	(0.2)
Other comprehensive (expense) income after tax	**(8.1)**	1.8	0.3
Total comprehensive expense for the period	**(11.8)**	(29.9)	(89.4)
Total comprehensive expense attributable to:			
Owners of the parent	**(11.6)**	(28.9)	(85.8)
Non-controlling interest	**(0.2)**	(1.0)	(3.6)
	(11.8)	(29.9)	(89.4)

Total comprehensive expense attributable to owners of the parent arises from the Group's continuing operations.

Condensed Consolidated Balance Sheet

	Notes	**Unaudited As at 30 June 2022 $m**	Restated[i] Unaudited As at 30 June 2021 $m	Audited As at 31 December 2021 $m
ASSETS				
Non-current assets				
Property, plant and equipment	7	**260.5**	295.0	274.4
Right-of-use assets	7	**20.1**	26.5	24.7
Goodwill	7	**162.6**	164.4	164.1
Other intangible assets	7	**34.0**	38.4	36.2
Investments in associates and joint ventures		**20.0**	17.0	19.4
Investments		**4.6**	4.4	4.6
Trade and other receivables	10	**3.5**	2.3	2.0
Deferred tax assets		**8.6**	12.0	10.3
		513.9	560.0	535.7
Current assets				
Inventories	9	**220.2**	267.3	204.4
Trade and other receivables	10	**187.4**	135.6	155.4
Cash and cash equivalents		**87.1**	99.5	108.4
Investments		**–**	6.9	6.8
Current tax assets		**0.8**	1.1	0.9
		495.5	510.4	475.9
LIABILITIES				
Current liabilities				
Trade and other payables		**107.7**	69.0	83.0
Lease liabilities		**8.1**	8.3	8.9
Borrowings		**1.5**	0.7	1.0
Provisions		**2.1**	3.1	3.1
Current tax liabilities		**2.0**	3.2	3.0
		121.4	84.3	99.0
Net current assets		**374.1**	426.1	376.9
Non-current liabilities				
Trade and other payables		**2.9**	2.7	2.7
Lease liabilities		**16.7**	25.9	22.9
Borrowings		**3.9**	3.9	3.9
Provisions		**4.7**	5.8	5.0
Deferred tax liabilities		**6.6**	7.8	6.8
		34.8	46.1	41.3
Net assets		**853.2**	940.0	871.3
Equity attributable to owners of the parent				
Share capital		**66.5**	66.5	66.5
Share premium		**153.0**	153.0	153.0
Other components of equity		**19.4**	42.7	38.0
Retained earnings		**613.1**	666.6	612.4
		852.0	928.8	869.9
Non-controlling interests		**1.2**	11.2	1.4
Total equity		**853.2**	940.0	871.3

i. The 30 June 2021 condensed consolidated balance sheet was restated to present the Fixed Term Funds of $16.1m as cash and cash equivalents rather than as current investments (see note 1).

Condensed Consolidated Statement of Changes in Equity

	Unaudited Six months ended 30 June 2022						
	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 2022	**66.5**	**153.0**	**38.0**	**612.4**	**869.9**	**1.4**	**871.3**
(Loss) profit for the period	**–**	**–**	**–**	**(3.9)**	**(3.9)**	**0.2**	**(3.7)**
Other comprehensive (expense) income	**–**	**–**	**(7.8)**	**0.1**	**(7.7)**	**(0.4)**	**(8.1)**
Total comprehensive expense	**–**	**–**	**(7.8)**	**(3.8)**	**(11.6)**	**(0.2)**	**(11.8)**
Dividends to Hunting PLC shareholders (note 15)	**–**	**–**	**–**	**(6.4)**	**(6.4)**	**–**	**(6.4)**
Treasury shares							
– purchase of treasury shares	**–**	**–**	**–**	**(4.2)**	**(4.2)**	**–**	**(4.2)**
– disposal of treasury shares	**–**	**–**	**–**	**0.2**	**0.2**	**–**	**0.2**
Share options and awards							
– value of employee services	**–**	**–**	**4.4**	**–**	**4.4**	**–**	**4.4**
– discharge	**–**	**–**	**(8.8)**	**8.5**	**(0.3)**	**–**	**(0.3)**
Transfer between reserves[i]	**–**	**–**	**(6.4)**	**6.4**	**–**	**–**	**–**
At 30 June 2022	**66.5**	**153.0**	**19.4**	**613.1**	**852.0**	**1.2**	**853.2**

i. $6.4m of the merger reserve is now considered to be realised, as the equivalent amount of the proceeds from the share placing in 2016 has now met the definition of qualifying consideration, and has been transferred to retained earnings.

	Unaudited Six months ended 30 June 2021						
	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 2021	66.5	153.0	52.3	692.6	964.4	12.2	976.6
Loss for the period	–	–	–	(30.5)	(30.5)	(1.2)	(31.7)
Other comprehensive income (expense)	–	–	1.7	(0.1)	1.6	0.2	1.8
Total comprehensive expense	–	–	1.7	(30.6)	(28.9)	(1.0)	(29.9)
Dividends to Hunting PLC shareholders (note 15)	–	–	–	(6.4)	(6.4)	–	(6.4)
Treasury shares							
– purchase of treasury shares	–	–	–	(5.2)	(5.2)	–	(5.2)
– disposal of treasury shares	–	–	–	0.2	0.2	–	0.2
Share options and awards							
– value of employee services	–	–	4.9	–	4.9	–	4.9
– discharge	–	–	(9.8)	9.6	(0.2)	–	(0.2)
Transfer between reserves[ii]	–	–	(6.4)	6.4	–	–	–
At 30 June 2021	66.5	153.0	42.7	666.6	928.8	11.2	940.0

ii. $6.4m of the merger reserve was considered to be realised, as the equivalent amount of the proceeds from the share placing in 2016 met the definition of qualifying consideration, and was transferred to retained earnings.

Condensed Consolidated Statement of Changes in Equity

continued

	Audited Year ended 31 December 2021						
	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 2021	66.5	153.0	52.3	692.6	964.4	12.2	976.6
Loss for the period	–	–	–	(85.8)	(85.8)	(3.9)	(89.7)
Other comprehensive (expense) income	–	–	0.2	(0.2)	–	0.3	0.3
Total comprehensive expense	–	–	0.2	(86.0)	(85.8)	(3.6)	(89.4)
Dividends to Hunting PLC shareholders (note 15)	–	–	–	(12.8)	(12.8)	–	(12.8)
Treasury shares							
– purchase of treasury shares	–	–	–	(8.1)	(8.1)	–	(8.1)
– disposal of treasury shares	–	–	–	0.3	0.3	–	0.3
Share options and awards							
– value of employee services	–	–	8.7	–	8.7	–	8.7
– discharge	–	–	(10.4)	10.2	(0.2)	–	(0.2)
Acquisition of non-controlling interest	–	–	–	3.4	3.4	(7.2)	(3.8)
Transfer between reserves[iii]	–	–	(12.8)	12.8	–	–	–
At 31 December 2021	66.5	153.0	38.0	612.4	869.9	1.4	871.3

iii. $12.8m of the merger reserve was considered to be realised, as the equivalent amount of the proceeds from the share placing in 2016 met the definition of qualifying consideration, and was transferred to retained earnings.

Condensed Consolidated Statement of Cash Flows

	Notes	Unaudited Six months ended 30 June 2022 $m	Restated[i] Unaudited Six months ended 30 June 2021 $m	Audited Year ended 31 December 2021 $m
Operating activities				
Profit (loss) from operations		**1.7**	(26.5)	(79.7)
Adjusting items (NGM A)		**–**	3.5	44.6
Depreciation and non-adjusting amortisation (NGM C)		**18.9**	19.4	38.2
EBITDA (NGM C)		**20.6**	(3.6)	3.1
Share-based payment expense		**4.6**	5.1	9.2
(Increase) decrease in inventories		**(17.6)**	22.1	26.6
(Increase) decrease in receivables		**(31.9)**	0.9	(19.0)
Increase (decrease) in payables		**27.4**	1.0	15.2
Decrease in provisions		**(2.0)**	–	(1.7)
Net taxation (paid) received		**(2.3)**	1.1	0.6
Net loss (gain) on disposal of property, plant and equipment		**1.0**	(0.3)	(0.2)
Net gain on curtailment of leases		**(3.2)**	–	–
Proceeds from disposal of property, plant and equipment held for rental		**0.2**	–	–
Purchase of property, plant and equipment held for rental		**(0.4)**	(0.3)	(0.9)
Fair value gain on held-for-sale asset		**–**	(0.4)	(0.4)
Settlement of warranty claim related to a corporate transaction		**–**	–	(1.7)
Restructuring costs		**–**	(1.2)	(2.0)
Other non-cash flow items		**0.4**	(0.9)	(0.2)
Net cash (outflow) inflow from operating activities		**(3.2)**	23.5	28.6
Investing activities				
Interest received		**0.4**	1.2	0.6
Net movement on loans to and from associates		**–**	(0.3)	–
Proceeds from disposal of property, plant and equipment		**5.0**	2.2	2.2
Proceeds from disposal of held-for-sale assets		**–**	2.2	2.2
Proceeds from disposal of business		**–**	–	31.5
Decrease (increase) in current investments		**6.5**	(6.9)	(6.9)
Investments in associates and joint ventures		**(1.9)**	–	(5.1)
Convertible financing – Well Data Labs		**–**	(2.5)	(2.5)
Purchase of property, plant and equipment		**(7.0)**	(3.3)	(5.7)
Purchase of intangible assets		**(1.5)**	(1.1)	(2.7)
Net cash inflow (outflow) from investing activities		**1.5**	(8.5)	13.6
Financing activities				
Interest and bank fees paid		**(3.6)**	(0.5)	(1.0)
Payment of lease liabilities		**(4.5)**	(6.2)	(10.6)
Net proceeds on termination of lease liabilities		**2.3**	–	–
Purchase of non-controlling interest		**–**	–	(3.8)
Dividends paid to Hunting PLC shareholders	15	**(6.4)**	(6.4)	(12.8)
Purchase of treasury shares		**(4.2)**	(5.2)	(7.9)
Proceeds on disposal of treasury shares		**0.2**	0.2	0.3
Net cash outflow from financing activities		**(16.2)**	(18.1)	(35.8)
Net cash (outflow) inflow in cash and cash equivalents		**(17.9)**	(3.1)	6.4
Cash and cash equivalents at the beginning of the period		**107.4**	101.7	101.7
Effect of foreign exchange rates		**(3.9)**	0.2	(0.7)
Cash and cash equivalents at the end of the period		**85.6**	98.8	107.4
Cash and cash equivalents at the end of the period comprise:				
Cash at bank and in hand		**54.7**	83.4	96.8
Money market funds		**11.1**	–	–
Fixed Term Funds		**10.0**	16.1	6.8
Short-term deposits with less than 3 months to maturity		**11.3**	–	4.8
Cash and cash equivalents included in current assets		**87.1**	99.5	108.4
Bank overdrafts included in borrowings		**(1.5)**	(0.7)	(1.0)
		85.6	98.8	107.4

i. The 30 June 2021 condensed consolidated balance sheet was restated to present the Fixed Term Funds of $16.1m as cash and cash equivalents rather than as current investments. This resulted in cash outflows from current investments decreasing by $16.1m to $6.9m and net cash outflows for the period to 30 June 2021 decreasing by $16.1m to $3.1m (see note 1).

Notes

1. Basis of Accounting

Hunting PLC is a premium-listed public company limited by shares, with its Ordinary shares quoted on the London Stock Exchange. Hunting PLC was incorporated in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the Company's registered office is 30 Panton Street, London, SW1Y 4AJ, United Kingdom.

The condensed consolidated interim financial report to 30 June 2022 is presented in US dollars and has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting and with the Disclosure and Transparency Rules of the Financial Conduct Authority.

In the prior year, the condensed consolidated income statement included presentation of alternative performance measures, previously referred to as underlying results, in addition to IFRS measures. Hunting has revised the format of the condensed consolidated income statement in the current year to present a single column only with IFRS measures in line with current practice and guidance. The format of the relevant income statement notes has also been updated. Adjusted profitability measures used by management have been presented in the Non-GAAP Measures section, which includes further information on the definitions, purpose, and reconciliation to IFRS measures. The prior year numbers have not been restated as this is a presentational change only.

This condensed set of consolidated financial statements does not include all of the notes of the type normally included in an annual financial report. Accordingly, this interim financial report should be read in conjunction with the 2021 Annual Report and Accounts, which were prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and with any public announcements made by Hunting PLC during the interim period.

Terms used in this condensed set of consolidated financial statements are defined in the Glossary on pages 228 to 231 contained in the 2021 Annual Report and Accounts.

The information for the year ended 31 December 2021 contained in this interim financial report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year was delivered to the Registrar of Companies. The independent auditor's report on those accounts was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statement under section 498(2) or (3) of the Companies Act 2006. This condensed set of consolidated interim financial statements has been reviewed, not audited.

The accounting policies applied and the significant judgements, estimates and assumptions made by management in this condensed set of consolidated financial statements are consistent with those applied in the 2021 Annual Report and Accounts except for the following:

- the estimation of income taxes, which are accrued using an estimated weighted average tax rate that would be applicable to the full year profit or loss; and
- the adoption of new and amended standards as described below.

New and Amended Standards Adopted by the Group
A number of amended standards became effective for the financial year beginning on 1 January 2022; however the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

Prior Period Restatement
The 30 June 2021 condensed consolidated financial statements were restated to present the Fixed Term Funds ("FTFs") of $16.1m as cash and cash equivalents rather than as current investments. The reclassification of these financial instruments ensures that the treatment is consistent with the 31 December 2021 consolidated financial statements. The FTFs were classified as cash and cash equivalents at 31 December 2021, as more information on the nature of these financial instruments was available. Cash and cash equivalents at 30 June 2021 increased by $16.1m to $99.5m and current investments decreased by $16.1m to $6.9m in the condensed consolidated balance sheet. Cash outflows from current investments decreased by $16.1m to $8.5m, thereby decreasing cash outflows from investing activities, and net cash outflows for the period to 30 June 2021 decreased by $16.1m to $3.1m in the condensed consolidated statement of cash flows.

Critical Judgements and Key Estimates
Critical judgements are those that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Group's financial statements. Key assumptions are assumptions concerning future expectations and other key sources of estimation uncertainty at the end of the reporting period are those that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The impairment of non-current assets remains an area of estimation uncertainty, although no impairment has been recognised in the period. For further details see note 8. Judgements were made regarding the carrying values of inventory (see notes 8 and 9).

The Group is subject to income taxes in numerous jurisdictions and significant judgement is required in determining the worldwide provision for those taxes, as tax legislation can be complex and open to different interpretation. Deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available, against which the temporary differences can be utilised. This is considered by jurisdiction, or by entity, dependent on the tax laws of the jurisdiction. At each balance sheet date, the Directors will consider the medium-term forecasts of the business and determine whether the generation of taxable income within a reasonable time frame is probable. If actual results differ from the forecasts then the impact of not being able to utilise the expected amount of deferred tax assets can have a material impact on the Group's tax charge for the year. The key decision regarding the recognition of deferred tax as at 30 June 2022 related to the recognition of deferred taxes in the US. The Directors concluded that there have not been any significant changes in the medium-term taxable profit forecasts for the US and so to the extent that the US deferred tax asset is not offset against the deferred tax liability recognised relating to goodwill in the US, the deferred tax asset remains unrecognised.

1. Basis of Accounting continued

Critical Judgements and Key Estimates continued

The Directors have considered the potential impact that climate change could have on the financial statements of the Group and recognise that climate change is a principal risk that the Group will monitor and will react appropriately to. In the judgement of the Directors, the external long-term forecasts used by the Group incorporate climate change developments, and support the view that there will be robust demand for the Group's oil and gas based products for a significant time span. Estimates made using these forecasts do not currently identify any concerns regarding the carrying values or expected lives of longer-lived assets, including goodwill. The Directors also believe there is significant operational adaptability in the Group's asset base to move into other non–hydrocarbon product lines, if required.

The Directors believe that there are no other critical judgements or estimates applied in the preparation of the condensed consolidated financial statements.

Going Concern and Liquidity

Introduction

The Group's principal cash outflows include capital investment, 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 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 2022, 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.

The Group has access to significant financial resources, including a $150m secured committed Asset Based Lending ("ABL") facility which commenced on 7 February 2022. In July 2022, the legal process to finalise accession of the in-scope US freehold properties into the ABL borrowing base was completed; consequently the full facility quantum of $150m became available for utilisation by the Group as the total value of the secured assets now exceeds the current facility limit of $150m. The facility includes a financial covenant that is activated when more than 87.5% of the facility is drawn. Throughout the first half of 2022 and as at 30 June 2022, this facility was entirely undrawn. At 30 June 2022, the Group had total cash and bank funds of $85.6m and management's internal financial projections indicate that the Group will continue to have surplus funds over the next twelve months.

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 light of the Group's strong total cash and bank position at 30 June 2022. The Board also considered the potential financial impact of the estimates, judgements and assumptions that were used to prepare this condensed set of financial statements. Management also sensitised these forecasts to reflect reasonably plausible downside scenarios and these demonstrated that the Group is able to maintain sufficient cash resources to meet its liabilities as they fall due over the next twelve months.

Management reviewed the Group's exposure to uncertainties at this time and noted the potential impact of Russia's continuing invasion of Ukraine, rising global inflation and China's zero-COVID strategy. Regional lockdowns in China have impacted the Group's Asia Pacific operating segment but principally only on a short-term timing basis, and global inflation is pushing up certain costs, which potentially deflate but are unlikely to negate margins. The Group is not directly impacted by the war in Ukraine; however, consequent wider supply chain issues have slowed access to resources but only to a limited extent in as far as it affects the Group's activities. The Board is, therefore, satisfied that no 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 the half year financial report.

2. Segmental Reporting

For the six months ended 30 June 2022, the Group has been reporting on four operating segments 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 operating segments are strategic business units that offer different products and services to international oil and gas companies and which undertake exploration and production activities. The Board assesses the performance of the operating segments based on revenue and adjusted operating results. Adjusted operating result is a profit-based measure and excludes the effects of adjusting items (see NGM A). The Directors believe that using the adjusted operating result provides a more consistent and comparable measure of the operating segment's financial performance from one period to the next. This adjusted measure is used by management for planning and reporting purposes. Adjusted operating result is reconciled to the unadjusted IFRS result in NGM B. It is important to note that the adjusted results are quite frequently higher than the IFRS results as they often exclude significant costs and should not be regarded as a complete picture of the operating segment's financial performance. The operating segment's unadjusted operating result is also presented alongside the adjusted result.

Finance income and finance expense are not allocated to segments, as this type of activity is overseen by the Group's central treasury function, which manages the funding position of the Group.

Inter-segment sales are priced in line with the transfer pricing policy on an arm's length basis and are eliminated on consolidation. Costs and overheads are apportioned to the operating segments on the basis of time attributed to those operations by senior executives.

Further, the Board is also provided with revenue information by product group, in order to help with an understanding of the drivers of Group performance trends.

Accounting policies used for segmental reporting reflect those used for the Group. The UK is the domicile of Hunting PLC.

Hunting Titan
Hunting Titan manufactures and distributes a broad range of well completion products and accessories. The segment's products include both integrated and conventional gun systems and hardware, a complete portfolio of shaped charges and other energetics products, addressable and analogue switch technology and electronic instrumentation for certain measurements required in the oil and gas industry. Key products include H-1™, H-2™ and H-3™ gun systems, ControlFire™ switches, EQUAfrac™ shaped charges, the T-Set™ line of setting tools and the PowerSet family of power charges. The business has manufacturing facilities in the US and Mexico, and is supported by strategically-located distribution centres across North America.

North America
The segment's businesses supply premium connections, oil country tubular goods ("OCTG"), subsea equipment, intervention tools, electronics and complex deep hole drilling and precision machining services for the US, Canada and overseas markets. The segment also manufactures perforating system products for Hunting Titan. Although located in the UK, Enpro has been classified as part of this segment, as it falls under the management of the Subsea business in the US, as it participates in global offshore projects. The Group's Canadian business now focuses on OCTG threading, which is subcontracted to facilities which hold manufacturing licences for Hunting's premium and semi-premium connections. The segment also includes the results of the Group's legacy exploration and production activities in the Southern US and offshore Gulf of Mexico.

Europe, Middle East and Africa ("EMEA")
Hunting's European operations comprise businesses in the UK, Netherlands and Norway. Revenue from this segment is generated from the supply of OCTG (including threading, legacy pipe storage and accessories manufacturing) and the sale and rental of in-field well intervention products in the UK; OCTG and well testing equipment manufacture in the Netherlands; and multi-product line services and distribution in Norway. The European OCTG businesses are concentrating on accessory manufacturing and yard services. Hunting's Middle East manufacturing operations are located in Dubai, UAE and Dammam, Saudi Arabia. The Group's operations in Saudi Arabia are through a 65% joint venture arrangement with Saja Energy and act as a manufacturing and sales hub for other products manufactured globally by the Group, including Well Testing, OCTG and Perforating Systems.

Asia Pacific
Revenue from the Asia Pacific segment is primarily from the manufacture of premium connections and OCTG supply. Asia Pacific also manufactures perforating guns for sale to Hunting Titan and for sale in its domestic markets.

2. Segmental Reporting continued

(a) Segment Revenue and Profit

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

	Six months ended 30 June 2022					
	Total segment revenue $m	**Inter-segment revenue $m**	**Total external revenue $m**	**Adjusted result $m**	**Adjusting items $m**	**Reported result $m**
Hunting Titan	**127.2**	**(3.8)**	**123.4**	**4.3**	**–**	**4.3**
North America	**158.7**	**(10.5)**	**148.2**	**–**	**–**	**–**
EMEA	**37.1**	**(1.0)**	**36.1**	**(2.2)**	**–**	**(2.2)**
Asia Pacific	**31.9**	**(3.5)**	**28.4**	**(0.4)**	**–**	**(0.4)**
Total from operations	**354.9**	**(18.8)**	**336.1**	**1.7**	**–**	**1.7**
Net finance expense				**(0.9)**	**–**	**(0.9)**
Share of associates' and joint ventures' losses				**(1.3)**	**–**	**(1.3)**
Loss before tax from operations				**(0.5)**	**–**	**(0.5)**

	Six months ended 30 June 2021					
	Total segment revenue $m	Inter-segment revenue $m	Total external revenue $m	Adjusted result $m	Adjusting items $m	Reported result $m
Hunting Titan	88.7	(2.2)	86.5	(1.6)	(3.5)	(5.1)
North America	122.2	(10.2)	112.0	(10.4)	(1.1)	(11.5)
EMEA	27.6	(0.3)	27.3	(6.6)	0.1	(6.5)
Asia Pacific	19.1	(0.5)	18.6	(4.4)	–	(4.4)
Gain not apportioned to operating segments[i]	–	–	–	–	1.0	1.0
Total from operations	257.6	(13.2)	244.4	(23.0)	(3.5)	(26.5)
Net finance expense				(1.0)	–	(1.0)
Share of associates' losses				(1.1)	–	(1.1)
Loss before tax from operations				(25.1)	(3.5)	(28.6)

i. The $1.0m gain recognised on the disposal of a lease and the corresponding right-of-use asset has not been allocated to an operating segment as the original property provisions were not allocated to an operating segment at the time they were recognised.

Adjusting items by operating segment:

	Six months ended 30 June 2021					
	Hunting Titan $m	North America $m	EMEA $m	Asia Pacific $m	Unallocated $m	Total $m
Amortisation of acquired intangible assets	(3.4)	(0.9)	–	–	–	(4.3)
Reversal of impairments of inventories	–	0.7	0.1	–	–	0.8
Restructuring costs	(0.1)	(1.1)	–	–	–	(1.2)
Gain on disposal of Canadian assets	–	0.2	–	–	–	0.2
Gain on surrender of lease	–	–	–	–	1.0	1.0
	(3.5)	(1.1)	0.1	–	1.0	(3.5)

2. Segmental Reporting continued

(a) Segment Revenue and Profit continued

	Year ended 31 December 2021					
	Total segment revenue $m	Inter-segment revenue $m	Total external revenue $m	Adjusted result $m	Adjusting items $m	Reported result $m
Hunting Titan	189.3	(4.9)	184.4	(0.9)	(8.1)	(9.0)
North America	254.6	(21.7)	232.9	(16.1)	(22.6)	(38.7)
EMEA	58.1	(0.4)	57.7	(11.2)	(15.0)	(26.2)
Asia Pacific	48.1	(1.5)	46.6	(6.9)	0.1	(6.8)
Gain not apportioned to operating segments[ii]	–	–	–	–	1.0	1.0
Total from operations	550.1	(28.5)	521.6	(35.1)	(44.6)	(79.7)
Net finance expense				(2.0)	–	(2.0)
Share of associates' losses				(3.5)	(0.3)	(3.8)
Loss before tax from operations				(40.6)	(44.9)	(85.5)

ii. The $1.0m gain recognised on the disposal of a lease and the corresponding right-of-use asset has not been allocated to an operating segment as the original property provisions were not allocated to an operating segment at the time they were recognised.

Adjusting items by operating segment:

	Year ended 31 December 2021					
	Hunting Titan $m	North America $m	EMEA $m	Asia Pacific $m	Unallocated $m	Total $m
Amortisation of acquired intangible assets	(4.9)	(1.8)	–	–	–	(6.7)
Impairments of property, plant and equipment	–	–	(8.6)	–	–	(8.6)
Impairments of inventories	(3.9)	(18.9)	(5.2)	–	–	(28.0)
Reversal of impairments of inventories	0.8	0.8	–	0.5	–	2.1
Settlement of warranty claim related to a corporate transaction	–	(1.7)	–	–	–	(1.7)
Restructuring costs	(0.1)	(1.2)	(0.3)	(0.4)	–	(2.0)
Loss on disposal of business	–	–	(0.9)	–	–	(0.9)
Gain on disposal of Canadian assets	–	0.2	–	–	–	0.2
Gain on surrender of lease	–	–	–	–	1.0	1.0
	(8.1)	(22.6)	(15.0)	0.1	1.0	(44.6)

A breakdown of external revenue by products and services is presented below:

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Year ended 31 December 2021 $m
Perforating Systems	**121.6**	85.8	181.7
OCTG	**109.6**	76.8	172.5
Advanced Manufacturing	**34.0**	29.1	59.6
Subsea	**35.3**	29.6	58.8
Intervention Tools	**16.9**	12.1	25.8
Other	**18.7**	11.0	23.2
Total	**336.1**	244.4	521.6
Revenue from products is further analysed between:			
Oil and gas	**312.0**	226.9	484.0
Non-oil and gas	**24.1**	17.5	37.6
Total	**336.1**	244.4	521.6

3. Revenue

In the following tables, a breakdown of the Group's different revenue streams by segment has been given, including the disaggregation of revenue from contracts with customers.

	Six months ended 30 June 2022			
	Revenue from contracts with customers $m	**Rental revenue $m**	**Other revenue $m**	**Total external revenue $m**
Hunting Titan	**122.9**	**0.5**	**–**	**123.4**
North America	**145.0**	**0.8**	**2.4**	**148.2**
EMEA	**33.6**	**2.5**	**–**	**36.1**
Asia Pacific	**28.4**	**–**	**–**	**28.4**
Total	**329.9**	**3.8**	**2.4**	**336.1**

	Six months ended 30 June 2021			
	Revenue from contracts with customers $m	Rental revenue $m	Other revenue $m	Total external revenue $m
Hunting Titan	86.3	0.2	–	86.5
North America	110.2	1.0	0.8	112.0
EMEA	26.0	1.3	–	27.3
Asia Pacific	18.6	–	–	18.6
Total	241.1	2.5	0.8	244.4

	Year ended 31 December 2021			
	Revenue from contracts with customers $m	Rental revenue $m	Other revenue $m	Total external revenue $m
Hunting Titan	184.0	0.4	–	184.4
North America	228.8	2.3	1.8	232.9
EMEA	54.4	3.3	–	57.7
Asia Pacific	46.5	0.1	–	46.6
Total	513.7	6.1	1.8	521.6

There is no material difference in the timing of revenue recognition between contracts with customers at a point in time and contracts with customers over time, as the majority of Hunting's performance obligations are relatively short. Revenue is typically recognised for products when the product is shipped or made available to customers for collection and for services either on completion of the service or, at a minimum, monthly for services covering more than one month. The amount of consideration is not adjusted for the effects of a significant financing component as, at contract inception, the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

4. Net Operating Income and Other Expenses

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021[i] $m	Year ended 31 December 2021[i] $m
Operating income from sub-leasing assets	**1.0**	0.7	1.3
Gain on disposal of property, plant and equipment	**0.2**	0.3	0.3
Gain on curtailment of lease	**3.2**	1.0	1.0
Fair value gain on disposal of held-for-sale asset	**–**	0.4	0.4
Government grants	**0.2**	0.4	0.8
Foreign exchange gains	**0.8**	0.3	0.6
Other income	**0.9**	0.5	0.9
Total operating income	**6.3**	3.6	5.3
Loss on disposal of property, plant and equipment	**(1.2)**	–	(0.1)
Foreign exchange losses	**(1.2)**	(0.3)	(0.6)
Research and development costs expensed	**(2.0)**	(2.3)	(4.7)
Amortisation of acquired intangible assets	**–**	(4.3)	(6.7)
Loss on disposal of business	**–**	–	(0.9)
Settlement of warranty claim related to a corporate transaction	**–**	–	(1.7)
Other operating expenses	**(0.1)**	(1.1)	(1.1)
Total other operating expenses	**(4.5)**	(8.0)	(15.8)
Net operating income (expense)	**1.8**	(4.4)	(10.5)

i. The amounts disclosed have been revised, following the change in presentation of the consolidated income statement, to include amounts that were previously disclosed separately as adjusting amounts.

During the six months to 30 June 2022, the Group's Asia Pacific operating segment completed the relocation of its facilities to a new, single site in the Tuas port region of Singapore. As a result of this relocation, the Group disposed of the relevant lease liabilities and derecognised the related right-of-use assets, recording a net gain of $2.4m and a net receipt of $2.4m to exit the lease at Benoi Road. The gain on Benoi Road together with other lease curtailments in the period resulted in a total gain of $3.2m during the period.

5. Taxation

The taxation charge for the six months ended 30 June 2022 has been calculated as follows:

- A weighted average annual tax rate has been applied, where appropriate, in line with IAS 34 methodology. This has been calculated on a jurisdiction basis and the full year forecast jurisdictional average tax rate has been applied to the profit or loss for the period of that jurisdiction.
- Where the weighted average annual tax rate would not provide a reliable estimate of the taxation for the period, we have used a discrete taxation basis, taxing these items in the period on an item-by-item basis. Examples of discrete items in the period are tax rate changes that have been substantively enacted in the first half of the year and prior year adjustments that have crystallised in the first half of the year.

The taxation charge for the six months ended 30 June 2022 is $3.2m (six months ended 30 June 2021 – $3.1m charge; year ended 31 December 2021 – $4.2m charge). This reflects an effective tax rate of (640)% (six months ended 30 June 2021 – (11)%; year ended 31 December 2021 – (5)%). The Group's estimated tax rate ("ETR") is significantly different to that which might be expected from prevailing jurisdictional rates as it is impacted by a mix of profits and losses in different businesses and is distorted when deferred tax is not fully recognised in loss-making jurisdictions. As there is a small overall loss before tax for the period, the impact of differences in the make-up of losses and profits across the Group has greater impact on the overall group ETR. This is particularly notable in the US where deferred tax is not recognised on the federal tax losses generated in the first half of the year. The loss before tax generated in the US (and other jurisdictions where deferred tax has not been recognised), is then offset at a Group level by profitable jurisdictions, mainly the UK, Canada and Singapore, where tax is recognised on these profits as they arise.

The calculation of the adjusted tax charge and adjusted tax rate can be found in NGM D.

Legislation to increase the UK standard rate of corporation tax from 19% to 25% from 1 April 2023 was enacted in 2021. UK deferred tax balances have been calculated at 19% or 25% depending upon when the balance is expected to unwind.

6. Loss per Share

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

For diluted earnings (loss) per share, the weighted average number of outstanding Ordinary shares is adjusted to assume conversion of all dilutive potential Ordinary shares. Dilution arises though the possible issue of shares to satisfy awards made under the Group's long-term incentive plans.

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

	Six months ended 30 June 2022			Six months ended 30 June 2021			Year ended 31 December 2021		
	Reported (loss) earnings attributable to Ordinary shareholders $m	**Basic weighted average number of Ordinary shares millions**	**Loss per share cents**	Reported (loss) earnings attributable to Ordinary shareholders $m	Basic weighted average number of Ordinary shares millions	Loss per share cents	Reported (loss) earnings attributable to Ordinary shareholders $m	Basic weighted average number of Ordinary shares millions	Loss per share cents
Basic LPS	**(3.9)**	**160.6**	**(2.4)**	(30.5)	161.3	(18.9)	(85.8)	161.2	(53.2)
Effect of dilutive long-term incentive plans	**–**	**7.9**	**–**	–	6.1	–	–	5.9	–
Diluted LPS[i]	**(3.9)**	**168.5**	**(2.4)**	(30.5)	167.4	(18.9)	(85.8)	167.1	(53.2)

i. For the six months ended 30 June 2022 and 30 June 2021 and the year ended 31 December 2021, the Group reported a loss and so the effect of dilutive share options and long-term incentive plans was anti-dilutive (i.e. they reduced the loss per share) and, therefore, they were not used to calculate diluted loss per share.

The calculation of adjusted earnings (loss) per share can be found in NGM B.

7. Non-current Assets – PPE, ROU Assets, Goodwill and OIA

	Property, plant and equipment $m	**Right-of-use assets $m**	**Goodwill $m**	**Other intangible assets $m**
Cost:				
At 1 January 2022	**741.6**	**65.7**	**532.0**	**393.2**
Exchange adjustments	**(8.5)**	**(1.8)**	**(3.6)**	**(2.9)**
Additions	**7.3**	**5.1**	**–**	**1.5**
Disposals	**(19.6)**	**(8.8)**	**–**	**(0.6)**
Modifications	**–**	**(5.5)**	**–**	**–**
Reclassification (to) from inventories	**0.7**	**–**	**–**	**–**
At 30 June 2022	**721.5**	**54.7**	**528.4**	**391.2**
Accumulated depreciation and impairment:				
At 1 January 2022	**(467.2)**	**(41.0)**	**(367.9)**	**(357.0)**
Exchange adjustments	**6.1**	**1.1**	**2.1**	**1.3**
Charge for the period	**(13.3)**	**(3.5)**	**–**	**(2.1)**
Disposals	**13.3**	**8.8**	**–**	**0.6**
Reclassification to (from) inventories	**0.1**	**–**	**–**	**–**
At 30 June 2022	**(461.0)**	**(34.6)**	**(365.8)**	**(357.2)**
Net book amount at 30 June 2022	**260.5**	**20.1**	**162.6**	**34.0**

(i) Property, Plant and Equipment

Additions to property plant and equipment include $1.9m for land and buildings, $5.0m for plant, machinery and motor vehicles and $0.4m for rental tools.

Group capital expenditure committed for the purchase of property, plant and equipment, but not provided for at 30 June 2022 amounted to $1.0m (30 June 2021 – $0.7m; at 31 December 2021 – $5.6m).

Security was previously granted over specific PPE with a carrying value of $194.1m at 30 June 2021 and $187.0m at 31 December 2021 as a requirement of the Group's committed revolving credit facility, which was terminated in February 2022. In early July 2022, the legal process to finalise accession of the in-scope US freehold properties into the ABL Borrowing Base was completed. The relevant properties had a carrying value of $143.1m at 30 June 2022.

(ii) Right-of-use Assets

During the period, a number of existing leases were exited, leading to a curtailment of the existing leases and modifications of $5.5m. The corresponding right-of-use assets were then derecognised. Additions to right-of-use assets of $5.1m include $4.6m for the Group's new UK headquarters. The new lease for the facility at Tuas, Singapore, together with the corresponding right-of-use asset were recognised in 2021 when the lease was signed.

7. Non-current Assets – PPE, ROU Assets, Goodwill and OIA Continued

(iii) Goodwill

Hunting Titan represents 71% of the goodwill balance at 30 June 2022 (30 June 2021 – 70%; 31 December 2021 – 70%).

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

CGU	Operating segment	**At 30 June 2022 $m**	At 30 June 2021 $m	At 31 December 2021 $m
Hunting Titan	Titan	**114.9**	115.0	114.9
Hunting Stafford "Subsea"	North America	**15.0**	15.0	15.0
Enpro	North America	**12.6**	14.3	14.1
Dearborn	North America	**7.6**	7.6	7.6
US Manufacturing	North America	**12.5**	12.5	12.5
Total		**162.6**	164.4	164.1

The movement of $1.5m in the goodwill balance since the year-end is attributable to foreign exchange movements.

(iv) Other Intangible Assets

During the first six months of 2022, amortisation charges of $2.1m were recognised. None of the amortisation charge was recognised as an adjusting item in the period (NGM A).

8. Impairment of Non-financial Assets

a) Indicators of Impairment and Updated Impairment Tests

In the full year to 31 December 2021, the Group reflected an impairment of property plant and equipment of $8.6m due to the restructuring of the European OCTG business, and a net inventory impairment charge of $25.9m, which included $5.2m related to the same restructuring exercise. In preparing the 30 June 2022 condensed consolidated financial statements, Hunting has considered whether any indicators of impairment exist, considering those CGUs that were considered sensitive in the 2021 Annual Report and Accounts (as disclosed in note 16 of those financial statements). In the first half of this year, conditions have generally continued to improve. WTI oil prices having started the year at $75/bbl, averaged $102/bbl over the period, and finished at $106/bbl on 30 June 2022. The US onshore rig count has increased by 28% over the period. The Group has delivered a positive operating profit in H1 and the business is performing ahead of its budget expectations. Management has reviewed performance of the business units and considered the impact for those businesses whose performance is below the projections used to support the impairment calculations. Management concluded that no impairment is required and that there was no material change in the sensitivities disclosed in the 2021 Annual Report and Accounts.

(b) Impairment Tests for Individual Assets

For individual assets, an impairment test is conducted if there are indicators of impairment. Impairment arises when the carrying value of the asset is greater than the higher of its fair value less costs of disposal ("FVLCD") or its value-in-use. The FVLCD or the value-in-use is a Level 3 measurement as per the fair value hierarchy as defined within IFRS 13 due to unobservable inputs used in the valuation. If the cash flows of an asset cannot be assessed individually the asset or the group of assets are aggregated into a CGU and tested.

(c) Impairment Tests for Inventory

The COVID-19 downturn severely impacted activity in both 2020 and 2021, reducing inventory turn rates that resulted in the net impairment charge of $25.9m at 31 December 2021. Subsequent to the year-end, conditions have improved. The inventory provision has fallen from 23% of gross cost at 31 December 2021 to 19% at 30 June 2022. As noted in the 2021 Annual Report, the Group was carrying pressure control equipment inventory in North America that was particularly impacted by the capital constraints applied during the COVID-19 pandemic downturn. Provisions of $11.3m were carried at 31 December 2021. At June 2022, the provision has seen negligible change and sensitivities remain unaltered.

9. Inventories

	At 30 June 2022 $m	At 30 June 2021 $m	At 31 December 2021 $m
Raw materials	**96.1**	93.9	87.7
Work in progress	**61.9**	44.1	51.4
Finished goods	**114.5**	161.6	124.8
Gross inventories	**272.5**	299.6	263.9
Less: provision for losses	**(52.3)**	(32.3)	(59.5)
Net inventories	**220.2**	267.3	204.4

The Group's inventory is highly durable and is well maintained. Therefore, it can hold its value well with the passing of time. When volume demand falls, or prices are reduced, management has to assess whether the carrying value of inventory can still be achieved. For some markets and product lines there may be a limited number, or even no sales, to form a benchmark in the current year. In these cases, management looks at historical activity levels and has to form a judgement as to likely future demand in the light of market forecasts and likely competitor activities. In 2021, the complexity of these judgements increased following a second year with historically low turn rates leading to increases in inventory age and higher provision levels.

9. Inventories continued

Management considered the judgements and estimates made in each of the Group's businesses and, other than PCE equipment, has not identified any individual estimates, which in the event of a change, would lead to a material change in the next financial period. Because of such judgements, the net inventory balance comprises $170.3m of inventory carried at cost (30 June 2021 – $205.6m; 31 December 2021 – $145.3m) and $49.9m carried at net realisable value ("NRV"), which represents 23% of net inventories (30 June 2021 – $61.7m at NRV representing 23% of net inventories; 31 December 2021 – $59.1m at NRV representing 29% of net inventories). Provisions for inventories held at NRV are subject to change if expectations change.

	At 30 June 2022 $m	At 30 June 2021 $m	At 31 December 2021 $m
Gross inventories:			
At 1 January	**263.9**	325.6	325.6
Exchange adjustments	**(2.6)**	0.6	0.1
Inventory additions	**262.6**	175.5	369.8
Expensed to cost of sales in the consolidated income statement	**(248.1)**	(198.9)	(396.2)
Provisions utilised against inventories written off	**(2.5)**	(3.1)	(3.4)
Reclassification to property, plant and equipment (note 7)	**(0.8)**	(0.1)	(0.5)
Disposal of business	**–**	–	(31.5)
Total	**272.5**	299.6	263.9
Provisions for impairment:			
At 1 January	**(59.5)**	(37.2)	(37.2)
Exchange adjustments	**0.7**	(0.2)	0.1
Charge to the consolidated income statement (cost of sales)	**(3.9)**	(1.8)	(34.4)
Provisions utilised against inventories written off	**2.5**	3.1	3.4
Provisions released to and utilised in the consolidated income statement	**7.9**	3.8	8.6
Total	**(52.3)**	(32.3)	(59.5)
Net inventories	**220.2**	267.3	204.4

The reversal of previous write-downs occurred when inventory was sold for an amount higher than its net realisable value and where older inventories, which had previously been written off, were sold as market conditions improved in the oil and gas sector. Overall, Hunting's provision for inventory losses decreased to 19% (31 December 2021 – 23%) of gross inventory balances at 30 June 2022, reflecting the continuing impact of the downturn on and slow recovery in the oil and gas sector.

In accordance with the requirements of the Group's committed ABL bank facility, security has been granted over inventories in certain US and Canadian subsidiaries, which had a carrying value of $183.2m. Security was previously granted over inventories with a gross value of $190.9m at 30 June 2021 and $184.3m at 31 December 2021 as a requirement of the Group's committed revolving credit facility.

10. Trade and Other Receivables

	At 30 June 2022 $m	At 30 June 2021 $m	At 31 December 2021 $m
Non-current:			
Prepayments	**3.2**	1.6	1.7
Other receivables	**0.3**	0.7	0.3
	3.5	2.3	2.0

	At 30 June 2022 $m	At 30 June 2021 $m	At 31 December 2021 $m
Current:			
Contract assets	**10.4**	11.9	9.9
Trade receivables	**150.6**	109.6	128.1
Accrued revenue	**3.8**	3.6	3.8
Gross receivables	**164.8**	125.1	141.8
Less: provision for impairment	**(4.6)**	(4.7)	(4.6)
Net receivables	**160.2**	120.4	137.2
Prepayments	**22.8**	12.3	15.9
Other receivables	**4.4**	2.9	2.3
	187.4	135.6	155.4

In accordance with the requirements of the Group's committed ABL bank facility, security has been granted over certain US and Canadian trade and other receivables, which had a carrying value of $115.6m. Security was previously granted over certain trade and other receivables with a carrying value of $90.6m at 30 June 2021 and $102.4m at 31 December 2021 as a requirement of the Group's committed revolving credit facility.

10. Trade and Other Receivables continued

At 30 June 2022, the ageing of the Group's gross financial assets, based on days overdue, is as follows:

	Not overdue $m	**1 – 30 days $m**	**31 – 60 days $m**	**61 – 90 days $m**	**91 – 120 days $m**	**More than 120 days $m**	**Total gross financial assets at 30 June 2022 $m**
Trade receivables – contracts with customers	**80.0**	**35.5**	**13.2**	**6.7**	**7.7**	**5.3**	**148.4**
Trade receivables – rental receivables	**0.3**	**0.2**	**0.2**	**0.1**	**0.1**	**0.2**	**1.1**
Trade receivables – other	**1.1**	**–**	**–**	**–**	**–**	**–**	**1.1**
Total gross trade receivables	**81.4**	**35.7**	**13.4**	**6.8**	**7.8**	**5.5**	**150.6**
Contract assets	**10.4**	**–**	**–**	**–**	**–**	**–**	**10.4**
Accrued revenue – contracts with customers	**3.6**	**–**	**–**	**–**	**–**	**–**	**3.6**
Accrued revenue – rental receivables	**0.2**	**–**	**–**	**–**	**–**	**–**	**0.2**
Other receivables	**2.5**	**0.1**	**–**	**–**	**–**	**–**	**2.6**
	98.1	**35.8**	**13.4**	**6.8**	**7.8**	**5.5**	**167.4**

Since the year-end, there has been a modest decrease in the ageing of receivables, with trade receivables not overdue at 30 June 2022 of $81.4m comprising 54% of total gross trade receivables compared to 53% at 31 December 2021. However, total gross trade receivables have increased by $22.5m since 31 December 2021. Overdue debts arise due to a number of different factors, including the time taken in resolving any disputes, a culture of slow/late payment in some jurisdictions, and some debtors experiencing cash flow difficulties.

At 31 December 2021, the ageing of the Group's gross financial assets, based on days overdue, was as follows:

	Not overdue $m	1 – 30 days $m	31 – 60 days $m	61 – 90 days $m	91 – 120 days $m	More than 120 days $m	Total gross financial assets at 31 December 2021 $m
Trade receivables – contracts with customers	66.7	21.6	15.7	6.7	7.8	8.0	126.5
Trade receivables – rental receivables	0.5	0.4	0.3	0.1	–	–	1.3
Trade receivables – other	0.3	–	–	–	–	–	0.3
Total gross trade receivables	67.5	22.0	16.0	6.8	7.8	8.0	128.1
Contract assets	9.9	–	–	–	–	–	9.9
Accrued revenue – contracts with customers	3.7	–	–	–	–	–	3.7
Accrued revenue – rental receivables	0.1	–	–	–	–	–	0.1
Other receivables	1.3	0.1	–	–	–	0.1	1.5
	82.5	22.1	16.0	6.8	7.8	8.1	143.3

Provision for Impairment – Trade and Other Receivables
During the period, the following gains and losses were recognised in profit or loss in relation to impaired financial assets:

	Six months ended 30 June 2022 $m	Year ended 31 December 2021 $m
At 1 January	**(4.6)**	(4.5)
Charge to the consolidated income statement – lifetime expected credit losses	**(0.2)**	(1.9)
Unused provisions released to the consolidated income statement	**–**	0.3
Utilised against receivables written off	**0.2**	1.5
	(4.6)	(4.6)

The provision for the impairment of trade and other receivables of $4.6m at 30 June 2022 is unchanged from the 31 December 2021 provision. Debtors continue to face cash flow difficulties and the risk of bad debts in the coming months remains high.

11. Leases

The Group leases various offices, warehouses, equipment and vehicles. During the six months to 30 June 2022, the Group's Asia Pacific operating segment completed the relocation of its facilities to a new, single site in the Tuas port region of Singapore. As a result of this relocation, the Group exited a number of leases, with the lease for Tuas signed in October 2021 for an initial term of three years. During the period, the Group's UK headquarters moved to different premises, with the lease at Hanover Square reassigned and a new ten-year lease for the Panton Street premises signed. The impact of the various lease changes on the Group's contractual cash flows has been significant and the updated future cash flows are presented in the table below:

	On demand or within one year $m	Between one and five years $m	After five years $m	Total $m	Carrying value $m
Lease liabilities	7.9	14.6	4.6	27.1	24.8

The position at 31 December 2021 was as follows:

	On demand or within one year $m	Between one and five years $m	After five years $m	Total $m	Carrying value $m
Lease liabilities	9.1	21.8	4.9	35.8	31.8

12. Changes in Net Cash (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 cash concentration account structures and other such measures. Net cash (debt) (NGM I) is a non-GAAP measure; however, management and the Group treasury function monitor total cash and bank (NGM H) to ensure there is sufficient liquidity to meet business requirements. As the Group manages funding on a total cash and bank basis, internal reporting focuses on changes in total cash and bank and this is presented in the Management Report. The net cash (debt) reconciliation below provides an analysis of the movement in the year for each component of net cash (debt) split between cash and non-cash items. Net cash (debt) comprises total cash and bank less total lease liabilities and the shareholder loan from a non-controlling interest.

	At 1 January 2022 $m	**Cash flow $m**	**Non-cash movement on lease liabilities[i] $m**	**Exchange movements $m**	**At 30 June 2022 $m**
Cash and cash equivalents	**108.4**	**(17.4)**	**–**	**(3.9)**	**87.1**
Bank overdrafts	**(1.0)**	**(0.5)**	**–**	**–**	**(1.5)**
Cash and cash equivalents – per condensed consolidated statement of cash flows	**107.4**	**(17.9)**	**–**	**(3.9)**	**85.6**
Current investments – investment of surplus cash	**6.8**	**(6.5)**	**–**	**(0.3)**	**–**
Total lease liabilities	**(31.8)**	**4.5**	**1.5**	**1.0**	**(24.8)**
Shareholder loan from non-controlling interest	**(3.9)**	**–**	**–**	**–**	**(3.9)**
Liabilities arising from financing activities	**(35.7)**	**4.5**	**1.5**	**1.0**	**(28.7)**
Total net cash (debt)	**78.5**	**(19.9)**	**1.5**	**(3.2)**	**56.9**

i. Non-cash movements on lease liabilities comprise new leases of $4.5m and interest expense of $0.7m offset by lease modifications of $6.7m.

During the period ended 30 June 2022, $3.0m loan facility fees were paid in relation to the new ABL facility. These fees were capitalised, included in prepayments and will be amortised over the expected life of the facility. During the period to 30 June 2022, $0.4m fees were amortised.

12. Changes in Net Cash (Debt) continued

	At 1 January 2021 $m	Restated[iv] Cash flow $m	Non-cash movement on lease liabilities[ii] $m	Exchange movements $m	Restated[iv] At 30 June 2021 $m
Cash and cash equivalents	102.9	(3.6)	–	0.2	99.5
Bank overdrafts	(1.2)	0.5	–	–	(0.7)
Cash and cash equivalents – per condensed consolidated statement of cash flows	101.7	(3.1)	–	0.2	98.8
Current investments – investment of surplus cash	–	6.9	–	–	6.9
Total lease liabilities[iii]	(40.3)	6.2	0.1	(0.2)	(34.2)
Shareholder loan from non-controlling interest	(3.9)	–	–	–	(3.9)
Liabilities arising from financing activities	(44.2)	6.2	0.1	(0.2)	(38.1)
Total net cash (debt)	57.5	10.0	0.1	–	67.6

ii. Non-cash movements on lease liabilities comprise new leases of $0.5m, lease modifications of $0.6m and interest expense of $0.8m offset by disposals of $2.0m.
iii. On 19 April 2021, the lease and the sub-lease on a leased property in the UK were surrendered. A final payment of $1.3m was made to settle the lease (NGM A).
iv. The 30 June 2021 condensed consolidated balance sheet was restated to present the Fixed Term Funds of $16.1m as cash and cash equivalents rather than as current investments (see note 1).

Loan facility fees are capitalised and are included in prepayments. During the period ended 30 June 2021, $0.2m loan facility fees were amortised.

	At 1 January 2021 $m	Cash flow $m	Non-cash movement on lease liabilities[v] $m	Exchange movements $m	At 31 December 2021 $m
Cash and cash equivalents	102.9	6.2	–	(0.7)	108.4
Bank overdrafts	(1.2)	0.2	–	–	(1.0)
Cash and cash equivalents – per condensed consolidated statement of cash flows	101.7	6.4	–	(0.7)	107.4
Current investments – investment of surplus cash	–	6.9	–	(0.1)	6.8
Total lease liabilities	(40.3)	10.6	(2.3)	0.2	(31.8)
Shareholder loan from non-controlling interest	(3.9)	–	–	–	(3.9)
Liabilities arising from financing activities	(44.2)	10.6	(2.3)	0.2	(35.7)
Total net cash (debt)	57.5	23.9	(2.3)	(0.6)	78.5

v. Non-cash movements on lease liabilities comprise new leases of $1.8m, interest expense of $1.5m and lease modifications of $1.0m offset by disposal of $2.0m.

Loan facility fees are capitalised and are included in prepayments. During the year ended 31 December 2021, $0.3m of loan facility fees were amortised and $0.3m were paid in respect of the new ABL facility.

13. Financial Instruments: Fair Values

This note provides information about the Group's financial instruments measured at fair value, including information about determining the fair value of the instruments, and any judgements and estimation uncertainty involved.

The Group's exposure to various risks associated with financial instruments is discussed in note 14. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets. Contract assets are not financial assets; however, they are explicitly included in the scope of IFRS 7 for the purpose of the credit risk disclosures in note 14.

(a) Valuation Techniques used to Determine Fair Values

There have been no changes to the valuation techniques used during the period since the year-end.

Fixed Term Funds ("FTFs") and money market funds ("MMFs") are debt instruments measured at fair value through profit or loss, with the fair value based on their current bid prices in an active market, which is considered to be the most representative of fair value, at the balance sheet date. The fair value gains on these instruments were immaterial in the period and were recognised in finance income.

The listed equity investments and mutual funds are equity instruments measured at fair value through profit or loss, with the fair value based on their current bid prices in an active market, which is considered to be the most representative of fair value, at the balance sheet date. The fair value loss of $0.1m (30 June 2021 – $0.1m gain; 31 December 2021 – $0.2m gain) on these instruments was recognised in finance expense during the period.

The fair value of the convertible financing provided to Well Data Labs in February 2021 has been determined by considering the probability-weighted average of the different scenarios' discounted cash flows using a discount rate of 8%. The fair value at 30 June 2022 is $2.8m (31 December 2021 – $2.7m), with fair value gains of $0.1m (30 June 2021 – $0.1m gain; 31 December 2021 – $0.2m gain) recognised in finance income during the period.

The fair value gains and losses on the listed investments and mutual funds and the Well Data Labs convertible financing are unrealised gains recognised in profit or loss attributable to balances held at the end of the reporting period.

The following instruments do not qualify for measurement at either amortised cost or at fair value through other comprehensive income ("FVTOCI"). Therefore they are financial instruments that have mandatorily been measured at fair value through profit or loss ("FVTPL"):

- The fair value of forward foreign exchange contracts is determined by comparing the cash flows generated by the contract with the coterminous cash flows potentially available in the forward exchange market on the balance sheet date.
- The fair value of funding swaps is determined by calculating the present value of the estimated future cash flows in each currency for both legs of the swap based on observable yield curves. One leg's present value is converted into the other currency using the current spot exchange rate.

Net fair value gains on derivative financial instruments in the period recognised in net operating income and other expense were immaterial (30 June 2021 – $0.1m loss; 31 December 2021 – $0.2m loss). Net fair value gains on derivative financial instruments in the period recognised in net finance expense were immaterial (30 June 2021 – $1.0m gain; 31 December 2021 – $0.6m gain).

A fair value gain on the disposal of a held-for-sale asset of $0.4m was recognised in net operating income and other expenses in the six months ended 30 June 2021 and the year ended 31 December 2021.

13. Financial Instruments: Fair Values continued

(b) Fair Value Hierarchy
The following tables present the Group's net financial assets and liabilities that are measured and recognised at fair value at the period-end and show the level in the fair value hierarchy in which the fair value measurements are categorised. There were no transfers between Level 1 and Level 2 during the year.

	Carrying value at 30 June 2022 $m	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**
Equity instruments at fair value through profit or loss				
Listed equity investments and mutual funds	**1.8**	**1.8**	**–**	**–**
Debt instruments at fair value through profit or loss				
Well Data Labs convertible financing	**2.8**	**–**	**–**	**2.8**
Fixed Term Funds	**10.0**	**10.0**	**–**	**–**
Money Market Funds	**11.1**	**11.1**	**–**	**–**
Current derivatives held for trading				
Derivative financial assets	**0.3**	**–**	**0.3**	**–**
Derivative financial liabilities	**(0.1)**	**–**	**(0.1)**	**–**
	25.9	**22.9**	**0.2**	**2.8**

	Carrying value at 31 December 2021 $m	Level 1 $m	Level 2 $m	Level 3 $m
Equity instruments at fair value through profit or loss				
Listed equity investments and mutual funds	1.9	1.9	–	–
Debt instruments at fair value through profit or loss				
Well Data Labs convertible financing	2.7	–	–	2.7
Fixed Term Funds	6.8	6.8	–	–
Current derivatives held for trading				
Derivative financial assets	0.1	–	0.1	–
Derivative financial liabilities	(0.2)	–	(0.2)	–
	11.3	8.7	(0.1)	2.7

The fair value hierarchy has the following levels:
Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
Level 3 – unobservable inputs used in the valuation.

- The fair values of non-US dollar denominated financial instruments are translated into US dollars using the year-end exchange rate.
- The inputs used to determine the fair value of derivative financial instruments are inputs other than quoted prices that are observable and so the fair value measurement is categorised in Level 2 of the fair value hierarchy.
- The fair value of FTFs, MMFs and listed equities and mutual funds are based on quoted market prices, and therefore the fair value measurements are categorised in Level 1 of the fair value hierarchy.
- Due to unobservable inputs used in the valuation, the fair value of the Well Data Labs financial asset is a Level 3 measurement of the fair value hierarchy.

(c) Fair Values of Other Financial Instruments (unrecognised)
Due to their short-term nature, the carrying value of cash deposits with more than 3 months to maturity, contract assets, trade receivables, accrued revenue, other receivables considered to be financial assets, cash and cash equivalents, trade payables, accruals and other payables considered to be financial liabilities, bank overdrafts and the shareholder loan from a non-controlling interest, approximates their fair value.

The Group also has lease liabilities of $24.8m (31 December 2021 – $31.8m), which are not measured at fair value, in the condensed consolidated balance sheet. The fair value of these financial liabilities has not been disclosed as their fair value cannot be measured reliably as there is no active market for these financial instruments.

The US deferred compensation plan obligation is measured at fair value through profit or loss and has a carrying value of $1.8m at 30 June 2022. However, this liability is not a financial liability and falls under IAS 19 as it is considered to be an unfunded DB scheme. The fair value loss recognised in operating expenses during the period was $nil (30 June 2021 – $nil; 31 December 2021 – $nil).

14. 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 Group's risk management strategy seeks to mitigate potential adverse effects on its financial performance. As part of its strategy, both primary and derivative financial instruments are used to hedge certain risk exposures. The condensed set of consolidated 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 2021 Annual Report and Accounts.

(a) Liquidity Risk

(i) Bank Facilities

The Group's treasury function ensures that there are sufficient committed facilities available to the Group, with an appropriate maturity profile, to provide operational flexibility and to support investment in key Group projects.

The Group's Revolving Credit Facility ("RCF") was cancelled on 7 February 2022, and replaced with a new $150m Asset Based Lending ("ABL") facility. The ABL facility has a four-year term, maturing on 7 February 2026. An accordion feature of up to $50m was also agreed. This feature allows the Group to increase the total facility quantum to $200m, subject to the approval of its bank lending group.

The Group's borrowing capacity is linked to secured asset values. The three main asset classes that form the "Borrowing Base" against which bank capital is advanced are North American based trade receivables, inventories and freehold property. The Group is required to submit various reports to the facility agent each month so that any fluctuation in the carrying values of these assets are communicated to the lenders, and so that the borrowing base may be recalibrated based on the most recent asset values. Accordingly, availability under the ABL facility will fluctuate to the extent that the underlying asset values change over time, either up or down. The carrying amounts of the assets pledged as security is discussed in notes 7, 9 and 10.

The ABL financial covenants are only measured under certain conditions, principally once utilisation of the facility goes through a predefined threshold i.e. 87.5% of the "Line Cap" ("Line Cap" is defined as the lesser of the total facility amount and the Borrowing Base), at which point the Fixed Charge Cover Ratio ("FCCR") is measured and must be complied with. The FCCR is a financial covenant that looks back over the trailing 12-month period to assess whether EBITDA (as defined by the ABL facility agreement) covers the Group's Fixed Charges (as defined by the facility agreement) at a ratio of at least 1:1.

Management has detailed the wider considerations regarding going concern and future covenant compliance in the Going Concern Statement in note 1.

At inception of the ABL (and to be repeated annually thereafter) a field examination and asset appraisal process was conducted by specialist, bank appointed, third-party valuation firms in order to assess the nature and commercial viability of the secured ABL assets so that appropriate discounts, or "advance rates", could be determined. The initial asset appraisals were completed in H2 2021 and consequently the advance rates to be applied in each category for the first 12 months of the ABL's tenor were imputed. Applying these advance rates to the December 2021 carrying values of the in-scope asset classes, Hunting's opening availability under the ABL was in excess of $100m. The opening availability at 7 February 2022 was based on in-scope trade receivables and inventories balances only. Availability under the ABL at 30 June 2022 was $120.1m based on the reported May 2022 secured asset values. However, in early July 2022, the legal process to finalise accession of the in-scope US freehold properties into the ABL Borrowing Base was completed. Consequently, the full facility quantum of $150m is now available for utilisation by the Company, as the total value of the secured assets now exceeds the current facility limit of $150m. The Group did not make any drawdowns on the ABL during the six months to 30 June 2022 and it remains undrawn at the period end.

The Group's undrawn borrowing facilities were as follows:

	Six months ended 30 June 2022 $m	Year ended 31 December 2021 $m
Secured committed facilities – ABL (2021 – RCF)	**150.0**	160.0
Unsecured committed facilities	**5.0**	–
Secured uncommitted facilities	**–**	4.2
	155.0	164.2

Following the cancellation of the RCF in February 2022, a $15m money market facility and a $2m overdraft facility were withdrawn by banks within the RCF lending group.

14. Financial Risk Management continued

(a) Liquidity Risk continued

(ii) Management of Cash

The Group needs to ensure that it has sufficient liquid funds available to support its working capital and capital expenditure requirements and that adequate liquidity levels are maintained. All subsidiaries submit weekly and bi-monthly cash forecasts to the treasury function to enable it to monitor the Group's requirements. A consolidated twelve-week forecast, produced weekly, is maintained by the Group's treasury function, which monitors long- and short-term liquidity requirements of the Group and also identifies any unexpected variances week-on-week.

The treasury function seeks to centralise the Group's surplus cash balances to ensure that funds are managed in the best interests of the Group, as detailed further below. Cash balances, together with undrawn facilities, enable the treasury function to manage the day-to-day liquidity requirements of the Group. Any short-term surplus is invested in accordance with Board-approved treasury policy.

Short-term deposits, Fixed Term Funds ("FTFs") and investments in money market funds ("MMFs") are held for the purpose of meeting short-term cash commitments, minimising counterparty concentration risk and improving cash investment returns. Short-term deposits of surplus cash are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group. These deposits earn interest at the respective short-term deposit rates. The Group has invested surplus cash with MMFs as they are considered to be highly liquid since cash can be redeemed from each fund on a same-day basis. The yield on the funds is calculated on the daily performance of the various instruments within a particular fund.

During the six months to 30 June 2022, the treasury function has invested surplus cash in deposits, MMFs and FTFs, in line with its cash management and investment policies. The use of these cash instruments enables the treasury function to diversify its counterparty concentration risk by depositing funds with various financial institutions and improve the yields on a portion of its surplus cash. At the period-end, the Group held $10.0m (31 December 2021 – $6.8m) in FTFs, classified as cash and cash equivalents (note 12), held $11.1m in MMFs (31 December 2021 – $nil) and $nil (31 December 2021 – $6.8m) in deposits with a maturity greater than 3 months, which were classified as current investments on the balance sheet (note 12). The Group includes deposits with a maturity greater than 3 months in its calculation of total cash and bank (see NGM H). The fair value gains recognised on the MMFs and the FTFs are immaterial in the period and interest earned on the deposits during the period of $0.1m was included in finance income.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

(b) Credit Risk

The Group's credit risk continues to arise from its cash at bank and in hand, MMFs, FTFs, short-term deposits, investments, derivative financial instruments, accrued revenue, outstanding trade receivables, other receivables, contract assets and the Well Data Labs convertible financing.

At the period-end, the Group had credit risk exposure to a wide range of counterparties. Credit risk exposure is continually monitored and no individual exposure is considered to be significant in the context of the ordinary course of the Group's activities whether through exposure to individual customers, specific industry sectors and/or regions.

(i) Credit Risk: Financial Assets

The Group makes sales to a large number of different customers; however a significant proportion of sales are made to service companies in the oil and gas sector. The majority of the Group's customers are based in North America. On a quarterly basis, the Group's entities submit information to the head office on individual receivables balances greater than $0.2m, individual receivable balances greater than $32,500 and 90 days overdue, and quarterly average receivables balances. At 30 June 2022, trade receivables of $122.6m (31 December 2021 – $99.7m) comprised individual balances greater than $0.2m, with no individual customer balance representing more than 5% (31 December 2021 – 8%) of the period-end receivables balance of $150.6m (31 December 2021 – $128.1m).

The risk of customer default for outstanding trade receivables, accrued revenue and contract assets is continuously monitored. Credit account limits are set locally by management and are primarily based on the credit quality of the customer taking into account past experience through trading relationships and the customer's financial position. As expected, the probability that a customer would default has declined in 2022 as trading continues to improve following the global economic downturn. The Group uses Credit Benchmark software to monitor the creditworthiness and changing credit profiles of its customers.

14. Financial Risk Management continued

(b) Credit Risk continued

(i) Credit Risk: Financial Assets continued

During H1 2022, 31% of sales, which is more than $104m of the Group's revenue (year ending 31 December 2021 – 36%/$185m), were made to customers with a Credit Benchmark investment-grade rating of bbb or higher, as shown in the table below. This includes customers with a single-source rating, whereby the rating is based on only a single source rather than a consensus rating based on a number of contributing views.

	% of Revenue	
Credit Benchmark – Credit Consensus Ratings:	**Six months ended 30 June 2022 $m**	Year ended 31 December 2021 $m
aa	**1**	2
a	**12**	9
bbb	**18**	25
bb	**6**	9
b	**3**	3
c	**–**	1
No rating	**60**	51

To reduce credit risk exposure from outstanding receivables, the Group has taken out credit insurance with an external insurer, subject to certain conditions.

(ii) Credit Risk: Total Cash and Bank

Approved institutions that the Group's treasury function can invest surplus cash with must all have a minimum A2, P2 or F2 short-term rating from Standard & Poor's, Moody's or Fitch rating agencies respectively and AAAm S&P rating for money market funds.

At 30 June 2022, cash at bank and in hand totalled $54.7m (31 December 2021 – $96.8m), with $35.8m (31 December 2021 – $80.8m) deposited with banks with Fitch short-term ratings of F1 to F1+. Of the remaining $18.9m (31 December 2021 – $16.0m), $14.6m (31 December 2021 – $14.9m) was held with two financial institutions within mainland China which, given the Group's operations in this jurisdiction, were deemed necessary. Despite not having formal credit ratings, an internal assessment determined that the banks' credit profiles were appropriate for the amounts held on deposit. There are no formal restrictions on this cash as such; however, prior approval would be required from various state authorities in China before any cash could be paid offshore.

During the year, the treasury function has invested surplus cash in line with its cash management and investment policies in short-term deposits, deposits with a notice period of 95 days and Fixed Term Funds ("FTFs"), with all FTFs offering exposure to financial institutions with investment-grade credit ratings. The use of these deposits and funds enables the treasury function to diversify its counterparty concentration risk by depositing funds with various financial institutions and improve the yields on a portion of its surplus cash.

The credit ratings of the financial institutions where the Group's total cash and bank balances have been invested are listed below:

	Credit rating		**Six months ended 30 June 2022 $m**	Year ended 31 December 2021 $m
Cash at bank and in hand	Fitch	F1 to F1+	**35.8**	80.8
Cash at bank and in hand	Other	n/a	**18.9**	16.0
Short-term deposits with less than 3 months to maturity	Fitch	F2	**5.2**	4.8
Short-term deposits with less than 3 months to maturity	Fitch	F1	**6.1**	–
Cash deposits with more than 3 months to maturity	Fitch	F1	**–**	6.8
Money market funds	Fitch	AAA-mf	**11.1**	–
Fixed Term Funds	Fitch	F1	**10.0**	6.8
Derivative financial assets	Fitch	A+ (dcr)	**0.2**	0.1
Derivative financial assets	Fitch	AA- (dcr)	**0.1**	–

(iii) Credit Risk: Other Financial Assets

The Group has provided Well Data Labs with $2.8m (31 December 2021 – $2.7m) in convertible financing. The investment is considered to have a low credit risk and is expected to be fully recovered. The debt instrument is considered to be low credit risk as there is a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

The Group operates a defined benefit pension scheme in the US, which is unfunded. Contributions are paid into a separate investment vehicle and invested in a wide portfolio of US mutual funds. Investments at 30 June 2022 amounted to $1.8m (31 December 2021 – $1.9m) and are expected to be fully recovered.

15. Dividends Paid to Hunting PLC Shareholders

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Year ended 31 December 2021 $m
Ordinary dividends:			
2021 final dividend paid – 4.0c	**6.4**	–	–
2020 final dividend paid – 4.0c	**–**	6.4	6.4
2021 interim dividend paid – 4.0c	**–**	–	6.4
	6.4	6.4	12.8

The Board paid the final dividend for 2021 of 4.0 cents on 13 May 2022. The Board is declaring an interim dividend of 4.5 cents per share, which will absorb an estimated $7.2m, and be paid on 28 October 2022 to shareholders on the register at the close of business on 7 October 2022. The ex-dividend date is 6 October 2022.

16. Contingent Liabilities

The Group recognises provisions for liabilities when it is more likely than not a settlement will be required and the value of the economic outflow can be estimated reliably. Liabilities that are not provided for in the financial position of the Group are disclosed, unless the probability of an economic outflow is considered to be remote. In the 2021 Annual Report and Accounts, a claim against the Group from a competitor relating to a patent infringement was disclosed. The Group continues to deny any such infringement and will defend this claim robustly. Based on the legal process conducted to date, and an update from the legal advisors, the Group does not believe an outflow is probable; however, a stay on the case was lifted in H2 2021, a discovery phase has been completed and the matter is scheduled for trial in H2 2022. Although management believes it is unlikely the case will be lost, the maximum potential exposure, based on legal advice, is estimated at $3m.

17. Events After the Balance Sheet Date

ABL Facility Security

In early July 2022, the legal process to finalise accession of the in-scope US freehold properties into the ABL Borrowing Base was completed. The relevant properties had a carrying value of $143.1m at 30 June 2022.

CNOOC Contract

In August 2022, the Group's Asia Pacific operating segment won a contract with CNOOC in China [that management estimates to be worth up to $86m,] for Hunting's Premium Connections and OCTG, for delivery in 2022 to 2023. This contract requires local financing arrangements to be put in place on mainland China. These arrangements are currently being negotiated by Hunting's central treasury function and local management.

Non-GAAP Measures

The performance of the Group is assessed by the Directors using a number of measures, which are not defined under IFRS, and are therefore considered to be non-GAAP measures ("NGMs"). However, the measures used by the Group may not be comparable with similarly described measures presented by other businesses.

The Group presents adjusted profitability measures below, which exclude adjusting items (see NGM A). The adjusted results, when considered together with results reported under IFRS, provide investors, analysts and other stakeholders with helpful complementary information and they aid a more effective comparison of the Group's financial performance from one period to the next. These adjusted measures are used by management for planning and reporting purposes. The adjusted profitability measures are reconciled to unadjusted IFRS results on the face of the income statement, with details of the adjusting items provided in NGM A. It is important to note that the adjusted results are quite frequently higher than the IFRS results as they often exclude significant costs and should not be regarded as a complete picture of the Group's financial performance, which is presented by the IFRS results in the income statement.

In addition, the Group's results and financial position are analysed using certain other measures that are not defined under IFRS and are therefore considered to be NGMs. These measures are used by management to monitor on-going business performance.

This section provides a definition of each NGM presented in this report, the purpose for which the measure is used, and a reconciliation of the NGM to the reported IFRS numbers. This condensed set of consolidated financial statements does not include all NGMs of the Group; this section should be read in conjunction with the Group's 2021 Annual Report and Accounts.

A. Adjusting Items

Due to their size and nature, the following items are considered to be adjusting items and have been presented separately.

	Six months ended 30 June 2022		Restated Six months ended 30 June 2021		Restated Year ended 31 December 2021	
	Gross $m	**Tax $m**	Gross $m	Tax $m	Gross $m	Tax $m
Impairments of property, plant and equipment	–	–	–	–	(8.6)	0.8
Impairments of inventories	–	–	–	–	(28.0)	0.8
Reversal of impairments of inventories	–	–	0.8	(0.2)	2.1	(0.3)
Restructuring costs	–	–	(0.9)	–	(1.2)	–
Charged to cost of sales	–	–	(0.1)	(0.2)	(35.7)	1.3
Gain on disposal of Canadian assets	–	–	0.2	–	0.2	–
Gain on surrender of lease	–	–	1.0	(0.2)	1.0	(0.4)
Credited to operating income	–	–	1.2	(0.2)	1.2	(0.4)
Amortisation of acquired intangible assets	–	–	(4.3)	(0.6)	(6.7)	(0.4)
Settlement of warranty claim related to a corporate transaction	–	–	–	–	(1.7)	–
Restructuring costs	–	–	(0.3)	–	(0.8)	–
Loss on disposal of business	–	–	–	–	(0.9)	0.2
Charged to other operating expenses	–	–	(4.6)	(0.6)	(10.1)	(0.2)
Total impacting loss from operations	–	–	(3.5)	(1.0)	(44.6)	0.7
Amortisation of acquired intangible assets – associates	–	–	–	–	(0.3)	–
Total	–	–	(3.5)	(1.0)	(44.9)	0.7

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Year ended 31 December 2021 $m
Gross adjusting items	–	(3.5)	(44.9)
Tax attributable to adjusting items	–	(1.0)	0.7
Adjusting items after tax	–	(4.5)	(44.2)
Adjusting items after tax attributable to Ordinary shareholders	–	(4.5)	(42.1)
Adjusting items after tax attributable to non-controlling interests	–	–	(2.1)
	–	(4.5)	(44.2)

The following items were recognised as adjusting items during 2021:

Amortisation of acquired intangible assets relates to amortisation of intangible assets arising on the acquisition of businesses.

A number of associated charges were recognised due to the restructuring of the European OCTG business, and the changes in future activity resulting from the transactions with Marubeni-Itochu including: an impairment of the Fordoun property by $8.6m as the use of the property and expected cash flows for the property had changed; impairment of pipe inventory of $5.2m to match the net realisable value determined through the due diligence work; and a provision of $0.9m for the cost of repairs to a quantity of pipe.

During 2021, certain inventory was written down to its net realisable value due to reduced turn rates, increased ageing of inventories and inventory selling prices being lowered. An impairment charge of $28.0m, including the $5.2m charge recognised on the Marubeni-Itochu transaction discussed above, was recognised.

In October 2021, the Group paid $1.7m in settlement of a warranty claim in relation to the transfer of assets, and their condition, as part of a corporate transaction.

A. Adjusting Items continued

Restructuring costs of $2.0m were incurred and paid during 2021. These relate to the implementation of cost-base reduction measures, which began in 2020, with further headcount reductions being made in 2021 as a result of the continued negative impact of COVID-19 on activity levels. Cumulatively by the end of 2021, $12.3m of expense and $12.7m of cash cost was incurred on the restructuring programme begun in 2020.

On 19 April 2021, the lease and the sub-lease on a property held by a UK head office company were surrendered. A final payment of $1.3m was made to settle the lease. Following the surrender of the lease, the gain recognised on the disposal of the lease and the corresponding right-of-use asset was $1.0m. The gain was not allocated to an operating segment as the original property provisions were not allocated to an operating segment at the time they were recognised.

A further gain of $0.2m (2020 – $0.8m) on the disposal of Canadian assets was recognised, following the gain of $0.8m recognised in 2020, in relation to the closure of the Canadian operations. The Group received disposal proceeds of $1.8m for these assets during 2021.

B. Adjusted Profitability Measures

Certain reported profit and loss measures are adjusted for the items described in NGM A. This is the basis used by the Directors in assessing performance.

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Six months ended 31 December 2021 $m	Year ended 31 December 2021 $m
Reported profit (loss) from operations – condensed consolidated income statement	**1.7**	(26.5)	(53.2)	(79.7)
Add back adjusting items (NGM A)	**–**	3.5	41.1	44.6
Adjusted profit (loss) from operations	**1.7**	(23.0)	(12.1)	(35.1)
Reported loss before tax from operations – condensed consolidated income statement	**(0.5)**	(28.6)	(56.9)	(85.5)
Add back adjusting items (NGM A)	**–**	3.5	41.4	44.9
Adjusted profit (loss) before tax from operations	**(0.5)**	(25.1)	(15.5)	(40.6)
Reported loss for the period attributable to Ordinary shareholders – condensed consolidated income statement	**(3.9)**	(30.5)	(55.3)	(85.8)
Add back adjusting items after tax attributable to Ordinary shareholders (NGM A)	**–**	4.5	37.6	42.1
Adjusted loss from operations attributable to Ordinary shareholders	**(3.9)**	(26.0)	(17.7)	(43.7)
	millions	millions	millions	millions
Basic weighted average number of Ordinary shares (note 6)	**160.6**	161.3	161.0	161.2
Long-term incentive plans (note 6)	**7.9**	6.1	5.8	5.9
Adjusted weighted average number of Ordinary shares (note 6)	**168.5**	167.4	166.8	167.1
	cents	cents	cents	cents
Adjusted loss per share:				
Adjusted basic LPS	**(2.4)**	(16.1)	(11.0)	(27.1)
Adjusted diluted LPS[i]	**(2.4)**	(16.1)	(11.0)	(27.1)

i. For the six months ended 30 June 2022 and 30 June 2021 and the year ended 31 December 2021, the Group reported a loss and so the effect of dilutive share options and long-term incentive plans was anti-dilutive (i.e. they reduced the loss per share) and, therefore, they have not been used to calculate diluted loss per share.

C. EBITDA

Purpose: This profit measure is used as a simple proxy for pre-tax cash flows from operating activities. EBITDA is frequently used by analysts, investors and other interested parties.

Calculation definition: Adjusted results before share of associates' results, interest, tax, depreciation, impairment and amortisation.

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Six months ended 31 December 2021 $m	Year ended 31 December 2021 $m
Reported profit (loss) from operations – condensed consolidated income statement	**1.7**	(26.5)	(53.2)	(79.7)
Add back adjusting items (NGM A)	**–**	3.5	41.1	44.6
Adjusted profit (loss) from operations (NGM B)	**1.7**	(23.0)	(12.1)	(35.1)
Add back:				
Depreciation of property, plant and equipment (note 7)	**13.3**	14.5	14.4	28.9
Depreciation of right-of-use assets (note 7)	**3.5**	3.4	3.3	6.7
Non-adjusting amortisation of other intangible assets (note 7)	**2.1**	1.5	1.1	2.6
	18.9	19.4	18.8	38.2
EBITDA	**20.6**	(3.6)	6.7	3.1

D. Adjusted Tax Charge and Tax Rate

Purpose: The weighted average tax rate represents the level of tax, both current and deferred, being borne by operations on an adjusted basis.

Calculation definition: The adjusted taxation charge (credit) divided by adjusted (loss) profit before tax, expressed as a percentage.

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Six months ended 31 December 2021 $m	Year ended 31 December 2021 $m
Reported taxation charge – condensed consolidated income statement	**3.2**	3.1	1.1	4.2
Add back tax (charge) credit on adjusting items (NGM A)	**–**	(1.0)	1.7	0.7
Adjusted taxation charge	**3.2**	2.1	2.8	4.9
Adjusted loss before tax for the year (NGM B)	**(0.5)**	(25.1)	(15.5)	(40.6)
Adjusted tax rate	**(640)%**	(8)%	(18)%	(12)%

Adjusting items are taxed on an item-by-item basis as shown in NGM A.

E. 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 and deferred bank fees, plus inventories less trade and other payables excluding payables due to associates, derivative financial liabilities and retirement plan obligations.

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Year ended 31 December 2021 $m
Trade and other receivables – non-current (note 10)	**3.5**	2.3	2.0
Trade and other receivables – current (note 10)	**187.4**	135.6	155.4
Inventories (note 9)	**220.2**	267.3	204.4
Trade and other payables – non-current	**(2.9)**	(2.7)	(83.0)
Trade and other payables – current	**(107.7)**	(69.0)	(2.7)
Add: non-working capital US deferred compensation plan obligation	**1.8**	1.8	1.9
Less: non-working capital current other receivables and other payables	**(2.6)**	(0.6)	–
	299.7	334.7	278.0

F. Inventory Days

Purpose: This is a working capital efficiency ratio that measures inventory balances relative to business activity levels.

Calculation definition: Inventory at the period-end divided by adjusted cost of sales for the last three months of the period multiplied by the number of days in the last quarter, adjusted for the impact of acquisitions and disposals when applicable.

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Year ended 31 December 2021 $m
Inventories (note 9)	**220.2**	267.3	204.4
Adjusted cost of sales for the last three months of the period	**139.9**	97.4	115.2
Inventory days	**143 days**	250 days	163 days

G. Trade Receivables Days

Purpose: This is a working capital efficiency ratio that measures receivable balances relative to business activity levels.

Calculation definition: Net trade receivables, contract assets and accrued revenue at the period-end divided by revenue for the last three months of the period multiplied by the number of days in the last quarter, adjusted for the impact of acquisitions and disposals when applicable.

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Year ended 31 December 2021 $m
Trade receivables	**150.6**	109.6	128.1
Contract assets	**10.4**	11.9	9.9
Accrued revenue	**3.8**	3.6	3.8
Less: provisions for receivables	**(4.6)**	(4.7)	(4.6)
Net receivables (note 10)	**160.2**	120.4	137.2
Revenue for the last three months of the period	**182.2**	123.1	145.2
Trade receivables days	**80 days**	89 days	87 days

Non-GAAP Measures

continued

H. Total Cash and Bank

Purpose: Total cash and bank is a key metric for management and for the Group treasury function, which monitors this balance on a daily basis and reviews weekly forecasts to ensure there is sufficient liquidity to meet business requirements. As the Group manages funding on a total cash and bank basis, internal reporting focuses on changes in total cash and bank and this is presented in the Strategic Report.

Calculation definition: Cash and cash equivalents, comprising cash at bank and in hand, plus Fixed Term Funds, money market funds and short-term deposits of less than 3 months to maturity from the date of deposit, less bank borrowings.

The Group's total cash and bank comprised:

	Six months ended 30 June 2022 $m	Restated[i] Six months ended 30 June 2021 $m	Year ended 31 December 2021 $m
Cash and cash equivalents	**87.1**	99.5	108.4
Bank overdrafts secured – current borrowings	**(1.5)**	(0.7)	(1.0)
Cash and cash equivalents – per condensed consolidated statement of cash flows	**85.6**	98.8	107.4
Current investments – investment of surplus cash – condensed consolidated balance sheet	**–**	6.9	6.8
Total cash and bank	**85.6**	105.7	114.2

i. The 30 June 2021 condensed consolidated balance sheet was restated to present the Fixed Term Funds of $16.1m as cash and cash equivalents rather than as current investments (see note 1).

I. Net Cash (Debt)

Purpose: Net cash (debt) is a measure of the Group's liquidity and reflects the Group's cash and liquid assets that would remain if all of its debt were to be immediately paid off.

Calculation definition: Net cash (debt) comprises total cash and bank (NGM H) less total lease liabilities and the shareholder loan from a non-controlling interest.

The Group's net cash (debt) comprised:

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Year ended 31 December 2021 $m
Total cash and bank (NGM H)	**85.6**	105.7	114.2
Total lease liabilities	**(24.8)**	(34.2)	(31.8)
Shareholder loan from non-controlling interest	**(3.9)**	(3.9)	(3.9)
	56.9	67.6	78.5

J. Cash Flow Working Capital Movements

Purpose: Reconciles the working capital movements in the Summary Group Cash Flow in the Management Report.

	Six months ended 30 June 2022 $m	Six months ended 30 June 2021 $m	Six months ended 31 December 2021 $m	Year ended 31 December 2021 $m
Working capital – opening balance	**278.0**	358.3	334.7	358.3
Foreign exchange	**0.6**	0.1	1.0	1.1
Adjusting items impacting working capital:				
Impairments of inventories	**–**	–	(28.0)	(28.0)
Reversal of impairments of inventories	**–**	0.8	1.3	2.1
Disposal of business	**–**	–	(31.5)	(31.5)
Adjustments:				
Transfer to property, plant and equipment (note 7)	**(0.8)**	(0.1)	(0.4)	(0.5)
Capital investment debtors/creditors cash flows	**0.1**	(0.1)	0.2	0.1
Other non-cash flow movements	**(0.1)**	(0.1)	(0.3)	(0.4)
Other cash flow movements	**(0.2)**	(0.2)	(0.2)	(0.4)
Working capital – closing balance (NGM E)	**(299.7)**	(334.7)	(278.0)	(278.0)
Cash flow	**(22.1)**	24.0	(1.2)	22.8

K. Free Cash Flow

Purpose: Free cash flow is a measure of financial performance and represents the cash that the Group is able to generate. Free cash flow represents the amount of cash the Group has available to either retain for investment, whether organic or by way of acquisition, or to return to shareholders.

Calculation definition: All cash flows before transactions with shareholders, investment in non-current assets and lease financing costs.

	Six months ended 30 June 2022 $m	Restated[i] Six months ended 30 June 2021 $m	Restated[i] Six months ended 31 December 2021 $m	Year ended 31 December 2021 $m
EBITDA (NGM C)	**20.6**	(3.6)	6.7	3.1
Add: share-based payment charge	**4.6**	5.1	4.1	9.2
	25.2	1.5	10.8	12.3
Working capital movements (NGM J)	**(22.1)**	24.0	(1.2)	22.8
Net interest and bank fees (paid) received	**(3.2)**	0.7	(1.1)	(0.4)
Net tax (paid) received – condensed consolidated statement of cash flows	**(2.3)**	1.1	(0.5)	0.6
Proceeds from business and asset disposals – condensed consolidated statement of cash flows	**7.5**	4.4	31.5	35.9
Net (gains) losses on business and asset disposals	**(2.2)**	(0.7)	0.1	(0.6)
Lease payments	**(4.5)**	(6.2)	(4.4)	(10.6)
Restructuring costs	**–**	(1.2)	(0.8)	(2.0)
Settlement of warranty claim related to a corporate transaction	**–**	–	(1.7)	(1.7)
Other operating cash and non-cash movements	**(1.6)**	(1.2)	(0.7)	(1.9)
Free cash flow	**(3.2)**	22.4	32.0	54.4
Reconciliation to the consolidated statement of cash flows:				
Net cash (outflow) inflow from cash and cash equivalents	**(17.9)**	(3.1)	9.5	6.4
Current investments – investment of surplus cash	**(6.5)**	6.9	–	6.9
Net cash (outflow) inflow from total cash and bank	**(24.4)**	3.8	9.5	13.3
Add investment in non-current assets:				
Purchase of property, plant and equipment	**7.0**	3.3	2.4	5.7
Purchase of property, plant and equipment held for rental	**0.4**	0.3	0.6	0.9
Purchase of intangible assets	**1.5**	1.1	1.6	2.7
Investment in associates and joint ventures	**1.9**	–	5.1	5.1
Convertible financing – Well Data Labs	**–**	2.5	–	2.5
	10.8	7.2	9.7	16.9
Add (less) transactions with shareholders:				
Purchase of treasury shares	**4.2**	5.2	2.7	7.9
Disposal of treasury shares	**(0.2)**	(0.2)	(0.1)	(0.3)
Purchase of non-controlling interest	**–**	–	3.8	3.8
Dividends paid to Hunting PLC shareholders	**6.4**	6.4	6.4	12.8
	10.4	11.4	12.8	24.2
Free cash flow	**(3.2)**	22.4	32.0	54.4

i. The 30 June 2021 condensed consolidated balance sheet was restated to present the Fixed Term Funds of $16.1m as cash and cash equivalents rather than as current investments. This resulted in cash outflows from current investments decreasing by $16.1m to $6.9m and net cash outflows for the period to 30 June 2021 decreasing by $16.1m to $3.1m in the condensed consolidated statement of cash flows (see note 1).

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