

INDEPENDENT REVIEW REPORT TO HUNTING PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Hunting PLC's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Report of Hunting PLC for the 6 month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the Condensed Consolidated Balance Sheet as at 30 June 2017;
- the Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income for the period then ended;
- the Condensed Consolidated Statement of Changes in Equity for the period then ended;
- the Condensed Consolidated Statement of Cash Flows for the period then ended; and
- the explanatory notes to the interim financial statements.

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

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

Responsibilities for the condensed consolidated interim financial statements and the review

Our responsibilities and those of the Directors

The Half Year Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half Year Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

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

What a review of condensed consolidated financial statements involves

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

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

We have read the other information contained in the Half Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants
London

24 August 2017

Notes:

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

CONDENSED CONSOLIDATED INCOME STATEMENT

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

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

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

CONDENSED CONSOLIDATED INCOME STATEMENT

CONTINUED

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

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

CONDENSED CONSOLIDATED BALANCE SHEET

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONTINUED

	Year ended 31 December 2016						
	Share capital \$m	Share premium \$m	Other components of equity \$m	Retained earnings \$m	Total \$m	Non- controlling interests \$m	Total equity \$m
At 1 January	61.7	153.0	15.7	911.5	1,141.9	26.2	1,168.1
Loss for the year	–	–	–	(107.5)	(107.5)	(5.6)	(113.1)
Other comprehensive expense	–	–	(18.3)	(4.0)	(22.3)	(3.3)	(25.6)
Total comprehensive expense	–	–	(18.3)	(111.5)	(129.8)	(8.9)	(138.7)
Dividends	–	–	–	(5.9)	(5.9)	–	(5.9)
Shares issued							
– share option schemes and awards	0.1	–	–	–	0.1	–	0.1
– share placing	4.5	–	81.5	–	86.0	–	86.0
– share placing costs	–	–	(2.1)	–	(2.1)	–	(2.1)
Treasury shares							
– purchase of treasury shares	–	–	–	(1.8)	(1.8)	–	(1.8)
Share options and awards							
– value of employee services	–	–	8.0	–	8.0	–	8.0
– discharge	–	–	(6.0)	7.5	1.5	–	1.5
– taxation	–	–	–	0.2	0.2	–	0.2
Investment by non-controlling interest	–	–	–	–	–	2.0	2.0
Total transactions with owners	4.6	–	81.4	–	86.0	2.0	88.0
At 31 December	66.3	153.0	78.8	800.0	1,098.1	19.3	1,117.4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

NOTES

1. Basis of Accounting

The financial information contained in this half year report is presented in US dollars and complies with IAS 34 Interim Financial Reporting, as adopted by the European Union, and with the Disclosure and Transparency Rules of the Financial Conduct Authority. The condensed set of consolidated financial statements should be read in conjunction with the 2016 Annual Report and Accounts, which have been prepared in accordance with the Companies Act 2006 and those International Financial Reporting Standards ("IFRSs") and IFRS Interpretations Committee ("IFRS IC") Interpretations as adopted by the European Union. The accounting policies adopted in this condensed set of consolidated interim financial statements are consistent with those used to prepare the 2016 Annual Report and Accounts except as described below.

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

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

- IFRS 9 Financial Instruments;
- IFRS 15 Revenue from Contracts with Customers;
- IFRS 16 Leases; and
- IFRS 17 Insurance Contracts.

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

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

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

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

In preparing this condensed set of consolidated financial statements, the significant judgements, estimates and assumptions made by management in applying the Group's accounting policies were the same as those applied in the 2016 Annual Report and Accounts. For the interim periods, taxes on income are accrued using the tax rate that would be applicable in each jurisdiction.

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

This half year report does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for the year ended 31 December 2016 has been delivered to the Registrar of Companies. The independent auditors' report on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006. This condensed set of consolidated interim financial statements has been reviewed, not audited.

Going Concern

Introduction

The Group's principal cash outflows include capital investment, labour costs and inventory purchases. The timing and extent of these cash flows is controlled by local management and the Board. The Group's principal cash inflows are generated from the sale of its products and services, the level of which is dependent on the overall market conditions, the variety of its products and its ability to retain strong customer relationships. Cash inflows are further supported by the Group's credit insurance cover against customer default that, at 30 June 2017, covered the majority of its trade receivables subject to certain limits.

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

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

NOTES

CONTINUED

1. Basis of Accounting continued

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

Review

In conducting its review of the Group's ability to remain as a going concern, the Board assessed the Group's recent trading performance and its latest forecasts and took account of reasonably predictable changes in future trading performance. The Board also considered the potential financial impact of the estimates, judgements and assumptions that were used to prepare these financial statements. The Board is satisfied that all material uncertainties have been identified.

Conclusion

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

2. Segmental Reporting

For the six months ended 30 June 2017, the Group reports on five operating segments, one being a discontinued operation, in its internal management reports, which are used to make strategic decisions by the Hunting PLC Board, the Group's Chief Operating Decision Maker ("CODM"). The Group's continuing operating segments are strategic business units that offer different products and services to international oil and gas companies and undertake exploration and production activities.

The Group measures the performance of its operating segments based on revenue and profit or loss from operations, before exceptional items and the amortisation of acquired intangible assets. Accounting policies used for segment reporting reflect those used for the Group. Inter-segment sales are priced in line with the transfer pricing policy on an arm's length basis.

Continuing Operations

The Well Construction segment provides products and services used by customers for the drilling phase of oil and gas wells, along with associated equipment used by the underground construction industry for telecommunication infrastructure build-out and precision machining services for the energy, aviation and power generation sectors.

The Well Completion segment provides products and services used by customers for the completion phase of oil and gas wells.

The Well Intervention segment provides products and services used by customers for the production, maintenance and restoration of existing oil and gas wells.

The Exploration and Production segment includes the Group's oil and gas exploration and production activities in the Southern US and offshore Gulf of Mexico. No new capital will be invested in this segment, beyond where the division has contractual commitments. There were no exploration and evaluation activities during the period. The division will in future focus on producing out its remaining reserves, with a view to winding down the operation.

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

Discontinued Operation

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

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

NOTES CONTINUED

2. Segmental Reporting continued Results from Operations

Six months ended 30 June 2017						
	Total gross revenue \$m	Inter-segmental revenue \$m	Total revenue \$m	(Loss) profit from operations before amortisation ⁱ and exceptional items \$m	Amortisation ⁱ and exceptional items \$m	Total \$m
Continuing operations:						
Hunting Energy Services						
Well Construction	64.2	(1.3)	62.9	(9.5)	(1.4)	(10.9)
Well Completion	227.7	(1.1)	226.6	8.0	(13.0)	(5.0)
Well Intervention	27.6	(0.2)	27.4	(7.1)	(0.2)	(7.3)
	319.5	(2.6)	316.9	(8.6)	(14.6)	(23.2)
Other Activities						
Exploration and Production	2.0	–	2.0	(0.5)	–	(0.5)
Total from continuing operations	321.5	(2.6)	318.9	(9.1)	(14.6)	(23.7)
Net finance expense				(1.1)	–	(1.1)
Share of associates' post-tax losses				(0.5)	–	(0.5)
Loss before tax from continuing operations				(10.7)	(14.6)	(25.3)
Six months ended 30 June 2016						
	Total gross revenue \$m	Inter-segmental revenue \$m	Total revenue \$m	Loss from operations before amortisation ⁱ and exceptional items \$m	Amortisation ⁱ and exceptional items \$m	Total \$m
Continuing operations:						
Hunting Energy Services						
Well Construction	52.4	(1.1)	51.3	(10.8)	(5.0)	(15.8)
Well Completion	149.3	(0.2)	149.1	(28.5)	(18.1)	(46.6)
Well Intervention	26.8	(0.1)	26.7	(9.9)	(1.1)	(11.0)
	228.5	(1.4)	227.1	(49.2)	(24.2)	(73.4)
Other Activities						
Exploration and Production	1.3	–	1.3	(1.6)	–	(1.6)
Total from continuing operations before non-apportioned exceptional items	229.8	(1.4)	228.4	(50.8)	(24.2)	(75.0)
Exceptional defined benefit pension curtailment not apportioned to business segments				–	(2.0)	(2.0)
Loss from continuing operations				(50.8)	(26.2)	(77.0)
Net finance expense				(0.6)	–	(0.6)
Share of associates' post-tax losses				(0.1)	–	(0.1)
Loss before tax from continuing operations				(51.5)	(26.2)	(77.7)
Discontinued operations:						
Gibson Energy	–	–	–	–	8.4	8.4
Total from discontinued operations	–	–	–	–	8.4	8.4
Taxation				–	(0.3)	(0.3)
Profit from discontinued operations				–	8.1	8.1

i. Relates to amortisation of acquired intangible assets.

NOTES

CONTINUED

2. Segmental Reporting continued

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

i. Relates to amortisation of acquired intangible assets.

NOTES

CONTINUED

2. Segmental Reporting continued

Geographical Information

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

i. Relates to amortisation of acquired intangible assets.

Major Customer Information

The Group received \$28.0m (six months ended 30 June 2016 – \$23.2m; year ended 31 December 2016 – \$39.2m) of revenue from the Halliburton Company consolidated group which is 9% (six months ended 30 June 2016 – 10%; year ended 31 December 2016 – 9%) of the Group's revenue from continuing operations from external customers. The revenue is reported in the Well Construction, Well Completion and Well Intervention segments.

NOTES CONTINUED

3. Amortisation and Exceptional Items

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

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

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

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

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

4. Taxation

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

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

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

5. Discontinued Operations

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

The results from discontinued operations were as follows:

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

NOTES

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6. Earnings per Share

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

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

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

	Six months ended 30 June 2017 \$m	Six months ended 30 June 2016 \$m	Year ended 31 December 2016 \$m
Basic and diluted (loss) earnings attributable to Ordinary shareholders:			
From continuing operations	(25.5)	(59.6)	(115.7)
From discontinued operations	–	8.1	8.2
Total	(25.5)	(51.5)	(107.5)
Basic and diluted (loss) earnings attributable to Ordinary shareholders before amortisation and exceptional items:			
From continuing operations	(25.5)	(59.6)	(115.7)
Add: amortisation and exceptional items after taxation	14.6	18.4	47.5
Total for continuing operations	(10.9)	(41.2)	(68.2)
From discontinued operations	–	8.1	8.2
Add: exceptional items after taxation	–	(8.1)	(8.2)
Total for discontinued operations	–	–	–
	millions	millions	millions
Basic weighted average number of Ordinary shares	163.1	148.1	150.7
Long term incentive plans	8.2	3.1	6.4
Adjusted weighted average number of Ordinary shares	171.3	151.2	157.1
	cents	cents	cents
Reported (loss) earnings per share:			
Basic EPS:			
From continuing operations	(15.6)	(40.3)	(76.8)
From discontinued operations	–	5.5	5.5
	(15.6)	(34.8)	(71.3)
Diluted EPS:			
From continuing operations	(15.6)	(40.3)	(76.8)
From discontinued operations	–	5.5	5.5
	(15.6)	(34.8)	(71.3)
Underlying loss per share:			
Basic EPS:			
From continuing operations	(6.7)	(27.8)	(45.3)
Diluted EPS:			
From continuing operations	(6.7)	(27.8)	(45.3)

- i. For the six months ended 30 June 2017 and 30 June 2016 and for the year ended 31 December 2016 the effect of dilutive share options and long term incentive plans was anti-dilutive and therefore they have not been used to calculate diluted earnings per share.

NOTES

CONTINUED

7. Property, Plant and Equipment

During the first six months of 2017, the net book value of property, plant and equipment reduced from \$419.0m to \$403.2m due to additions of \$4.5m and foreign exchange adjustments of \$2.7m being offset by disposals of \$2.8m and depreciation of \$20.2m.

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

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

8. Indicators of Impairment and Updated Impairment Tests

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

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

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

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

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

9. Other Intangible Assets

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

10. Trade and Other Receivables

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

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

NOTES CONTINUED

11. Inventories

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

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

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

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

12. Dividends Paid to Equity Shareholders

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

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

13. Financial Risk Management

The Group's activities expose it to a variety of financial risks, namely market risk (including currency risk, fair value interest rate risk and cash flow interest risk), credit risk and liquidity risk. The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's 2016 Annual Report and Accounts. There have been no changes in any risk management policies since the year end.

14. Financial Instruments: Fair Values

The carrying values of financial assets and liabilities approximates to their fair values. Non-current investments include listed equity investments and mutual funds which are measured at fair value. The fair value of listed equity investments and mutual funds is based on quoted market prices and so the fair value measurement can be categorised in Level 1 of the fair value hierarchy. The fair value of listed equity investments and mutual funds categorised in Level 1 of the fair value hierarchy at 30 June 2017 was \$11.1m (30 June 2016 – \$9.4m; 31 December 2016 – \$10.2m). There were no transfers between levels of the fair value hierarchy used in the measurement of the fair values of financial instruments.

NOTES

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15. Changes in Net Debt

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

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

	At 1 January 2017 \$m	Cash flow \$m	Exchange movements \$m	Movements in capitalised loan facility fees ⁱ \$m	Facility classified as current borrowings \$m	At 30 June 2017 \$m
Cash at bank and in hand	63.5	(44.3)	0.7	–	–	19.9
Bank overdrafts	(43.2)	41.7	(0.3)	–	–	(1.8)
Cash and cash equivalents	20.3	(2.6)	0.4	–	–	18.1
Current investments	0.8	–	–	–	–	0.8
Non-current borrowings	(12.5)	(8.2)	(0.2)	–	–	(20.9)
Current bank loans	(11.1)	7.2	(0.3)	–	–	(4.2)
Total net borrowings	(2.5)	(3.6)	(0.1)	–	–	(6.2)
Capitalised loan facility fees	0.6	–	–	(0.1)	–	0.5
Total net debt	(1.9)	(3.6)	(0.1)	(0.1)	–	(5.7)

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

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

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

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

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

NON-GAAP MEASURES

The Directors believe it is appropriate to include in the Half Year Report a number of non-GAAP measures (“NGMs”) that are commonly used within the business. These measures supplement the information provided in the IFRS “reported” financial statements and accompanying notes, providing additional insight to the users of the Half Year Report. The condensed interim financial statements do not include all non-GAAP measures of the Group; this section should be read in conjunction with the Group’s 2016 Annual Report and Accounts.

A. EBITDA

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

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

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

B. Working Capital

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

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

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

C. Gearing

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

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

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

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