Hunter Group ASA

Half-year results 2017

Highlights

Financial key figures

- Hunter Group achieved an operating income of NOK 23m for the 1st half. The operating loss (EBIT) was NOK 85m. Loss after taxes was NOK 66m based on consolidation of Dwellop AS from 2 May 2017.
- Revenues for first half 2017 came in at NOK 23m and relates to sales in Dwellop AS, which was acquired 2 May 2017.
- EBIT was negatively affected by a combination of low revenues and one off costs of NOK 6m related to restructuring of the Company and acquisition of Dwellop. In addition write off of Badger tool development cost and corresponding capital grants had a net effect of NOK 69m (please see note 3 for further details).
- Net income was negative NOK 66m, equivalent to negative earnings per share of NOK 0.07.
- Cash flow from operations was negative with NOK 23m, partly driven by increase in accounts receivables.
- Cash flow from investments came in at negative NOK 62m, whereof NOK 60m relates to the Dwellop transaction.
- Net cash flow from financing was NOK 362m, particularly driven by total capital contributions of NOK 385m.
- Total consolidated cash position as of June 30 was NOK 287m.
- Interest bearing debt was NOK 17.1m, whereof NOK 3.6m is classified as short-term debt.

Key events in the quarter

- New strategy launched January, focus on acquisition of oil service technology
- Raised total NOK 385m in private placements
- Changed name and ticker from Badger Explorer ASA (“BXPL”) to Hunter Group ASA (“HUNT”)
- New board of directors and management team
- Closed the acquisition of Dwellop AS for NOK 185m, of which NOK 60m in cash consideration and NOK 125m in HUNT shares at NOK 0,65 per share with a three-year lock-up
- Change of development strategy for the Badger tool has led to write off of capitalized development costs
- Initiated reorganization of Hunter Group, in combination with cost reduction in Indicator AS (previously Badger Explorer ASA)
- Continuously in process of assessing transactions

Business review

Hunter Group ASA

Post the equity issues of totally NOK 385m in gross proceeds, the new shareholders initiated change to board of directors and management team. The new shareholders altered the Company's strategy to include acquisition of oil service technology companies, which resulted in the acquisition of Dwellop. The Company also changed its name from Badger Explorer ASA to Hunter Group ASA, consequently the ticker at Oslo Axxess was changed from "BXPL" to "HUNT".

In April, a new board was elected at the EGM. The board consists of John Vemmestad (chairman), Ingrid Elvira Leisner and Ketil Grim Skorstad as board members.

In May, Vegard Urnes took on the position as interim CEO. Ola Beinnes Fosse was hired as CFO in June.

Indicator AS

It was decided to organize the Badger Explorer technology in a new subsidiary, Indicator AS, of Hunter Group. This restructuring is about to be completed.

Focus in Indicator has been on possible spin-off opportunities based on own technology and knowhow, a revised strategy for the Badger Tool development, in combination with cost cutting. Indicator has continued the dialogue with CNPC-DR for sponsoring of the Development Program. In addition, Indicator has been in contact with other possible partners for sponsoring of both the Development Program and selected spin-off opportunities.

Hunter Group is currently assessing various alternatives to maximize shareholder value and will keep the investor community updated accordingly.

Dwellop AS

Successful delivery of the first cantilevered work over rig (WOR) to Gulf Marine Services Ltd (GMS) in Abu Dhabi 24 May 2017. The delivery represents a milestone in the long-term partnership agreement with the world's largest liftboat operator.

Dwellop's sales strategy towards the oil companies is to solve operational challenges and to offer solutions for simultaneous operations (simops) to increase efficiency, in combination with safe operation. The new cantilever crane is an example of simops, a system to be fitted on jack-up's under operation. The effect is reduction of rig days for the oil companies.

The delivery of the WOR to GMS, in combination with the well intervention products and innovations, support Dwellop's objective to become a significant player within the well intervention equipment space.

New ERP systems and process IT systems for more efficient work processes to secure quality and deliveries on time has been implemented according to plan.

In May, Eirik Bergsvik was hired as VP Business Development in Hunter Group, and assumed the position as chairman in Dwellop in June. The other board members are Sigmund Prestegård and Vegard Urnes, interim CEO in Hunter Group.

Dwellop achieved a turnover of NOK 23m and a net loss of NOK 1.6m from 2 May to 30 June.

Hunter Group is, through the SPA with the sellers of Dwellop, held harmless should a negative outcome materialize from the patent infringement accusations from WellPartner. Management do not believe these accusations will impact the business negatively.

Outlook

The outlook for oil services remains challenging, supported by high volatility in the oil price. The management believes uncertainties in the market is likely to influence oil companies decision with respect to capital spending, hence Hunter Group continues to focus on investment in technologies within oil companies “opex territory” which will increase their return on existing offshore infrastructure.

Feedback from Dwellop’s customers confirms the attractiveness of their WOR and product portfolio. Dwellop has implemented a new sales strategy to increase marketing activities.

Responsibility Statement

The Board of Directors and the interim CEO confirm that to the best of our knowledge the condensed set of financial statements (unaudited) as of 30 June 2017 and the first half year of 2017, which have been prepared in accordance with IAS 34 – Interim Financial Reporting, provides a true and fair view on the Group's consolidated assets, liabilities, financial position and results of the operation for the period, and that the interim management report includes a fair review of the information required under the requirements in the Norwegian Securities Trading Act.

Oslo, 31 August 2017

The board of directors and Interim Chief Executive Officer
Hunter Group ASA

John Vemmestad
Chairman of the board

Ingrid Elvira Leisner
Board member

Ketil Grim Skorstad
Board member

Vegard Urnes
Interim CEO

Condensed consolidated financial statements for the first half of 2017

Consolidated income statement

		Year to date		Year end
Unaudited figures in NOK 1 000	**Note**	**30.06.2017**	**30.06.2016**	**31.12.2016**
Revenues				
Revenues		23 045	42	66
Total Revenues		**23 045**	**42**	**66**
Operating expenses				
Raw matrials and consumables used		13 970	1 296	1 561
Payroll expenses		10 898	1 830	4 140
Depreciation and amortisation expense	3	2 451	80	99
Net write-down intangible assets and capitalized grants	3	69 374	-	-
Other operating expenses		12 933	2 357	4 391
Capitalised development cost		(1 915)	(2 473)	(3 515)
Total operating expenses		**107 710**	**3 090**	**6 676**
Operating profit (loss)		**(84 665)**	**(3 048)**	**(6 610)**
Interest income		1 350	-	-
Finance income		725	-	-
Other financial income		-	-	-
Interest expenses		(302)	(242)	(445)
Other financial expenses		(582)	-	-
Net financial income (loss)		**1 191**	**(242)**	**(445)**
Profit (loss) before taxes		**(83 475)**	**(3 290)**	**(7 055)**
Tax on ordinary result	8	17 796	-	-
Net profit (loss)		**(65 678)**	**(3 290)**	**(7 055)**
Earnings per share		-0,07	-0,18	-0,38
Earnings per share diluted		-0,07	-0,18	-0,38
Total comprehensive income				
Profit (loss) for the period		(65 678)	(3 290)	(7 055)
Other		-	-	-
Translation differences		-	-	-
Comprehensive income for the period		**(65 678)**	**(3 290)**	**(7 055)**
Total comprehensive income attributable to:				
Equity holders of the parent		(65 678)	(3 290)	(7 055)
Non-controlling interest		-	-	-
Total comprehensive income		**(65 678)**	**(3 290)**	**(7 055)**

Consolidated balance sheet

Assets

Unaudited figures in NOK 1 000	Note	30.06.2017	30.06.2016	31.12.2016
NON-CURRENT ASSETS				
Research and development	2, 3	20 688	149 132	149 632
Patents and customer relationships	2, 3	21 648	387	387
Goodwill	2, 3	58 655	-	-
Total intangible assets		**100 990**	**149 519**	**150 019**
Property, plant, equipment & machineries		27 206	21	24
Total tangible assets		**27 206**	**21**	**24**
TOTAL NON-CURRENT ASSETS		128 196	149 540	150 043
CURRENT ASSETS				
Inventories		1 188	-	-
Total inventories		**1 188**	**-**	**-**
Accounts receivables		48 314	6	-
Other short-term receivables		6 816	2 517	605
Total current receivables		**55 131**	**2 523**	**605**
Cash and cash equivalents		**286 815**	**287**	**335**
TOTAL CURRENT ASSETS		343 133	2 810	940
TOTAL ASSETS		**471 329**	**152 350**	**150 983**

Equity and Liabilities

Unaudited figures in NOK 1 000	Note	30.06.2017	30.06.2016	31.12.2016
EQUITY				
Share capital	4	163 948	2 317	2 317
Share premium	4	504 507	218 070	218 070
Additional paid-in capital	4	-	3 903	3 935
Other equity	4	(227 082)	(161 638)	(165 403)
TOTAL EQUITY		441 373	62 652	58 919
LIABILITIES				
Deferred tax liability	8	-	-	-
Total deferred tax liability		**-**	**-**	**-**
Capitalized grants	3	-	79 500	81 500
Other interest-bearing debt		13 500	-	-
Total non-current liabilities		**13 500**	**79 500**	**81 500**
Trade creditors		7 483	2 847	2 063
Accrued public charges and indirect taxes		563	180	281
Taxes payable		-	-	-
Debt financial institutions		3 600	6 820	6 889
Other current liabilities		4 811	351	1 331
Total current liabilities		**16 456**	**10 198**	**10 564**
TOTAL LIABILITIES		29 956	89 698	92 064
TOTAL EQUITY AND LIABILITIES		**471 329**	**152 350**	**150 983**

Consolidated cash flow statement

		Year to date		Year end
Unaudited figures in NOK 1 000		**30.06.2017**	**30.06.2016**	**31.12.2016**
Contribution from operations before tax*		(12 633)	(3 233)	(6 730)
Change in accounts receivables and accounts payables		(11 306)	(237)	(1 015)
Change in inventory		7 716	-	-
Change in other receivables and payables and other		(6 513)	(841)	(376)
Net cash flow from operating activities		(22 736)	(4 311)	(8 121)
Capitalization of development cost		(1 915)	(2 473)	(3 516)
Net investments in PPE & intangible assets	2	(60 000)	-	-
Net cash flow from investment activities		(61 915)	(2 473)	(3 516)
Public grants		1 061	2 619	5 166
Contribution from industry partners		-	4 000	6 500
Interest received		1 350	19	30
Interest paid		(302)	(261)	(488)
Proceeds from borrowings financial institution		(7 754)	109	178
Capital contribution	4	385 368	-	-
Transaction cost capital contribution	2	(18 069)	-	-
Net cash flow from financing activities		361 654	6 486	11 386
Total net changes in cash flow		**277 002**	**(298)**	**(251)**
Cash in acquired company	2	9 478	-	-
Cash and cash equivalents beginning of period		335	586	586
Cash and cash equivalents end of period		**286 815**	**288**	**335**
Profit (loss) attributable to equity holders of the parent		(83 475)	(3 290)	(7 055)
Employee options		64	(265)	(232)
Depreciation		2 451	80	99
Write-down intangible assets		69 374	-	-
Financial income		(1 350)	(19)	(30)
Financial expenses		302	261	488
*** Contribution from operations before tax**		**(12 633)**	**(3 233)**	**(6 730)**

Changes in various cash flow items year to date June 30, 2017 is reflecting the change in Dwellop's items from May 2, 2017 to June 30, 2017.

Consolidated statement of changes in equity

Unaudited figures in NOK 1 000	Note	Share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Equity as of 01.01.2016		2 317	218 070	4 167	(158 347)	66 207
Total comprehensive income H1 2016		-	-	-	(3 291)	(3 291)
Option plan payment		-	-	(264)	-	(264)
Equity as of 30.06.2016		2 317	218 070	3 903	(161 638)	62 652
Total comprehensive income H2 2016		-	-	-	(3 765)	(3 765)
Option plan payment		-	-	32	-	32
Equity as of 31.12.2016		2 317	218 070	3 935	(165 403)	58 919
Total comprehensive income H1 2017		-	-	-	(65 678)	(65 678)
Private placement 16 January 2017		45 000	-	-	-	45 000
Private placement 28 February 2017		75 000	225 000	-	-	300 000
Private placement 7 March 2017		10 000	-	-	-	10 000
Private placement 31 March 2017		7 592	22 776	-	-	30 368
Issuance of shares 22 May 2017		24 038	56 731	-	-	80 769
Transactions costs and reclassifications		-	(18 069)	(3 935)	3 935	(18 069)
Option plan payment		-	-	-	64	64
Equity as of 30.06.2017		**163 947**	**504 507**	**-**	**(227 082)**	**441 373**

Notes to the Hunter Group condensed consolidated financial statements for the first half 2017

1A. Accounting principles

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the financial statements as of 31 December 2016 (IFRS as adopted by EU). Please refer to the financial statements for 2016 for description of the accounting policies. The Group will adopt the following accounting policies in 2017 due to the acquisition:

Consolidation

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of consideration transferred and the amount recognised over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units. The Company assesses whether there are any indications that goodwill is impaired at each reporting date. Goodwill is tested for impairment, annually and when circumstances indicate that the carrying value may be impaired. Impairment of goodwill is determined by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Inventory

Inventory is valued at the lower of cost and net realisable value. Cost incurred in bringing raw materials to its present location and condition are accounted for by purchase cost on a first in, first out basis. Cost incurred in bringing finished goods and work in progress to its present location and condition are accounted for by cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Revenue recognition

Revenue from sale of goods is recognised at the time of delivery. Services are recognised as they are delivered. Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period. The percentage of completion is measured based on the proportion of hours incurred for work performed to date relative to the estimated total estimated hours in the project. For projects that are expected to generate a loss, the entire estimated loss is taken immediately.

1A. Accounting effect of the new standards

IFRS 15 Revenue from contracts with customers

The IASB and FASB have issued a new common standard for revenue recognition, IFRS 15. The standard supersedes all existing standards and interpretations for revenue recognition. The core principle of IFRS 15 is that revenue is recognized to reflect the transfer of promised goods or services to customers, and then to an amount that reflects the consideration the company expects to be entitled to in exchange for these goods or services. The standard applies to all income contracts and contains a model for recognition and measurement of sales of certain non-financial assets.

Preliminary assessments indicate that the new standard will not have a major impact on the accounting of the Group's projects. According to the current principle, sales of projects are recognized as revenue in line with sales and completion rates. The exception is projects involving contested claims. New standard increases the threshold for the performance of undeclared customer claims. In these cases, new standards may involve deferred income recognition even if it is highly probable that the company will meet the requirement.

Hunter Group is in the process of evaluating the impact of IFRS 15, and has not yet determined the expected impact of the standard. Hunter Group will implement the new standard from January 1, 2018. The work on new standard assessments will continue in 2017.

IFRS 16 Leases

Effective from January 1, 2019, IFRS 16 covers the recognition of leases and related disclosure in the financial statements, and will replace IAS 17 Leases. In the financial statement of lessees, the new standard requires recognition of all contracts that qualify under its definition of a lease as right-of-use assets and lease liabilities in the balance sheet, while lease payments are to be reflected as interest expense and reduction of lease liabilities. The right-of-use assets are to be depreciated in accordance with IAS 16 Property, Plant and Equipment over the shorter of each contract’s term and the assets’ useful life.

The standard consequently implies a significant change in lessees’ accounting for leases currently defined as operating leases under IAS 17, both with regard to impact on the balance sheet and the statement of income. The standard requires adoption either on a full retrospective basis, or retrospectively with the cumulative effect of initially recognising the standard as an adjustment to retained earnings at the date of initial application.

The Company has a lease agreement for the office space with three months notice period. As of such, the lease standard is not expected to have a material effect on the financial statements.

Hunter Group will adopt IFRS 16 on January 1, 2019.

2. Business combinations

Hunter Group ASA completed the acquisition of all the shares in Dwellop pursuant to a share purchase agreement (the "SPA") dated 2 May 2017 (the "Acquisition"). As a result thereof, Dwellop became a wholly-owned subsidiary of the Company. As consideration for the shares in Dwellop, the Company issued 192,307,692 new ordinary Shares, each with a par value of NOK 0.125 and with a fixed subscription price of NOK 0.65 per Share. In addition NOK 60,000,000 was settled in cash.

The consideration for Dwellop was NOK 60,000,000 in cash in addition to issuance of 192,307,692 ordinary shares at a fair value at the closing date of NOK 0.42 resulting in a total purchase price of NOK 140,769,231. The Company has provisionally determined that the excess value based on the purchase price compared to book values as of 31 December 2016 primarily relates to patents value and customer relation value.

Dwellop is an independent systems and technology provider delivering topside handling equipment for well intervention, workover and plugging & abandonment (P&A) operations. A large part of the business is focused on the design and manufacturing of high quality mechanical and structural wireline, coil tubing and pipe handling equipment for the global well intervention market. Dwellop's business model covers both sale and rental of equipment and systems to E&P companies, service providers and vessel/rig owners, and the company has a broad product portfolio for safe and cost efficient well intervention operations.

The acquisition has been accounted for using the acquisition method. The completion of the acquisiton was done on 2 May 2017 and the company has been consolidated into the Hunter group from 2 May 2017.

Purchase price allocation Dwellop AS	**TNOK**
Equity Dwellop AS at acquisition date	66 936
Excess value patents	9 298
Excess value customer relationships	10 672
Deferred tax on excess values	(4 793)
Fair value of identified net assets	82 113
Fair value of consideration	140 769
Goodwill	**58 656**

Unaudited figures in NOK 1 000	Book value of purchased assets and liabilities	Fair value adjustment	Fair value of purchased assets and liabilities
Goodwill	-	58 655	58 655
Patents	2 187	9 298	11 486
R&D assets	21 640	-	21 640
Customer relationships	402	10 672	11 074
Tangible fixed assets	27 770	-	27 770
Total non-current assets	**51 999**	**78 625**	**130 625**
Inventories	9 244	-	9 244
Account receivables	48 330	-	48 330
Cash	9 482	-	9 482
Total current assets	**67 055**	**-**	**67 055**
Total assets	**119 055**	**78 625**	**197 680**
Equity	**66 937**	**73 833**	**140 769**
Deferred tax	13 062	4 793	17 855
Long-term liabilities	17 965	-	17 965
Total non-current liabilities	**97 964**	**78 626**	**176 590**
Accounts payable	13 692	-	13 692
Public duties payable	1 170	-	1 170
Other current liabilities	6 229	-	6 229
Total current liabilities	**21 091**	**-**	**21 091**
Total equity and liabilities	**119 055**	**78 626**	**197 680**

The majority of recognised goodwill is related to potential projects and workforce that do not qualify for recognition according to IAS 38.

The transaction costs of NOK 18m have been recognized directly against other equity.

The table below sets out the pro forma income statement of Hunter Group for the half year ended 30 June 2017 as if the transaction had been completed 1 January 2017.

Operating revenues and expenses	TNOK
Revenues	59 720
Total operating revenues	**59 720**
Raw matrials and consumables used	36 924
Payroll expenses	21 876
Depreciation and amortisation expense	7 339
Write-down intangible assets	69 374
Other operating expenses	19 457
Capitalised development cost	(1 915)
Total operating expenses	**153 055**
Operating profit (loss)	**(93 335)**
Interest income	1 370
Finance income	1 919
Other financial income	-
Interest expenses	(422)
Other financial expenses	(2 089)
Net financial items	**778**
Profit / (loss) before taxes	**(92 557)**
Taxes (+)/tax income (-)	18 099
Net income	**(74 458)**

3. Intangible assets

The Company has recognised the following assets in the statement of financial position (including internal built up assets such as development costs).

Unaudited figures in NOK 1 000		Customer		Development	
Half year ended 30 June 2017	**Goodwill**	**relationships**	**Patents**	**costs**	**Total**
Cost at 1 January 2017	-	-	400	149 632	150 032
Additions through aquisition of Dwellop	58 655	11 074	11 485	21 640	102 854
Additions in the period	-	-	-	1 915	1 915
Government grants	-	-	-	(1 061)	-
Cost at 30 June 2017	58 655	11 074	11 885	172 125	253 740
Accumulated impairments at 30 June 2017	-	-	389	150 485	150 874
Accumulated depreciations at 30 June 2017	-	394	531	952	1 878
Book value at 30 June 2017	**58 655**	**10 680**	**10 966**	**20 688**	**100 988**
This half years depreciation	-	394	518	952	1 865
This half years impairment charges	-	-	389	150 485	150 874

Unaudited figures in NOK 1 000			
		Development	
Year ended 31 December 2016	**Patents**	**costs**	**Total**
Cost at 1 January 2016	400	147 768	148 168
Additions in the year	-	3 516	3 516
Government grants	-	(1 651)	(1 651)
Cost at 31 December 2016	400	149 633	150 033
Accumulated depreciations at 31 December 2016	13	-	13
Book value at 31 December 2016	**387**	**149 633**	**150 020**
This years depreciation	13	-	13

The additions of goodwill, customer relationships and patents are related to the business acquisition of Dwellop AS, see note 2. The goodwill is in its entirety related to the cash generating unit of Dwellop.

Impairment

Write-down of intangible assets of NOK 150.9m relates to the Badger Technology, and is due to a change of course and position from the new owners and directors. A comprehensive assessment of the Badger Technology including the possibilities for commercializing has been performed. The conclusion is that the possibility of an early commercialization is less likely. As such, the related capitalized grants of NOK -81,5m are also recognized. The contractual obligations related to any future earnings in the Indicator will remain in force should there be commercializing possibilities in the future. Net write-down amounts to NOK 69.4m.

According to the Development Program, the industry partners have first right of refusal to buy an equal share of the full manufacturing and operational capacity of all Indicator explorers at market price for a period of up to 6 years from commercialization.

4. Equity transactions

On 16 January 2017, the private placement consisting of 360,000,000 new ordinary shares for gross proceeds of NOK 45m with a subscription price of NOK 0.125 was registered in The Register of Business Enterprises.

On 28 February 2017, the private placement consisting of 600,000,000 new ordinary shares for gross proceeds of NOK 300m with a subscription price of NOK 0.50 was registered in The Register of Business Enterprises.

On 7 March 2017, the repair issue consisting of 80,000,000 new ordinary shares for gross proceeds of NOK 10m with a subscription price of NOK 0.125 was registered in The Register of Business Enterprises.

On 31 March 2017, the repair issue consisting of 60,735,150 new ordinary shares for gross proceeds of NOK 30.4m with a subscription price of NOK 0.50 was registered in The Register of Business Enterprises.

On 19 May 2017, BXPL issued 192,307,692 new ordinary shares at fair value of 0.42 per share totaling NOK 140.8m as part of the consideration for the purchase of shares in Dwellop AS. The share issue was registered on 22 May 2017 in The Register of Business Enterprises.

5. Segment information

The operating segments were established in May 2017 when the Company acquired Dwellop AS.

For management purposes the group is organized into business units based on its products and services and has two reportable segments, as follows:

- Hunter Group including Indicator, which performs research and develop of the Badger Exploration Tools
- Dwellop, which produces and sells products related to enhanced oil recovery

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Unaudited figures in NOK 1 000 **Half year ended 30 June 2017**	**Hunter Group including Indicator**	**Dwellop**	**Adjustments and eliminations**	**Consolidated**
Operating revenue				
External customers	-	23 045	-	23 045
Inter-segment	-	-	-	-
Total operating revenues	**-**	**23 045**	**-**	**23 045**
Income / (expenses)				
Depreciation and amortization	7	1 007	1 436	2 451
Impairment charges	-	-	-	-
Segment profit	**(11 546)**	**(1 580)**	**(52 552)**	**(65 678)**
Total assets	**429 801**	**97 015**	**(55 487)**	**471 329**
Total liabilities	**3 670**	**40 829**	**(14 543)**	**29 956**

Inter-segment revenues are eliminated upon consolidation and reflected in the ‘adjustments and eliminations’ column.

6. Construction contracts

The table below includes information of incurred contract costs, recognised profits and losses relating to long-term construction contracts.

Unaudited figures in NOK 1 000	**30.06.2017**
Contract costs incurred	5 346
Recognised profits	(1 384)
Recognised losses	-
Contract costs incurred and recognised profits (less recognised losses) to date	3 962
Progress billings	8 820
Due from (to) customers	12 782
Due from customers (asset)	6 223
Due to customers (debt)	-
Due from (to) customers	6 223

7. Transactions with related parties

The following table provides the total amount of transactions with related parties controlled by the members of the executive management of Hunter Group for the first half year of 2017. All related party transactions have been entered into on an arm's length basis.

Transactions with related parties	**30.06.2017**	**30.06.2016**
Purchased services in NOK 1 000	2 080	875

In June 2013, Hunter Group entered into a consultancy agreement with one of its shareholders, Dalvin Rådgivning AS. Mr. Gunnar Dolven, acting CFO of Hunter Group first half year, is a shareholder and director of Dalvin Rådgivning AS. For the first half year of 2017, consultancy services and travel expenses for totally NOK 721,017 were invoiced by Dalvin Rådgivning AS. The agreement with Dalvin Rådgivning AS was terminated 30 June 2017.

In March 2016, the Company entered into a consultancy agreement with the Company's former CEO and its shareholder Mr. Steinar Bakke and his company S. Bakke Consulting AS. This agreement was terminated 30 November 2016; however, the Company extended the agreement into first half 2017. Services for NOK 4,000 was invoiced for first half year of 2017.

In May 2017, the Company entered into two consultancy agreements with Middelborg AS, a shareholder in Hunter Group. Middelborg AS is owned by Mr. Lundkvist who was elected chairperson of the nomination committee of Hunter Group at the annual general meeting in May 2017 for two years.

- Mr. Lundkvist shall act as a transaction advisor to the Company.
- Mr. Vegard Urnes, employed as an Investment Manager in Middelborg AS, to perform the services as interim CEO of Hunter Group.

Middelborg AS has invoiced the Company NOK 1,226,498 for the first half year of 2017, mainly for interim CEO services from February to June.

During the first half year of 2017, the Company has rented office space and purchased various services from Navis Finance AS for NOK 128,438. Mr. Urnes, through Novasuper AS, and Mr. Lundkvist, through Middelborg AS, are shareholders and directors in Navis Finance.

8. Tax cost

Tax on ordinary result of NOK 18m relates to existing deferred tax liability in the acquired Dwellop AS at acquisition date.

For a specification of temporary differences as per 31.12.16, please see the annual report of 2016 for Hunter Group ASA. Temporary differences as per 31.12.16 mainly consisted of loss carried forward of NOK -165m. As per 30.06.17 net temporary differences for the Group is estimated to approximately NOK -249m. Calculated net deferred tax asset (24%) of approximately NOK 60m has not been recognized in the Consolidated Financial Statements as per 30.06.17.

9. Subsequent events

Martha Kold Bakkevig, previous CEO of Deepwell and currently a board member of Kongsberg Gruppen ASA and Reach Subsea ASA among others, joined as a board member in Dwellop in August.

Further cost reduction measures are implemented, mainly related to Indicator, with full effect from 2018 and onwards.

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