Hunter Group ASA

First-quarter results 2018

Highlights

Financial highlights

- Total consolidated revenues was NOK 5.8m in Q1 2018. Total net income for Q1 2018 was NOK -44.8m.
- EBITDA (Earnings before interest, tax, depreciation and amortization) was negative with NOK -15.2m in Q1 2018. One off cost related to negotiations with IKM for possible acquisition was NOK 7.3m.
- EBIT (Earnings before interest and tax) was negative with NOK -44.7m in Q1 2018, including a write-down of NOK 25.5m (please see note 10 for further details).
- Cash position as of 31.3.2018 was NOK 267.3, down from NOK 279.5m last quarter. Total interest bearing debt was NOK -25.1m.

Key events in Q1 2018

- The management and board of directors proposed medio February to acquire IKM Subsea & Technology from IKM Gruppen AS. The transaction was withdrawn, as the board received documentation from Apollo Asset Ltd, owned by Arne Fredly, that shareholders holding in excess of 1/3 of the Company's shares will vote against the contemplated transaction with IKM Gruppen AS.
- In March, the board of directors received notice from interim CEO and CFO, that they will resign from their positions.
- The WOR contract with a yard for Dwellop, a presented in the 4q 2017 report, has not materialized in the quarter as the yard has not concluded on a contract with its client. The absent of a WOR contract, in combination with a high level of fixed costs, have over the past month led to a tensed liquidity situation in Dwellop. As such, the board of directors in Hunter Group ASA has decided to make an impairment of the book value of the goodwill related to the CGU for Dwellop with NOK 25.5 million in 1Q 2018. Please see note 9 for further details. On a positive note, the order intake for WIS segment (Well Intervention System & Products) shows signs of improvement compared with same quarter in 2017.

Subsequent events

- The board of directors announced 11 May 2018, that the Company had received satisfactory refund guarantees and made the first instalment for three of the VLCC construction contracts, the Company will undertake the payment for the fourth construction contract once a refund guarantee is in place. In addition, the Company announced that it will exercise the three VLCC construction option contracts once a firm contract is signed and a refund guarantee is in place.
- At the ordinary general meeting 9 May, the shareholders approved of i) the private placement of NOK 172,5m, ii) issuance of 15m warrants to Apollo Asset Ltd, iii) agreement with Apollo Asset Ltd related to take over the four VLCC construction contracts and three options on a “back-to-back” basis and iv) distribution of Dwellop to the Company’s shareholders. Please see note 9 and 10 for further details.
- The Company announced early May that Mr Erik Frydendal will take on the position as CEO and Mr Sujoy K. Seal the position as COO.
- On 10 April 2018 (later approved at the AGM 9 May 2018) the Company received a non-binding indicative offer from Apollo Asset Limited, the Company’s largest shareholder as of the same date, with respect to transferring four (4) VLCC newbuilding contracts and three (3) VLCC options to the Company. The transfer of the newbuilding contracts and the options is on a back-to-back basis as contracted with the Daewoo Shipbuilding Marine Engineering Co., Ltd, whereby the Company will assume the obligations towards the Shipyard (directly or indirectly). Total commitments for the four newbuilding contracts are USD 341.1m. Please see note 9 for further details.

Business review

Hunter Group

Hunter Group launched an offer to acquire IKM Subsea & Technology from IKM Gruppen AS 15. February 2018. In connection with the transaction, the company executed a successful private placement of NOK 75m, however the transaction was withdrawn, as the board received documentation from Apollo Asset Ltd, owned. by Arne Fredly, that shareholders holding in excess of 1/3 of the Company's shares will vote against the contemplated transaction with IKM Gruppen AS.

In March, the board of directors received notice from interim CEO and CFO, that they will resign from their positions.

An impairment test has been conducted during the quarter. Based on the conducted impairment tests it was concluded that the entity's assets related to the Dwellop segment should be written down with NOK 25.5m. Please see note 10 for further details. The value was calculated using a discounted cash flow model.

Indicator

Indicator has non employees and there has been no activity in the company 1q 2018. The cash burn is down to a bare minimum and is close to zero.

Dwellop

The WOR contract with a yard is still awaiting final contract between the yard and its client. In general, the WOR segment is lagging but discussions continue with multiple clients.

First quarter of 2018 has seen an improvement over the last quarters of 2017 with respect to WIS (Well Intervention System & Products) order intake. Order intake for the WIS segment was up compared with same quarter in 2017 and is already at a level close to FY 2017 (NOK 30.4m vs NOK 32.4m aftermarket & service included).

Thus market activity has been significant, cost level is closely monitored, however the absent of a WOR contract or other larger contracts, has further deteriorated Dwellop’s liquidity situation.

The infringement accusations from WellPartner is moving forward and arbitration will take place in Q3/18. Hunter Group is, as disclosed earlier, held harmless should a negative outcome materialize. Management still believe that these accusations will not impact the business negatively.

The disputed termination by ENI of a rental agreement of one tension frame is moving forward. Legal proceedings are being prepared and the parties have agreed to a meeting when finalized.

Financial key figures

Financial key figures in Q1

- Total revenues was NOK 5.8m and operating expenses came in at NOK 21.0m, excluding depreciation and write-down. EBITDA was negative with NOK -15.2m. One off costs in connection with the IKM deal was NOK 7.3m.
- EBIT was negative with NOK -44.7m.
- Net income was negative with NOK -44.8m, equivalent to negative earnings per share of NOK -0.34.
- Total consolidated equity was NOK 370.4m and total interest bearing debt was NOK -25.1m.
- Total consolidated cash position was NOK 267.3m, down from NOK 279.5 last quarter.
- Cash flow from operations was negative with NOK -21.7m mainly driven by negative net contributions from operations before tax and increase in inventory.
- No cash flow were used for investments during the quarter.
- Net cash flow from financing was with NOK 9.5m.

Outlook

As further described in note 8, the company has changed its strategy to include shipping, and has as such updated its business description to; “The objectives of the company is to provide services and products to the offshore energy, services and oil-supply industry, as well as investments and acquisitions of companies, securities, other assets as well as participation in other businesses and activities of all kinds.”.

Nothing encourages scrapping like low rates, expect perhaps new regulations, which are set to hit in 2020.

Hunter Group has managed to secure quality tonnage at an historical low point ahead of what we believe will be a multi-year recovery. With rates currently around USD 3,000 per day and steel prices in the USD 430/ton region scrapping is on the rise. Year to date, 5.9m dwt of VLCC’s have been scrapped, or 19 vessels. This compares to 3.9m (12 VLCC’s) dwt for 2017, and a mere two vessels in 2016 and two vessels in 2015.

The fleet is aging with more than 75 VLCC’s, or around 10% of the fleet, turning 20 years between 2019 and 2020, and given that taking the vessels through the 20 year special survey (SPS) will be costly due to new regulations, (IMO 2020 and inclusion of a ballast water treatment system) we believe scrapping will continue to be high, which is positive for the market balance, and consequently positive for ship values.

In other words, today’s combination of low rates, high scrap steel prices, potentially higher fuel costs as IMO 2020 comes into effect, and last but not least high costs related to the 20 year SPS, we expect to see a spike in both newbuilding prices and ship values.

We believe Hunter Group is perfectly positioned with modern Scrubber fitted ECO design vessels to be delivered at what we expect to be a favorable time. Our thesis is that newer, compliant and more fuel efficient vessels will be the preferred counterparties going forward, and also able to command premium rates due to fuel efficiency. In addition, we expect to see a substantial ton mile effect, stemming from higher US exports, of which the lion’s share is likely to be destined for the Far East, which should translate into higher day rates. A reversal of the OPEC cut should also help the recovery as inventories are currently below the 5 year average.

Condensed consolidated financial statements for Q1 2018

Consolidated income statement

		Quarters		Year
(Unaudited figures in NOK 1 000)	**Note**	**31.03.2018**	**31.03.2017**	**31.12.2017**
Revenues				
Revenues		5 790	0	44 043
Total Revenues		**5 790**	**0**	**44 043**
Operating expenses				
Raw matrials and consumables		-1 031	360	20 775
Payroll expenses		9 053	2 372	27 493
Depreciation and amortisation expense	3	3 985	4	11 013
Net write-down intangible assets and capitalized grants	3, 9	25 470	0	69 374
Other operating expenses		13 012	2 368	28 411
Capitalised development cost		0	-857	-1 915
Total operating expenses		**50 490**	**4 247**	**155 152**
Operating profit (loss)		**-44 699**	**-4 247**	**-111 108**
Interest income		1	424	2 661
Finance income		302	0	2 272
Other financial income		0	0	0
Interest expenses		-224	-51	-715
Other financial expenses		-165	-30	-2 956
Net financial income (loss)		**-86**	**343**	**1 262**
Profit (loss) before taxes		**-44 785**	**-3 904**	**-109 847**
Tax on ordinary result	7	0	-4 337	13 519
Net profit (loss)		**-44 785**	**-8 241**	**-96 328**
Earnings per share		-0,34	-0,02	-0,09
Earnings per share diluted		-0,34	-0,02	-0,09

(Unaudited figures in NOK 1 000)	**31.03.2018**	**31.03.2017**	**31.12.2017**
Total comprehensive income			
Profit (loss) for the period	-44 785	-8 241	-96 328
Other	0	0	0
Translation differences	0	0	0
Comprehensive income for the period	**-44 785**	**-8 241**	**-96 328**
Total comprehensive income attributable to:			
Equity holders of the parent	-44 785	-8 241	-96 328
Non-controlling interest	0	0	0
Total comprehensive income	**-44 785**	**-8 241**	**-96 328**

Consolidated balance sheet

Assets

(Unaudited figures in NOK 1 000)	Note	31.03.2018	31.03.2017	31.12.2017
NON-CURRENT ASSETS				
Research and development	2, 3	16 402	150 018	17 830
Patents and customer relationships	2, 3	17 542	389	18 911
Goodwill	2, 3, 9	33 185	0	58 655
Total intangible assets		**67 129**	**150 407**	**95 396**
Property, plant, equipment & machineries		26 696	18	27 884
Total tangible assets		**26 696**	**18**	**27 884**
TOTAL NON-CURRENT ASSETS		93 825	150 425	123 280
CURRENT ASSETS				
Inventories		29 204	1	20 368
Total inventories		**29 204**	**1**	**20 368**
Accounts receivables		15 004	0	21 073
Other short-term receivables		5 892	1 732	4 873
Total current receivables		**20 896**	**1 732**	**25 946**
Cash and cash equivalents		**267 333**	**355 058**	**279 456**
TOTAL CURRENT ASSETS		317 432	356 790	325 769
TOTAL ASSETS		**411 257**	**507 215**	**449 049**

Equity and Liabilities

(Unaudited figures in NOK 1 000)	Note	31.03.2018	31.03.2017	31.12.2017
EQUITY				
Share capital	4	163 948	139 909	163 948
Share premium	4	508 844	447 776	508 844
Other equity	4	-302 439	-165 308	-257 654
TOTAL EQUITY		370 352	422 378	415 137
LIABILITIES				
Capitalized grants	3	0	81 500	0
Other interest-bearing debt		0	0	11 700
Total non-current liabilities		**0**	**81 500**	**11 700**
Trade creditors		7 570	2 927	8 587
Accrued public charges and indirect taxes		2 153	-209	3 161
Taxes payable		0	0	0
Short-term derivatives		-16	0	24
Debt financial institutions		25 073	0	3 600
Other current liabilities		6 125	621	6 840
Total current liabilities		**40 905**	**3 338**	**22 212**
TOTAL LIABILITIES		40 905	84 838	33 912
TOTAL EQUITY AND LIABILITIES		**411 257**	**507 215**	**449 049**

Consolidated cash flow statement

(Unaudited figures in NOK 1 000)	Note	Quarters 31.03.2018	Quarters 31.03.2017	Year end 31.12.2017
Contribution from operations before tax		-15 106	-4 210	-31 263
Change in accounts receivables and accounts payables		5 052	864	17 101
Change in inventory		-8 836	0	-11 464
Change in other receivables and payables and other		-2 782	-1 470	80
Net cash flow from operating activities		-21 672	-4 816	-25 546
Capitalization of development cost		0	-857	-1 915
Investments in property, plant & equipment		0	-386	-3 647
Acquitision of a subsidiary, net of cash acquired	2	0	0	-50 522
Net cash flow from investment activities		0	-1 243	-56 084
Public grants		0	0	1 061
Contribution from industry partners		0	0	0
Interest received		1	424	2 661
Interest paid		-224	-51	-715
Proceeds from borrowings financial institution		9 773	-6 889	-9 554
Capital contribution	4	0	385 368	385 368
Transaction cost capital contribution	2	0	-18 069	-18 069
Net cash flow from financing activities		9 549	360 782	360 751
Total net changes in cash flow		**-12 123**	**354 723**	**279 121**
Cash and cash equivalents beginning of period		279 456	335	335
Cash and cash equivalents end of period		**267 333**	**355 058**	**279 456**
Profit (loss) attributable to equity holders of the parent		-44 785	-3 904	-109 847
Employee options		0	64	142
Depreciation		3 985	4	11 013
Net write-down intangible assets and capitalized grants	9	25 470	0	69 374
Financial income		-1	-424	-2 661
Financial expenses		224	51	715
*** Contribution from operations before tax**		**-15 106**	**-4 210**	**-31 263**

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 01.01.2017		2 317	218 070	3 935	-165 403	58 919
Total comprehensive income 1Q 2017		0	0	0	-8 241	-8 241
Private placement 16 January 2017		45 000	0	0	0	45 000
Private placement 28 February 2017		75 000	225 000	0	0	300 000
Private placement 7 March 2017		10 000	0	0	0	10 000
Private placement 31 March 2017		7 592	22 776	0	0	30 368
Transactions costs and reclassifications		0	-13 733	-3 935	3 935	-13 733
Tax effect equity transaction		0	0	0	0	0
Option plan payment and other		0	0	0	64	64
Equity as of 31.03.2017		**139 909**	**452 113**	**0**	**-169 645**	**422 377**
Issuance of shares 22 May 2017		24 038	56 731	0	0	80 769
Total comprehensive income 2Q-4Q 2017		0	0	0	-88 087	-83 750
Option plan payment and other		0	0	0	78	78
Equity as of 31.12.2017		**163 947**	**508 844**	**0**	**-257 654**	**415 137**
Total comprehensive income 1Q 2018		0	0	0	-44 785	-44 785
Equity as of 31.03.2018		**163 947**	**508 844**	**0**	**-302 439**	**370 352**

Notes to the Hunter Group condensed consolidated financial statements for Q1 2018

1A. Accounting principles

These condensed interim financial statements of Hunter Group where authorized for issue by the Board of Directors on 15 May 2018.

The interim condensed consolidated financial statements for the three months ending March 31, 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2017.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of IFRS 15 Revenue from contract with Customers and IFRS 9 Financial Instruments effective as of 1 January 2018. The adoption of these two standards has not had any transition effect recognized in equity. The nature and effect of the changes are further disclosed below.

Accounting effect of the new standards

IFRS 15 Revenue from contracts with customers
IFRS 15 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 at an amount that reflects the consideration the company expects to be entitled to in exchange for those goods or services.

Revenue recognition principles under IFRS 15
The Group is in the business of delivering topside handling equipment for well intervention and P&A operations. The main revenue streams are:

- Well intervention systems
- Work over rigs
- After sales

Well intervention systems
Well intervention systems ("WIS") include a wide portfolio of system/equipment for well intervention operations. The equipment is customized based on specifications from the customer. The degree of customization can vary between different customer contracts.

Revenue for WIS contracts are recognized over time if the asset that is being created does not have an alternative use and the entity has an enforceable right to payment for performance completed to date. An asset is considered to have no alternative use if the Group would incur significant economic losses to direct the asset for other use, because the cost to re-work the asset for another customer would be significant and/or the asset could only be sold to another party at a reduced price at a significant loss.

For WIS contracts with over time revenue recognition, progress is measured as the ratio of cost incurred relative to total expected cost. The measurement of progress is adjusted if a cost incurred does not contribute to the Group's progress (ie: waste cost) or if the cost incurred is not proportionate to the satisfaction of the performance obligation.

If the asset has an alternative use and/or the Group does not have right to payment for performance completed to date, revenue is recognized at the point in time that the customer obtains control over the asset, which is typically upon delivery.

Notes to the Hunter Group condensed consolidated financial statements for Q1 2018

1A. Accounting principles cont.

Work over rigs

Work over rigs ("WOR") comprise rigs for heavy well intervention, workover and Plug & Abandonment. A Work over rig is a specialized asset designed and constructed for the customer's specific use. Revenue for WOR contracts are recognized over time if the asset that is being created does not have an alternative use and the entity has an enforceable right to payment for performance completed to date, which will normally be the case for WOR contracts.

Progress is measured as the ratio of cost incurred relative to total expected cost. The measurement of progress is adjusted if a cost incurred does not contribute to the Group's progress (ie: waste cost) or if the cost incurred is not proportionate to the satisfaction of the performance obligation.

After sales

After sales comprises of sale of spare parts, service revenue and revenue from storing customer equipment.

Revenue from sale of spare parts are recognized at the point in time the customer obtains control of the spare-part (ie: at delivery). Service revenue is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Group's service. Storage revenue Is recognized over the contract/storage period.

Transition

The Group has decided to adopt IFRS 15 using the modified retrospective method (ie. without adjusting the comparable amounts for earlier periods). The Group has as such not evaluated contracts completed before January 1, 2018. In 2017, only one contract was entered into with expected delivery in 2018. The contract value is immaterial. It is the Groups's assessment that under IFRS 15, the revenue recognition will be equal to the current IFRS standards for this contract. The implementation of IFRS 15 has as such not had any effect on the equity as at 1 January 2018.

The implementation of IFRS 15 will have effect for some WIS contracts entered into after 1 January 2018 as some contracts that would have been accounted for using percentage of completion under IAS 11, do not qualify for revenue recognition over time under IFRS 15. Further, for projects recognized over time, the Group will use cost incurred relative to expected total cost to measure progress. Previously, hours where used to measure progress as this reflect the creation of value. Under IFRS 15, the method for measuring progress should to depict the transferring of control of the asset under construction to the customer.

The below table shows how the income statement for the three months ended 31 March 2018 is affected of the application of IFRS 15 compared to the previous revenue recognition principles under IAS 11 and IAS 18.

(Unaudited figures in NOK 1 000)	**Reported q1 2018 (IFRS 15)**	**Impact IFRS 15**	**Adjusted q1 2018 (IAS 11/18)**
Revenues	5 790	7 765	13 555
Raw materials and consumables	-1 031	3 701	2 670
Payroll expenses	9 053	0	9 053
Deprciation and amortisation expense	3 985	0	3 985
Net write-down intangible assets and capitalized grants	25 470	0	25 470
Other operating expenses	13 012	0	13 012
Capitalised developement cost	0	0	0
Total operating expenses	**50 490**	**3 701**	**54 190**
Operating profit (loss)	**-44 699**	**4 064**	**-40 635**

Notes to the Hunter Group condensed consolidated financial statements for Q1 2018

1A. Accounting principles cont.

IFRS 9 Financial instruments
IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments. IFRS 9 covers all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The implementation of IFRS 9 has not had any effect on the financial statements. Derivatives are measured at fair value through profit and loss both under IAS 39 and IFRS 9. Hedge accounting is not applied. Other financial assets and liabilities are measured at amortized cost both under IAS 39 and IFRS 9. IFRS 9 replaces the old incurred loss model for impairment, with an expected loss model. The effect of the new impairment rules, are immaterial.

Accounting principles for financial instruments under IFRS 9
Financial instruments are initially recognized at fair value, and subsequently measured at fair value through profit or loss (FVPL), amortized cost, or fair value through other comprehensive income (FVOCI).

The classification and measurement of the Group's different financial instruments are described below.

Trade receivables
Trade receivables are measured at amortized cost as the business model are to held the asset to collect the contractual cashflow which solely represent payment of principal and interest.

The Group applies the simplified approach for recognizing provision for loss or receivables. The provision is calculated based on lifetime expected credit losses based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Losses arising from impairment are recognized in the statement of profit and loss in Other operating expenses.

Trade and other payables
Trade and other payables are measured at amortized cost.

Borrowings
Borrowings are measured at amortized cost using the effective interest rate ("EIR") method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR. The EIR amortization is included as finance cost in the statement of profit and loss.

Borrowings is derecognized when the obligation is settled.

Derivatives
Derivatives are measured at fair value through profit and loss. Hedge accounting is not applied.

Changes on fair value on derivatives are included as other financial income or expense in the statement of profit and loss.

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 of the shares 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 acquisition 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**

2. Business combinations cont.

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 18 million have been registered directly against other equity.

The table below sets out the pro forma income statement of Hunter Group for the twelve months ended 31 December 2017 as if the transaction had been completed 1 January 2017.

Operating revenues and expenses (figures in NOK 1 000)	
Revenues	80 718
Total operating revenues	**80 718**
Raw matrials and consumables used	43 699
Payroll expenses	38 472
Depreciation and amortisation expense	15 901
Write-down intangible assets	69 374
Other operating expenses	34 966
Capitalised development cost	-1 915
Total operating expenses	**200 497**
Operating profit (loss)	**-119 779**
Interest income	2 681
Finance income	3 467
Other financial income	0
Interest expenses	-835
Other financial expenses	-4 402
Net financial items	**911**
Profit / (loss) before taxes	**-118 868**
Taxes (+)/tax income (-)	17 855
Net income	**-101 013**

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) **Per 31 March 2017**	**Goodwill**	**Customer relationships**	**Patents**	**Development costs**	**Total**
Cost at 1 January 2018	58 655	11 074	11 885	172 125	253 740
Additions in the period	0	0	0	0	0
Government grants	0	0	0	0	0
Cost at 31 March 2018	58 655	11 074	11 885	172 125	253 740
Accumulated impairments at 31 March 2018	25 470	0	389	150 485	176 344
Accumulated depreciations at 31 March 2018	0	2 166	2 862	5 239	10 268
Book value at 31 March 2018	**33 185**	**8 908**	**8 634**	**16 401**	**67 128**
This period depreciation	0	591	777	1 429	2 797
This period impairment charges	25 470	0	0	0	25 470

(figures in NOK 1 000) **Per 31 December 2017**	Goodwill	Customer relationships	Patents	Development costs	Total
Cost at 1 January 2017	0	0	400	149 632	150 032
Additions through aquisition of Dwellop	58 655	11 074	11 485	21 640	102 854
Additions in 2017	0	0	0	1 915	1 915
Government grants	0	0	0	-1 061	-1 061
Cost at 31 December 2017	58 655	11 074	11 885	172 125	253 740
Accumulated impairments at 31 December 2017	0	0	389	150 485	150 874
Accumulated depreciations at 31 December 2017	0	1 575	2 085	3 810	7 471
Book value at 31 December 2017	**58 655**	**9 499**	**9 412**	**17 830**	**95 396**
Impairment charges in 2017	0	0	389	150 485	150 874
Depreciation for 2017	0	1 575	2 072	3 810	7 458

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. Please refer to note 9 regarding the write-down of goodwill in 1Q 2018.

3. Impairment

The write-down of intangible assets of NOK 150,9m in 2Q 2017 related to the Badger Technology, and was due to a change of course and position from the new owners and new directors. A comprehensive assessment of the Badger Technology including the possibilities for commercializing was performed. The conclusion was that the possibility of an early commercialization was less likely. As such, the related Capitalized grants of NOK -81,5m were also derecognized in 2Q 2017. The contractual obligations related to any future earnings in the Indicator will remain should there be commercializing possibilities in the future. Net write-down amounted 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.

Annual impairment tests have been conducted during the quarter. Based on the conducted impairment tests it is concluded that the goodwill related to the Dwellop business is written down with NOK 25.5m. Please refer to note 9 regarding the write-down of goodwill in 1Q 2018.

4. Equity transactions

On 16 January 2017, the private placement consisting of 360,000,000 new ordinary shares for gross proceeds of NOK 45 million 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 300 million with a subscription price of NOK 0.50 was registered in The Register of Business Enterprises.

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

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

On 19 May 2017, BXPL has issued 192,307,692 new ordinary shares at fair value of 0.42 per share totaling NOK 140.8 million 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.

On 6 December 2017, the Hunter Group carried out a reverse share split, where the shares are merged from 1,311,580,130 shares to 131,158,013 shares. The nominal value of the shares is changed from NOK 0.125 to NOK 1.25 so the company's share capital is divided into 131,158,013 shares, each with a nominal value of NOK 1.25.

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 three reportable segments, as follows:

- Hunter Group, which is the holding company that includes group services
- Indicator, which performs research and develop of the Badger Exploration Tools
- Dwellop, which produces and sells products related to enhanced oil recovery (to be discontinued in 2Q)

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) **Three months ended 31 March 2018**	**Hunter Group**	**Indicator**	**Dwellop**	**Adjustments and eliminations**	**Consolidated**
Type of goods or services					
Well intervention systems	0	0	4 039	0	4 039
Work over Rig	0	0	0	0	0
After sale	0	0	1 751	0	1 751
Other revenues	0	0	0	0	0
Total revenues	**0**	**0**	**5 790**	**0**	**5 790**
Geographical marked					
Norway	0	0	2 021	0	2 021
USA	0	0	1 834	0	1 834
ASIA	0	0	0	0	0
Middle East	0	0	287	0	287
Other countries	0	0	1 648	0	1 648
Total revenues	**0**	**0**	**5 790**	**0**	**5 790**
Timing of revenue recognition					
Goods transferred at a point in time	0	0	4 202	0	4 202
Services transferred over time	0	0	1 588	0	1 588
Total revenues	**0**	**0**	**5 790**	**0**	**5 790**
Income / (expenses)					
Depreciation and amortization	0	0	1 831	2 155	3 985
Net impairment charges*	0	0	25 470	0	25 470
Segment profit (loss)	**-10 200**	**-49**	**-6 596**	**-27 939**	**-44 785**
Total assets	**411 915**	**-166**	**78 960**	**-47 678**	**411 257**
Total liabilities	**953**	**167**	**48 833**	**-2 745**	**40 905**

5. Segment information cont.

(Unaudited figures in NOK 1 000) **Twelve months ended 31 December 2017**	**Hunter Group**	**Indicator**	**Dwellop**	**Adjustments and eliminations**	**Consolidated**
Type of goods or services					
Well intervention systems	0	0	30 558	0	30 558
Work over Rig	0	0	6 440	0	6 440
After sale	0	0	6 954	0	6 954
Other revenues	0	91	0	0	91
Total revenues	**0**	**91**	**43 952**	**0**	**44 043**
Geographical marked					
Norway	0	91	12 425	0	12 516
USA	0	0	10 607	0	10 607
ASIA	0	0	2 686	0	2 686
Middle East	0	0	16 529	0	16 529
Other countries	0	0	1 704	0	1 704
Total revenues	**0**	**91**	**43 952**	**0**	**44 043**
Timing of revenue recognition					
Goods transferred at a point in time	0	91	23 269	0	23 360
Services transferred over time	0	0	20 683	0	20 683
Total revenues	**0**	**91**	**43 952**	**0**	**44 043**
Income / (expenses)					
Depreciation and amortization	7	15	5 245	5 746	11 013
Net impairment charges*	0	69 374	0	0	69 374
Segment profit (loss)	**-20 245**	**-70 435**	**-6 634**	**986**	**-96 328**
Total assets	**423 228**	**803**	**87 060**	**-62 043**	**449 049**
Additions in property, plant, equipment & machineries	**0**	**0**	**-3 662**	**15**	**-3 647**
Total liabilities	**2 066**	**1 088**	**50 065**	**-19 306**	**33 912**

* Net impairment charges of NOK 69.4 relates to the Indicator-segment, which existed prior to the company was formally established in September 2017.

6. 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 three months of 2018. All related party transactions have been entered into on an arm’s length basis.

Transactions with related parties	**31.03.2018**	**31.12.2107**
Purchased services in NOK 1 000	1 325	4 869

6. Transactions with related parties cont.

In June 2013, Hunter entered into a consultancy agreement with one of its shareholders, Dalvin Rådgivning AS. Mr. Gunnar Dolven, acting CFO of Hunter for the first six months of 2017, is a shareholder and director of Dalvin Rådgivning AS. For 2017, consultancy services for totally NOK 630 232 were invoiced by Dalvin Rådgivning AS. The agreement with Dalvin Rådgivning AS was terminated 30 June 2017.

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

- Mr. Lundkvist shall act as a transaction advisor to the Company with a success fee payable for transactions resulting from these services.
- Mr. Vegard Urnes, employed as an Investment Manager in Middelborg AS, to perform the services as interim CEO of Hunter.

Middelborg AS has invoiced the Company NOK 3 509 994 for 2017, mainly for interim CEO services from February to December. For the first three months of 2018, Middelborg AS has invoiced the Company NOK 1 054 686.

During 2017, the Company has rented office space and purchased various services from Navis Finance AS for NOK 197 000. Mr. Urnes, through Novasuper AS, and Mr. Lundkvist, through Middelborg AS, are shareholders and directors in Navis Finance.

In May 2017, the Company entered into a consultancy agreement with Gudbrandsneset AS. Gudbrandsneset is owned by the Company's SVP Business Development (hired on 60% basis) and chairman in Dwellop Mr. Eirik Bergsvik. Services for NOK 528 000 were invoiced for 2017, and NOK 270 000 for the first three months of 2018.

7. Tax cost

For a specification of temporary differences as per 31 December 2017, please see the annual report of 2017 for Hunter Group ASA. As per 31 March 2018 net temporary differences for the Group is estimated to approximately NOK -321m. Calculated net deferred tax asset (23%) of approximately NOK 74m has not been recognized in the Consolidated Financial Statements as per 31 March 2018.

8. Subsequent events

In an extraordinary general meeting on 5 April 2018 it was decided on a change in strategy in the company. Apollo Asset Limited (Apollo) and the founding shareholders of Dwellop AS will reorganize and change the share ownership in the subsidiary Dwellop AS. Apollo and the Dwellop Founders have agreed on a transaction structure where the intention is to separate/demerge the wholly owned subsidiary Dwellop AS from Hunter Group ASA by way of distribution of the shares in Dwellop to the Company`s shareholders. Dwellop shall be listed on Merkur Market or on another market place, while Hunter Group ASA should continue on as an investment company to consider investments in various sectors, including, but not limited to, she shipping, oil and gas industry. The total purchase price for the shares in Dwellop AS was NOK 140.8 million as per 2 May 2017. The agreement between Apollo and the Dwellop Founders also gives the Dwellop Founders a possibility to subscribe for/or acquire shares in Dwellop for at least NOK 39,230,768 to an equity value of Dwellop of maximum NOK 80,000,000. A valuation of Dwellop has been performed by Hunter Group ASA in connection with the change of the share ownership in the company, valuing Dwellop to NOK 86 million. Please refer to note 9 related to the accounting effects of the exit of Dwellop from the Group.

On 10. April 2018 the company received a non-binding indicative offer from Apollo Asset Limited, the Company’s largest shareholder as of the same date, with respect to transferring four (4) VLCC newbuilding contracts and three (3) VLCC options to the Company. The transfer of the newbuilding contracts and the options is on a back-to-back basis as contracted with the Daewoo Shipbuilding Marine Engineering Co., Ltd, whereby the Company will assume the obligations towards the Shipyard (directly or indirectly). Total commitments for the four newbuilding contracts are USD 341.1m.

8. Subsequent events cont.

On the same date, 10 April 2018, the Board of Directors also withdrew the lock-up and no-solicitation provisions the sellers' of Dwellop entered into as part of the settlement when the Company acquired Dwellop. The same date as the provision were withdrawn, Apollo Asset Limited acquired more or less all of the outstanding shares in Hunter Group previously owned by the sellers' of Dwellop. Apollo Asset Limited's ownership in the Company increased to 33.29% post the transaction.

The board of directors of the Company has 26 April 2018 signed a definitive back-to-back contract transfer agreement (the "Contract Transfer Agreement") with Apollo in connection with the transfer of the Shipbuilding Contracts, Option Agreement, Refund Guarantees and certain rights in respect of specifications review services (as defined below).

The ultimate owner of Apollo, Mr. Arne Fredly, is a board member of the Company, and has, pursuant to the Norwegian Public Limited Companies Act section 6-27, not participated in the Company's decisions in connection with the Contract Transfer Agreement.

The object for the Contract Transfer Agreement
Before the execution of the Contract Transfer Agreement, Apollo has entered into four (4) shipbuilding contracts and four (4) corresponding supplemental agreements with Daewoo Shipbuilding Marine Engineering Co., Ltd. (the "Builder"), dated on or about February/March 2018 respectively (together, the "Shipbuilding Contracts"), for the construction and delivery of four (4) 300,000 DWT ECO Design Crude Oil Tankers, having Builder's hull Nos. 5455, 5456, 5457 and 5460 (together, the "Firm Vessels"), and one (1) option agreement dated 27
February 2018 (the "Option Agreement") for the construction and delivery of three (3) optional vessels with identical specifications as the Firm Vessels (together, the "Optional Vessels") (the Firm Vessels and the Optional Vessels together referred to as the "Vessels").

As set out in the OSE Notice, the Shipbuilding Contracts and Option Agreement contain the following key terms, without any mark-up or additional fees to Apollo other than the Warrants (as described below):

Shipbuilding Contr.	Contract amount	Scrubber	Tot. contract amount	Delivery
No. 1	MUSD 82.5	MUSD 2.7	MUSD 85.2	Oct./Nov. 2019
No. 2	MUSD 82.5	MUSD 2.7	MUSD 85.2	Oct./Nov. 2019
No. 3	MUSD 82.5	MUSD 2.7	MUSD 85.2	Dec. 2019
No. 4	MUSD 82.8	MUSD 2.7	MUSD 85.5	Dec. 2019

Option	Contract amount	Scrubber	Tot. contract amount	Delivery
No. 1	MUSD 82.8	MUSD 2.7	MUSD 85.5	Q2 2020
No. 2	MUSD 82.8	MUSD 2.7	MUSD 85.5	Q2 2020
No. 3	MUSD 82.8	MUSD 2.7	MUSD 85.5	Q2 2020

Expiry date for exercising the Options towards the Builder is 27 May 2018.

V.Ships Norway AS ("VShips") has assisted with the review of the Firm Vessels' specifications towards the Builder. The Company (or any nominee) will subsequently enter into a building supervision agreement for the building supervision of the Firm Vessels and, if applicable, the Optional Vessels.

It is a condition for Apollo's obligation to pay the first and subsequent instalments, under each of the Shipbuilding Contracts, that the Builder provides a refund guarantee issued by Export-Import Bank of Korea ("KEXIM") in favor of Apollo as security for the Builder's obligation under the Shipbuilding Contracts to refund the pre-delivery instalments paid by Apollo (together, the "Refund Guarantees"). As of the date hereof, KEXIM has not issued the Refund Guarantees. The first instalments (10% of the contract price under the corresponding Shipbuilding Contract) have been paid in 2Q 2018. Tthe Shipbuilding Contracts, the Option Agreement and the Refund Guarantees are hereinafter the referred to together as the "Transaction Agreements".

The investors participating in the private placement of MNOK 172.5 will, prior to the annual general meeting in the Company to be held on 9 May 2018, pre-pay the subscription amount under the private placement to the Company, after which the Company will relend the pre-paid subscription amounts to Hunter Tankers AS, together with own existing corporate funds, in order for Hunter Tankers AS to fulfill its obligation to pay the first instalments under

8. Subsequent events cont.

the Shipbuilding Contracts. The Company owns 100% of the issued shares in Hunter Tankers AS.

The Contract Transfer Agreement's parties and structure
Pursuant to the Contract Transfer Agreement, Apollo acts as transferor and the Company acts as transferee, and the parties intend transaction contemplated by the Contract Transfer Agreement shall be undertaken in a three-step process as follows:

1. The Company (or its nominee) shall assume all rights and obligations of Apollo under the Transaction Agreements on a back-to-back basis to the effect that the Company (or its nominee) shall perform towards Apollo all obligations Apollo is obliged to perform under any of the Transaction Agreements and thereupon be entitled to the same rights and benefits from Apollo as Apollo is entitled to under the Transaction Agreements;

2. Subject to certain conditions being fulfilled, the Transaction Agreements shall be novated, transferred or assigned (as the case may be) from Apollo to the Company (or its nominee) so that the Company (or its nominee) replaces Apollo as party to or beneficiary of (as the case may be) the Transaction Agreements; and

3. In the event that the novation, transfer and assignment as aforesaid are not completed before delivery of the Vessels, the Company (or its nominee) shall become the registered owner of the Vessels upon delivery from the Builder.

Novation to Hunter Tankers AS
The Company intends to enter into a novation agreement (the "Novation Agreement"), with Apollo and the wholly owned subsidiary Hunter Tankers AS, whereby the Contract Transfer Agreement, save for the Company's rights and obligations related to the Warrants (as defined below), shall be transferred and novated from the Company to Hunter Tankers AS, and shall constitute an agreement between Apollo and Hunter Tankers AS on the terms and subject to the conditions of the Contract Transfer Agreement. The Company will guarantee the obligations of Hunter Tankers AS towards Apollo under the Novation Agreement.

Execution and effectiveness of the Contract Transfer Agreement and the Novation Agreement is conditional upon the annual general meeting of the Company to be held on 9 May 2018: (i) approving the Contract Transfer Agreement and the Novation Agreement; (ii) approving the private placement of NOK 172.5 million, directed certain towards co-investors in the Shipbuilding Contracts, with a subscription price per share of NOK 2.30; and (iii) approving issuance of the Warrants. Execution of the Contract Transfer Agreement and the Novation Agreement is not subject to any regulatory approval.

Consideration to Apollo
In consideration of Apollo entering into the Contract Transfer Agreement, Apollo shall be entitled to subscribe for new shares in the Company as follows: (i) 5,000,000 shares at a subscription amount of NOK 2.60 per share (exercisable within 3 years from the date of issuance of the Warrants); (ii) 5,000,000 shares at a subscription amount of NOK 2.90 per share (exercisable within 4 years from the date of issuance of the Warrants); and (iii) 5,000,000 shares at a subscription amount of NOK 3.20 per share (exercisable within 5 years from the date of issuance of the Warrants), together, the "Warrants". The Warrants shall be approved by the general meeting of the Company in accordance with the Norwegian Public Limited Liability Company Act 1997 section 11-12. The further details related to the Warrants are set out in the general meeting of the Company issuing the Warrants.

Other than the Warrants, Apollo will not receive any consideration for entering into the Contract Transfer Agreements.

Financing of the Shipbuilding Contracts and Vessels under the Option Agreement
The Company and Hunter Tankers AS intend to finance its obligations towards Apollo and the Builder by existing corporate funds and funds being available to the Company and Hunter Tankers AS (equity and external finance) at the time of settlement of the instalments under the Shipbuilding Contracts.

8. Subsequent events cont.

The Contract Transfer Agreement's significance for Hunter Group
The Contract Transfer Agreement represents an important milestone for Hunter Group ASA under the new tanker strategy. Based on the terms of the Shipbuilding Contracts and Option Agreement, the Company will be set for growth, and both the Company and Apollo consequently believe the transfer will be an important step for the Company to create shareholder value, and in the best interest of the Company and its shareholders.

The Board of Hunter Group ASA is pleased to announce that Mr. Erik A.S. Frydendal has accepted the position as CEO/CFO for Hunter Group ASA. Mr. Frydendal has more than 20 years of capital markets experience, most recently as a Partner in Fearnley Securities, part of the Astrup Fearnley Group. Before joining Fearnley Securities, Mr. Frydendal held leading positions at Swedbank/First Securities, Fondsfinans ASA and Christiania Markets (Nordea Securities) in Oslo, as well as Paine Webber Inc. (UBS AG) in San Francisco. Mr. Frydendal holds an MBA from Heriot Watt University and a B.Sc. in Finance from the University of Utah. Mr Frydendal will take on the position as CEO/CFO May 15th. 2018.

Furthermore, the board is also pleased to announce that Mr. Sujoy K. Seal has accepted the position as COO for Hunter Group ASA. Mr. Seal has more than 30 years of experience from the maritime industry in the newbuilding, technical and commercial segments. Mr. Seal has been involved in more than 40 newbuildings in Korea, and has held senior positions at Aurora LPG Holding ASA, Atlantic Tankers AS, Aurora Wilhelmsen Management Ltd. Hongkong, Transpetrol TM, Norway and the BW Group. Mr. Seal will be responsible for the project management and oversee the construction of our vessels, including the recruitment of an in-house site team to follow up the building programme at Daewoo Shipbuilding Marine Engineering Co. Mr. Seal holds a B.Sc. of Engineering - First class from Marine Engineering College, India, as well as all relevant STCW certificates. Mr. Seal also holds a certificate of Proficiency as Assessor issued by the Norwegian Maritime Directorate. Mr Seal will take on the position as COO immediately.

9. Subsequent events - accounting effects of the exit of Dwellop

(unaudited figures in NOK 1 000)

On 9 May 2018 it was decided in the general assembly to distribute 100 % of the shares in Dwellop AS to the Company's shareholders, ref. note 8. Dwellop AS was acquired 2 May 2017 and consolidated into Hunter Group ASA's group accounts from this date.

The table below sets out the unaudited income statement and statement of financial position for the three months ended 31 March 2018, three months ended 31 March 2017 and the year ended 31 December 2017 as if Dwellop AS was not consolidated into the Hunter Group in either of the periods presented.

	Quarters		Year
Results from continued operation	**31.03.2018**	**31.03.2017**	**31.12.2017**
Revenues	0	0	91
Total operating expenses	10 048	4 247	93 268
Operating profit (loss)	**-10 048**	**-4 247**	**-93 177**
Net financial income (loss)	-201	343	2 497
Profit (loss) before taxes	**-10 249**	**-3 904**	**-90 680**
Tax on ordinary result	0	0	0
Profit (loss) from discontinued operation	**-10 249**	**-3 904**	**-90 680**
Earnings per share	-0,08	-0,02	-0,09
Earnings per share diluted	-0,08	-0,02	-0,09

	Quarters		Year
Cash flow from continued operation	**31.03.2018**	**31.03.2017**	**31.12.2017**
Net cash (to)/from operating activities	-12 277	-4 816	-2 320
Net cash (to)/from investing activities	0	-1 243	-52 313
Net cash (to)/from financing activities	0	360 782	356 476
Net cash flow for the quarters/year	**-12 277**	**354 723**	**301 844**

9. Subsequent events - accounting effects of the exit of Dwellop cont.
(unaudited figures in NOK 1 000)

Statement of financial position from continued operations	31.03.2018	31.03.2017	31.12.2017
Total intangible assets	0	150 407	0
Total tangible assets	0	18	0
Total current receivables	18 647	1 732	18 652
Cash and cash equivalents	266 605	355 058	278 882
TOTAL ASSETS	**285 252**	**507 215**	**297 534**
Total equity	284 132	422 378	294 381
Total non-current liabilities	0	81 500	0
Total current liabilities	1 120	3 338	3 153
TOTAL EQUITY AND LIABILITIES	**285 252**	**507 215**	**297 534**

Dwellop’s order intake in 1Q 2018 has been promising with respect projects for Well Intervention Systems, which per end of April 2018 is about 85% higher than the same period in 2017. The progress with respect to the announced WOR contract as informed in a press release at 13 February 2018 were at that time subject to certain closing conditions, primarily that the yard needed to conclude on a contract between the yard and its client. The final agreement of the mentioned WOR contract has been significant delayed according to the initial time schedule, and is based on the most recent market information now assessed by management as uncertain. The company is in discussions with potential new projects, but there is material uncertainly about the outcome of the ongoing negotiations.

Dwellop’s business is highly of a binary nature with regards to the WOR projects and the value in use of the investment is primarily related to contract awards for WORs. The lower order intake in the WOR business, in addition to low activity and a high level of fixed cost, have over the few past months led Dwellop to a stressed liquidity situation. The reported operating result including group adjustments for the Dwellop segment in 1Q 2018 is negative NOK 9.2 million which is significantly lower than expected. To mitigate the situation, Dwellop has among others entered into an agreement with its employees for a temporary cost reduction programme until the situation is improved. At end of April 2018, the liquidity situation further deteriorated, and Hunter Group ASA contributed with a cash injection of NOK 10 million to solve the matter. The cash injection was also a part of the deal regarding the demerger of Dwellop.

Hunter Group ASA has performed an updated impairment assessment of the cash-generating unit for Dwellop for the reporting of 1Q 2018 based on identified triggers mentioned above.

Given Dwellop’s current situation with negative development and negative earnings in addition to the prolonged decision making process of its clients, the board of directors in Hunter Group ASA has decided to make an impairment of the book value of the goodwill related to the CGU for Dwellop with NOK 25.5 million in 1Q 2018.

10. Provisions, commitments and contingent liabilities/assets

The infringement accusations from WellPartner is moving forward and arbitration will take place in Q3/18. Hunter Group is, as disclosed earlier, held harmless should a negative outcome materialize. Management still believe that these accusations will not impact the business negatively.

The disputed termination by ENI of a rental agreement of one tension frame is moving forward. Legal proceedings are being prepared and the parties have agreed to a meeting when finalized.

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HUNTER GROUP