



Hunter Group ASA
Second-quarter results 2018

Highlights

Financial highlights

- Profit before taxes from continuing operations came in at NOK 78k in Q2 2018
- Cash position as of 30.6.2018 was NOK 666.6m, up from NOK 267.3m last quarter, consisting of NOK 420m and USD 30m.
- First installment for vessel 5455/5456/5457/5460 of USD 34.11m was made at an exchange rate of USDNOK of 8.0.

Key events in Q2 2018

- On 4 April, Henrik Christensen (Chairman), Kristin Hellebust (Board member) and Arne Fredly (Board member) were elected to the board of directors at the EGM.
- On 26 April Hunter Group entered into a definitive VLCC contract transfer agreement with Apollo Asset Ltd. Subsequently, Hunter Tankers AS was established.
- On 30 April the first installment on vessel 5455/5456/5457 of USD 25,56m was made at an exchange rate of USDNOK of 8.0.
- On 3 May Erik Frydendal was appointed CEO/CFO and Sujoy Seal was appointed COO.
- On 9 May at the AGM the shareholders of Hunter Group ASA approved the following:
 - The private placement of NOK 172,5m at NOK 2.3/sh.
 - Taking over the four VLCC construction contracts and three options from Apollo Asset Ltd on a “back-to-back” basis as contracted with Daewoo Shipbuilding Marine Engineering Co., LTD whereby the Company will assume the obligations versus the Shipyard. Total commitments for the four newbuilding contracts are USD 341.1m.
 - As a consequence of the exit of Dwellop AS, the segment Dwellop was discontinued. It was also decided in 2Q 2018 to organize the development of the VLCC construction contracts and options in a new segment; Hunter Tankers.

Key events in Q2 2018 cont.

- Distribution of Dwellop to the Company’s shareholders.
- On 11 May the board decided to exercise the options for construction of three additional vessels. Each of the option vessels has a price of USD 82.8m, plus USD 2.7m for each scrubber. First instalment, totaling USD 25.65m is expected to be paid by 15 September 2018. Estimated delivery times are 31 May 2020, 30 June 2020 and 31 July 2020. Total commitments for the three vessels are USD 256.5m.
- On 14 May the first installment on vessel 5460 of USD 8.55m was made at an exchange rate of USDNOK 8.0.
- On 18 May the Company successfully raised NOK 520m in a private placement which was approved at the EGM held on 13 June.
- On 22 May Dwellop was spun out from Hunter Group ASA.
- On 13 June the shares from the NOK 172.5m private placement started trading under the ordinary ISIN of the Company at Oslo Axess.
- On 21 June the shares from the NOK 520m private placement started trading on Oslo Axess.

Subsequent events

- On 6 July the NOK 52m subsequent offering was successfully completed.
- On 7 July another USD 20m was purchased at a USDNOK rate of 8.0.
- On 15 August the Company received an Extension on the declaration date for the Option Vessels until 17 September. Option price is still USD 92m/vessel and all three vessels are to be delivered in 1H 2021.

Business review

Hunter Group

The Groups activities since last quarter have consisted primarily of acquiring 7 VLCC's with Scrubbers to be constructed at Daewoo Shipbuilding Marine Engineering Co., Ltd. (DSME) in Korea, raising capital, spinning off Dwellop and establish a transparent and sensible corporate structure for the company going forward. Hunter Group now has two business segments; Indicator and Hunter Tankers.

Indicator

Indicator (the Badger technology) has no employees and there has been no activity in the company H1 2018. The cash burn is down to a bare minimum and is close to zero.

Hunter Tankers

Hunter Tankers AS was incorporated on the 26th of April 2018 as a Norwegian company and a wholly owned subsidiary of Hunter Group ASA. The company is expected to be primarily engaged in the construction and future chartering of the vessels. At the date of this report the Company has signed contracts for seven 300K DWT ECO design VLCCs to be constructed at Daewoo Shipbuilding Marine Engineering Co., Ltd. (DSME) in Korea. All seven vessels will be outfitted with Scrubbers from Wartsila.

Per 30 June the Company has received refund guarantees for the first four vessels, and expect to receive refund guarantees for the other three vessels mid-September. Consequently, the Company has made the first installment on the first four vessels, totaling USD 34.11m, and expects to make the first installment, totaling USD 25.65m, on the next three vessels as soon as the refund guarantees are in place.

Throughout the quarter we have worked closely with the shipyard to ensure that the vessels will be constructed and outfitted according to our expectations and specifications.

Tanker Market Update

The recycling of older tankers continued throughout the second quarter, with another ten VLCCs sold for scrap, or a total of 30 VLCCs so far in 2018. For the first half net supply was negative 8 vessels, versus plus 28 vessels for the same period last year. For VLCCs, the orderbook per June stood at 115 vessels, or abt. 16% of the sailing fleet. Recycling prices remained steady during the quarter at around USD 430/ldt, whilst VLCC newbuilding prices ex scrubber rose 3% to USD 89m.

The soft rate environment seen in 2017 has continued into 2018, with earnings averaging USD 8k/day in the first quarter and USD 9k/day in the second quarter for an YTD average of USD 9k/day (incl. a low USD 5.5k/day in May). Note that these earnings refer to non-eco vessels using traditional WS to TCE conversion. For comparison, a 2015 built Korean ECO VLCC earned an avg. of USD 18k/d in 1h18.

Oil production growth is up from abt. 0.4% in 2016/2017 to around 1.6% YTD., and is expected to accelerate further to 2.7% in 2019 assuming OPEC production reverses as indicated in June.

Financial key figures

Financial key figures in Q2

- Total operating expenses from continuing operations was NOK 5.7m. Please see note 9 for further details.
- Profit before taxes from continuing operations came in at NOK 78k in Q2 2018
- Total consolidated cash position was NOK 666.6m, up from NOK 267.3m last quarter. Please see note 8 for further details.
- Total consolidated equity was NOK 942m, mainly affected by a private placement and issuance of shares of NOK 680 and the distribution of Dwellop.
- Cash flow from operations was NOK 4.7m, mainly driven by financial income.
- NOK -272.9m were used for investments during the quarter (mainly the first installments for the VLCC construction contracts).
- Net cash flow from financing was with NOK 667.5m, mainly related to the private placement and issuance of shares.

Financial key figures in H1

- Total operating expenses from continuing operations was NOK 15.7m. Please see note 9 for further details.
- Cash flow from operations was negative with NOK -17.0m mainly driven by negative net contributions from operations before tax and the Dwellop-segment included up until 9 May.
- NOK -272.9m were used for investments during first six months (mainly the first installments for the VLCC construction contracts).
- Net cash flow from financing was with NOK 677.1m, mainly related to the private placement and issuance of shares.

Outlook

Since our last report the tanker market has developed in our favor with continued low rates (USD 9K/day YTD), rising newbuilding prices (+3-4% last quarter), high scrap steel prices (USD 420/ltd or USD 17-18m/VLCC), continued high scrapping (30 VLCCs YTD), few new newbuilding orders and increased confidence that IMO 2020 will be implemented on 1 January 2020.

Having signed contracts for 7 ECO design VLCCs - to be built at DSME, outfitted with scrubbers from Wartsila, and to be delivered right as IMO 2020 comes into effect, at a price we believe to be very attractive, we are comfortable with state of the Company.

In the near term we believe tanker rates will continue to stay weak due to an overhang of tonnage caused by the deliveries of new-buildings. However, the number of deliveries is slowing, and we believe that we are heading towards a more balanced market later this year with somewhat firmer rates. Furthermore, we believe that a reversal of the OPEC/Russia production cut, together with an increase in ton miles as most of the oil production growth comes from West of Suez, whilst most of the growth in refinery capacity will come from East of Suez should firm up rates further. As we get closer to 2020 we expect rates to firm up significantly as new regulations will trigger more scrapping. With abt. 20% or abt. 142 vessels 15 years or older we believe we will see a wave of scrapping as these vessels come up for their fourth SPS facing both installment of a Ballast Water Treatment System (BWTS) and the 2020 Sulphur cap which will be a costly affair for the ship owners.

In other words, the scrapping we are seeing today we believe is a function of low rates and high steel prices, whereas as we get closer to 2020 we expect to see an increase in scrapping due to the new regulations. All in all positive for Hunter Group.

Responsibility Statement

The Board of Directors and the CEO confirm that to the best of our knowledge the condensed set of financial statements (unaudited) as of 30 June 2018 and the first half year of 2018, which have been prepared in accordance with IAS 34 - Interim Financial Reporting, gives 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, 22 August 2018

The board of directors and Chief Executive Director
Hunter Group ASA

Henrik August Christensen
Chairman of the board

Arne Helge Fredly
Board member

Kristin Hellebust
Board member

Erik A. S. Fryndal
CEO

Condensed consolidated financial statements for the first half 2018

Consolidated income statement

	Quarters		Note	Year to date		
	Q2 2018	Q2 2017		30.06.2018	30.06.2017	31.12.2017
<i>(Unaudited figures in NOK 1 000)</i>						
<i>Continuing operations</i>						
Revenues						
Revenues	0	0		0	0	91
Total Revenues	0	0		0	0	91
Operating expenses						
Raw materials and consumables	0	-246		0	-743	-744
Payroll expenses	1 350	2 592		1 930	5 821	8 871
Depreciation and amortisation expense	0	3		0	7	22
Net write-down intangible assets and capitalized grants	0	69 374	3	0	69 374	69 374
Other operating expenses	4 333	7 256	4, 9	13 801	9 624	17 660
Capitalised development cost	0	-1 058		0	-1 915	-1 915
Total operating expenses	5 683	77 921		15 731	82 168	93 268
Operating profit (loss) continuing operations	-5 683	-77 921		-15 731	-82 168	-93 177
Interest income	1 400	908		1 400	1 332	2 622
Finance income	4 360	0		4 360	0	0
Interest expenses	0	-3		-1	-54	-54
Other financial expenses	0	-2		-201	-32	-71
Net financial income (loss)	5 760	903		5 558	1 246	2 497
Profit (loss) before taxes from continuing operations	78	-77 018		-10 172	-80 922	-90 680
Tax on ordinary result	-3 603	-4 337		-3 603	-4 337	-4 337
Net profit (loss) from continuing operations	-3 526	-81 355		-13 776	-85 259	-95 017
<i>Discontinued operations</i>						
Net profit (loss) from discontinued operations	-22	15 245		-34 557	15 245	-1 311
Net profit (loss)	-3 548	-66 110		-48 333	-70 014	-96 328
Earning per share	-0,01	-0,07		-0,25	-0,08	-0,09
Earnings per share diluted	-0,01	-0,08		-0,07	-0,10	-0,09
Earnings per share continuing operations	-0,01	-0,08		-0,07	-0,10	-0,09
Earnings per share diluted continuing operations	-0,01	-0,08		-0,07	-0,10	-0,09
<i>(Unaudited figures in NOK 1 000)</i>						
Total comprehensive income				30.06.2018	30.06.2017	31.12.2017
Profit (loss) for the period	-3 526	-81 355		-13 776	-85 259	-95 017
Other	0	0		0	0	0
Translation differences	0	0		0	0	0
Comprehensive income for the period	-3 526	-81 355		-13 776	-85 259	-95 017
Total comprehensive income attributable to:						
Equity holders of the parent	-3 526	-81 355		-13 776	-85 259	-95 017
Non-controlling interest	0	0		0	0	0
Total comprehensive income	-3 526	-81 355		-13 776	-85 259	-95 017

Consolidated balance sheet

Assets

<i>(Unaudited figures in NOK 1 000)</i>	Note	30.06.2018	31.03.2018	30.06.2017	31.12.2017
NON-CURRENT ASSETS					
Research and development		0	16 402	20 688	17 830
Patents and customer relationships		0	17 542	21 648	18 911
VLCC shipbuilding contracts	6	10 000	0	0	0
Goodwill		0	33 185	58 655	58 655
Total intangible assets		10 000	67 129	100 991	95 396
Property, plant, equipment & machineries		38	26 696	27 206	27 884
VLCC under construction	6	272 878	0	0	0
Total tangible assets		272 916	26 696	27 206	27 884
TOTAL NON-CURRENT ASSETS		282 916	93 825	128 197	123 280
CURRENT ASSETS					
Inventories		0	29 204	1 188	20 368
Total inventories		0	29 204	1 188	20 368
Accounts receivables		0	15 004	48 314	21 073
Other short-term receivables		64	5 892	6 816	4 873
Total current receivables		64	20 896	55 130	25 946
Cash and cash equivalents	2, 8	666 623	267 333	286 815	279 456
TOTAL CURRENT ASSETS		666 686	317 433	343 133	325 770
TOTAL ASSETS		949 603	411 258	471 330	449 050

Equity and Liabilities

<i>(Unaudited figures in NOK 1 000)</i>	Note	30.06.2018	31.03.2018	30.06.2017	31.12.2017
EQUITY					
Share capital	2	460 823	163 948	163 948	163 948
Share premium	2, 7	481 420	508 844	508 844	508 844
Other equity	2	0	-302 439	-231 419	-257 654
TOTAL EQUITY		942 242	370 353	441 373	415 138
LIABILITIES					
Other interest-bearing debt		0	0	13 500	11 700
Total non-current liabilities		0	0	13 500	11 700
Trade creditors		1 372	7 570	7 483	8 587
Accrued public charges and indirect taxes		551	2 153	563	3 161
Taxes payable		0	0	0	0
Short-term derivatives		0	-16	0	24
Debt financial institutions		0	25 073	3 600	3 600
Other current liabilities		5 437	6 125	4 811	6 840
Total current liabilities		7 360	40 905	16 457	22 212
TOTAL LIABILITIES		7 360	40 905	29 957	33 912
TOTAL EQUITY AND LIABILITIES		949 603	411 258	471 330	449 050

Consolidated cash flow statement

Note: Changes in various cash flow items is reflecting the change in Dwellop's items up until the exit 9 May 2018.

<i>(Unaudited figures in NOK 1 000)</i>	Quarters			Year to date		
	Q2 2018	Q2 2017	Note	30.06.2018	30.06.2017	31.12.2017
Contribution from operations before tax	-4 559	-8 423		-19 666	-12 633	-31 263
Change in accounts receivables and accounts payables	-4 205	-12 170		847	-11 306	17 101
Change in inventory	4 461	7 716		-4 375	7 716	-11 464
Change in other receivables and payables and other	8 980	-5 043		6 198	-6 513	80
Net cash flow from operating activities	4 677	-17 920		-16 996	-22 736	-25 546
Capitalization of development cost	0	-1 058		0	-1 915	-1 915
Investments in PPE & intangible assets	-272 916	386	6	-272 916	0	-3 647
Acquisition of a subsidiary, net of cash acquired	0	-50 522		0	-50 522	-50 522
Net cash flow from investment activities	-272 916	-51 194		-272 916	-52 437	-56 084
Public grants	0	1 061		0	1 061	1 061
Interest received	1 400	926		1 401	1 350	2 661
Interest paid	-32	-251		-256	-302	-715
Proceeds from borrowings financial institution	-10 673	-865		-900	-7 754	-9 554
Capital contribution	692 500	0	2	692 500	385 368	385 368
Transaction cost capital contribution	-15 667	0	2	-15 667	-18 069	-18 069
Net cash flow from financing activities	667 529	871		677 079	361 653	360 751
Total net changes in cash flow	399 290	-68 243		387 167	286 479	279 121
Cash and cash equivalents beginning of period	267 333	355 058		279 456	335	335
Cash and cash equivalents end of period	666 623	286 815		666 623	286 814	279 456
Profit (loss) before tax from continuing operations	78	-77 016		-10 172	-80 920	-90 680
Profit (loss) before tax discontinued operations	-22	15 245	7	-34 557	-2 555	-19 167
Profit (loss) before tax	56	-61 771		-44 729	-83 475	-109 847
Employee options	0	0		0	64	142
Depreciation	4 950	2 447		8 935	2 451	11 013
Net write-down intangible assets and capitalized grants	-8 197	69 374		17 273	69 374	69 374
Financial income	-1 400	-926		-1 401	-1 350	-2 661
Financial expenses	32	251		256	302	715
* Contribution from operations before tax	-4 559	9 375		-19 666	-12 633	-31 263

Consolidated statement of changes in equity

<i>(Unaudited figures in NOK 1 000)</i>	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 H1 2017		0	0	0	-70 014	-70 014
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
Issuance of shares 22 May 2017		24 038	56 731	0	0	80 769
Transactions costs (after tax) and reclassifications		0	-13 733	-3 935	3 935	-13 733
Option plan payment and other		0	0	0	64	64
Equity as of 30.06.2017		163 947	508 843	0	-231 418	441 373
Total comprehensive income H2 2017		0	0	0	-26 314	-26 314
Option plan payment and other		0	0	0	79	79
Equity as of 31.12.2017		163 947	508 843	0	-257 653	415 138
Total comprehensive income H1 2018		0	0	0	-48 333	-48 333
Private placement 9 May 2018	2	93 750	78 750	0	0	172 500
Issuance of shares 14 June 2018	2	203 125	316 875	0	0	520 000
Transactions costs (after tax)	2	0	-12 063	0	0	-12 063
Warrents related to VLCC shipbuilding contract:	6	0	0	10 000	0	10 000
Distribution of Dwellop	7	0	-115 000	0	0	-115 000
Option plan payment and other		0	-295 986	-10 000	305 986	0
Equity as of 30.06.2018		460 822	481 420	0	0	942 242

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

1. Accounting principles

These condensed interim financial statements of Hunter Group were authorized for issue by the Board of Directors on 22 August 2018.

The interim condensed consolidated financial statements for the three and six months ending 30 June 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 9 Financial Instruments effective as of 1 January 2018. The adoption of this standard 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 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 hold 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.

2. 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, HUNT 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.

On 9 May 2018, the private placement consisting of 75,000,000 new ordinary shares for gross proceeds of NOK 172.5 million with a subscription price of NOK 2.30 was registered in The Register of Business Enterprises.

On 18 May 2018, issuance of subscription rights to all shareholders in the Company as of 16 May, who were not allocated Offer shares in the Private Placement (NOK 520M) and who are not resident in a jurisdiction where such offering would be unlawful or require a prospectus filing or similar. Subscription price NOK 3.2.

On 30 May 2018, distribution of all the Company's 206,158,013 shares in Dwellop AS as a PIK dividend to all shareholders on record per 18 May 2018.

On 14 June 2018, HUNT has issued 162,500,000 new ordinary shares for gross proceeds of NOK 520.0 million with a subscription price of NOK 3.20, and registered it in The Register of Business Enterprises.

3. Segment information

The operating segments were first established in May 2017 when the Company acquired Dwellop AS. In Q2 2018 the Dwellop-segment was discontinued, ref. note 7. It was also decided in 2Q 2018 to organize the development of the VLCC construction contracts and options in a new segment; Hunter Tankers. Hunter Tankers will also organize the future chartering of the vessels.

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
- Hunter Tankers, which develops the VLCC construction contracts and options (as from 2Q 2018)

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.

<i>(Unaudited figures in NOK 1 000)</i>	Adjustments and				
Six months ended 30 June 2018	Hunter Group	Hunter Tankers	Indicator	eliminations	Consolidated
<i>Type of goods or services</i>					
Other revenues	0	0	0	0	0
Total revenues	0	0	0	0	0
<i>Geographical marked</i>					
Norway	0	0	0	0	0
Other countries	0	0	0	0	0
Total revenues	0	0	0	0	0
<i>Timing of revenue recognition</i>					
Goods transferred at a point in time	0	0	0	0	0
Services transferred over time	0	0	0	0	0
Total revenues	0	0	0	0	0
Income / (expenses)					
Depreciation and amortization	0	0	0	0	0
Net impairment charges	0	0	0	0	0
Segment profit (loss)	-15 657	4 348	-113	-38 160	-49 583
Total assets	943 801	529 420	-137	-524 882	948 203
Additions in property, plant, equipment & machineries	38	0	0	0	38
Total liabilities	1 789	515 032	260	0	7 360

3. Segment information cont.

(Unaudited figures in NOK 1 000)

Twelve months ended 31 December 2017	Hunter Group	Hunter Tankers	Indicator	Dwellop	Adjustments and eliminations	Consolidated
<i>Type of goods or services</i>						
Other revenues	0	0	91	0	0	91
Total revenues	0	0	91	0	0	91
<i>Geographical marked</i>						
Norway	0	0	91	0	0	91
Other countries	0	0	0	0	0	0
Total revenues	0	0	91	0	0	91
<i>Timing of revenue recognition</i>						
Goods transferred at a point in time	0	0	91	0	0	91
Services transferred over time	0	0	0	0	0	0
Total revenues	0	0	91	0	0	91
Income / (expenses)						
Depreciation and amortization	7	0	15	0	0	22
Net impairment charges*	0	0	69 374	0	0	69 374
Segment profit (loss)	-20 245	0	-70 435	0	-5 648	-96 328
Total assets	423 228	0	803	87 060	-62 043	449 049
Additions in property, plant, equipment & machine	0	0	0	-3 662	15	-3 647
Total liabilities	2 066	0	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.

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

4. 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 six months of 2018. All related party transactions have been entered into on an arm's length basis.

Transactions with related parties	30.06.2018	31.12.2017
Purchased services in NOK 1 000	2 474	4 869

4. Transactions with related parties cont.

Middelborg AS, has invoiced the Company NOK 3 509 994 for 2017, mainly for interim CEO services from February to December. For the first six months of 2018, Middelborg AS has invoiced the Company NOK 1 933 591. Mainly related to services from Mr. Vegard Urnes, Investment Manager of Middelborg AS, and former CEO of Hunter Group ASA.

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. NOK 540 000 were invoiced the Company for the first six months of 2018. Mr. Bergsvik no longer has any role in Hunter Group ASA.

On 26 April 2018 Hunter Group entered into a definitive VLCC contract transfer agreement with Apollo Asset Ltd. Apollo Asset Ltd. is 100% owned by Mr. Arne Fredly, Board member and largest shareholder of Hunter Group ASA.

5. 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 30 June 2018 net temporary differences for the Group is estimated to approximately NOK -366m. Calculated net deferred tax asset (23%) of approximately NOK 84m has not been recognized in the Consolidated Financial Statements as per 30 June 2018.

6. VLCC under construction

The Company has entered into four shipbuilding contracts and four corresponding supplemental agreements for the construction and delivery of four 300,000 DWT ECO Design Crude Oil Tankers, having Builder's hull Nos. 5455, 5456, 5457 and 5460, and one option agreement dated 27 February 2018 for the construction and delivery of three optional vessels with identical specifications.

The Company received satisfactory refund guarantees for the first three VLCCS (Hull nr. 5455, Hull nr. 5456 and Hull nr. 5457) to be constructed at Daewoo Shipbuilding Marine Engineering Co., Ltd and has on 30 April made the first instalment for each contract, totaling USD 25.56m at USDNOK 8.0 (NOK 272.9m), to the Shipyard. On 14 May the Company received the refund guarantee for hull nr. 5460 and subsequently the first installment of USD 8,55m was made to the yard.

The board decided on 11 May 2018 to exercise the options for construction three additional vessels. Each of the option vessels have a price of USD 82.8m, plus USD 2.7m for scrubber. First instalment, totaling USD 25,65m is expected to be paid by mid September 2018. Estimated delivery times are 31 May 2020, 30 June 2020 and 31 August 2020.

7. Accounting effects of the exit of Dwellop (discontinued operations)

(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. Dwellop AS was acquired 2 May 2017 and consolidated into Hunter Group ASA's group accounts from this date. A valuation of Dwellop was performed by Hunter Group ASA in connection with the change of the share ownership in the company, valuing Dwellop to NOK 115 million (including equity injections in 2Q of NOK 28.8 million). The formal distribution of the shares was 30 May 2018.

The table below sets out the unaudited income statements, the statements of financial position and the cash flow statements for the part related to Dwellop (discontinued operations) for the periods presented.

Results related to Dwellop	Quarters		Year to date		Year
	09.05.2018	30.06.2017	09.05.2018	30.06.2017	31.12.2017
Revenues	7 954	23 045	13 744	23 045	43 797
Total operating expenses	7 119	25 541	47 560	25 541	61 729
Operating profit (loss)	835	-2 496	-33 816	-2 496	-17 932
Net financial income (loss)	-858	-55	-741	-55	-1 235
Profit (loss) before taxes	-22	-2 551	-34 557	-2 551	-19 167
Tax on ordinary result	0	-17 796	0	-17 796	-17 856
Profit (loss)	-22	15 245	-34 557	15 245	-1 311
Earnings per share	0,00	0,02	-0,18	0,02	0,00
Earnings per share diluted	0,00	0,02	-0,18	0,02	0,00

Cash flow related to Dwellop	Year to date		Year
	09.05.2018	30.06.2017	31.12.2017
Net cash (to)/from operating activities	-290	-8 258	-23 226
Net cash (to)/from investing activities	0	-124	-3 771
Net cash (to)/from financing activities	-6 105	8 506	4 275
Net cash flow for the quarters/year	-6 395	125	-22 722

Statement of financial position related to Dwellop	09.05.2018	31.03.2018	30.06.2017	31.12.2017
Total intangible assets	69 321	67 129	100 991	95 396
Total tangible assets	26 299	26 696	27 191	27 884
Total inventories and current receivables	44 446	50 233	53 994	46 442
Cash and cash equivalents	-753	728	124	574
TOTAL ASSETS	139 313	144 786	182 300	170 296
Total equity	115 000	105 001	156 013	139 537
Total non-current liabilities	0	0	13 500	11 700
Total current liabilities	24 313	39 785	12 787	19 059
TOTAL EQUITY AND LIABILITIES	139 313	144 786	182 300	170 296

8. Cash and cash equivalents

Of the NOK 666.6m in cash and cash equivalents as per 30 June 2018, where NOK 420m are in NOK and NOK 247m are in USD. (Exchanged at USDNOK rate 8.00.)

9. Specification of other operating expenses continued operations

(unaudited figures in NOK 1 000)

<i>Other operating expenses</i>	Quarters		Year to date		Year
	Q2 2018	Q2 2017	30.06.2018	30.06.2017	31.12.2017
Office rent	142	131	306	235	649
IT and office-related expenses	275	209	519	441	696
Audit, audit-related services and accounting fees	1 535	1 124	3 984	1 219	1 962
Various legal fees	2 103	5 157	8 520	6 702	11 976
Insurance, car, travel and other expenses	277	635	471	1 027	2 378
Total	4 333	7 256	13 801	9 624	17 660

Included in various fees per 30.06.2018 are one-off costs related to the negotiations with IKM for possible acquisition NOK 7.3m, whereof the remaining costs mainly relates to the Dwellop-exit and the acquisition of the VLCC construction contracts.

10. Subsequent events

On 19 July 2018 a subsequent offering of up to NOK 52,000,000 was resolved by issuance of up to 16,250,000 new shares (the "Offer Shares"), each with a par value of NOK 1.25, at a subscription price of NOK 3.20 per share (the "Subsequent Offering"). The share capital increase pertaining to the Offer Shares has been registered with the Norwegian Register of Business Enterprises. The Company's new registered share capital is NOK 481,135,016.29, consisting of 384,908,013 shares with a par value of NOK 1.25 per share.

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