



Hunter Group ASA
Fourth-quarter results 2018

Highlights

Financial highlights

- Net Profit from continuing operations came in at NOK 10.6m in Q4 2018. The net profit in Q4 is mainly attributable to a combination of financial income and advisory fees.
- Total operating expenses from continuing operations was NOK 4.3m, whereof NOK 0.9m relates to payroll expenses. The NOK 3.4m in other operating expenses consists of NOK 0.7m in general operating expenses and NOK 2.7m in legal fees related to Dwellop-exit etc., which is mainly a reclassification from other equity to other operating expenses in Q4. For further details, please see note 9.
- Total consolidated adjusted cash position NOK 519.1m consisted of NOK 304.1m in cash and cash equivalents and NOK 215.1m in USD time deposit placements (USD 28.8m).

Key events in Q4 2018

- Plan approval process is well underway and close to completion. Management is very pleased with both progress and outcome.
- In mid-October Hunter Group ASA was chosen as Technical Advisor by Hartree Maritime Partners, LLC to conduct the building supervision for Hartree's 4 VLCC vessels under construction at DSME. Hunter Group ASA will receive a fee for this service.
- Hunter Tankers AS signed a contract for one additional VLCC, H.no 5470, at DSME, with identical specifications. This takes the Group's total fleet order to 8 vessels.
- Steel cutting has been completed on vessels, H.no. 5455, 5456, 5457 and 5460. The building project is on time and within budget.
- Hunter Tankers AS received refund guarantees on vessels, H.no. 5465, 5466 and 5467, and has consequently made the first installment on these vessels on November 2.

Subsequent events

- DSME has in January 2019 agreed to further extend the option agreement for three additional vessels until February 28th, 2019. The price is USD 93.6 million per vessel and the delivery time is unchanged (within 1st half of 2021).
- First installment was made on vessel H.no. 5470 upon receipt of the refund guarantee from the yard. Second installment made on vessels H.no. 5455 and 5456 in accordance with the building contracts.

Business review

Hunter Group

Since last quarter the Group has continued to work on plan approval, which is still in progress and on schedule. A site office in Korea was established mid-October.

In mid-October Hunter Group ASA was chosen as Technical Advisor by Hartree Maritime Partners, LLC to conduct the building supervision for Hartree's 4 VLCC vessels under construction at DSME. Hunter Group ASA will receive a fee for this service.

Furthermore, the Group has been exploring viable world class solutions for technical and commercial management of the fleet. This process is in its final stages and management intends to have the process completed in the near future.

In addition, the Group has spent time with several reputable financial institutions exploring various financing options. Management is confident it will be able to secure financing at favorable terms and conditions and aim to have a solution in place by mid-May.

Based on the current cash and cash equivalent position Hunter Group ASA has no immediate plans to raise additional equity.

The Group moved into new corporate headquarters at Dronningen 1 in Q4.

Indicator

Indicator (the Badger technology) has no employees and there has been no activity in the company in 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.

In Q4 Hunter Tankers AS has received refund guarantees on vessels, H.no. 5465, 5466 and 5467, and has consequently made the first installment on these vessels.

On November 2, Hunter Takers AS signed a contract for one additional VLCC, H.no 5470, at DSME, with identical specifications. This takes the Group's total fleet order to 8 vessels. As a part of the negotiations, the Group was able to achieve earlier delivery schedules for vessels, H.no. 5465, 5466 and 5467, by a total of 4 months. The refund guarantee on vessel H.no. 5470 was received on January 11th and consequently the first installment on vessel H.no. 5470 has been paid as per the building contract. As per the date of this report the first installment has been made on all 8 vessels, and the second installment has been made on vessel H.no. 5455 and 5456.

Steel cutting has been completed on vessels, H.no. 5455, 5456, 5457 and 5460. The building project is on time and within budget.

Tanker Market Update

2018 turned out to be a year of contrasts and volatility. In the first three quarters of the year VLCC rates averaged USD 9,900/day which is below most owners' cash break-even. In the fourth quarter the market firmed up significantly and rates averaged USD 46,300/day, significantly better than analyst expectations. Although USD 46,300/day is a lot higher than the minuscule USD 9,900/day we saw in Q1-Q3, it is nothing out of the ordinary. In fact, it is just in line with median Q4 earnings experienced since year 2000. For the year as a whole earnings ended at USD 18,300/day.

As rates started to move up, scrapping grinded to a halt, and the total number of VLCC's sold for scrap in 2018 was 36, more or less identical to the number of ships being delivered. Although the number of vessels scrapped in 2018 was relatively high, we are not running out of scrapping candidates anytime soon as 20% of the fleet turns 15 years or older in 2019.

The question many owners have asked themselves in 2018 has been: "To scrub or not to scrub," and with fuel spreads narrowing and a possible ban by several countries on the discharge from open loop scrubbers the answer to that question has not been made any easier. This debate will undoubtedly continue as we get closer to the IMO 2020 deadline.

Financial key figures

Financial key figures in Q4

- Net profit from continuing operations came in at NOK 10.6m in Q4 2018.
- Other operating expenses from continuing operations was NOK 3.4m. Please see note 9 for further details.
- Total consolidated adjusted cash position NOK 519.1m consisted of NOK 304.1m in cash and cash equivalents and NOK 215.1m in USD time deposit placements (USD 28.8m).
- Total consolidated equity was NOK 1,012.4m, mainly affected by a private placement and issuance of shares of NOK 744.6m and the distribution of Dwellop.
- Cash flow from operations was NOK 5.5m, mainly driven by a realized currency exchange gain on USD time deposit placement.

Financial key figures in 2018

- Net cash flow from financing was NOK 737.7m, mainly related to the private placements and the issuance of shares.
- NOK -697.7m were used for investments during the year, mainly related to the first installments for the VLCC construction contracts of NOK -482.6m and NOK -215.1 in net placement in the USD time deposit account.
- Cash flow from operations was negative with NOK -15.4m, mainly driven by negative net contributions from the Dwellop-segment included up until 9 May.
- Other operating expenses from continuing operations was NOK 18.9m. Please see note 9 for further details.

Outlook

Over the last 10 years VLCC earnings have averaged about USD 27,000/day which is barely enough to cover the industry's average cash break-even. But that is not the full picture. In fact, in six out of the last 10 years average rates have been below the industry's cash break-even, and below newbuilding parity. This means that owners on average have been losing money in six out of the last 10 years. This is clearly an unsustainable situation.

The harsh reality is that if charterers want owners to continue to provide them with services, rates will have to come up over the next 1-2 years or else we will see many owners being forced to permanently moor their vessels. In the near term the tanker market appears challenging with cuts in oil production from OPEC, trade tensions between China and the US and refineries shutting down to prepare for IMO 2020.

But, in the longer term the market outlook is positive. The supply demand balance is clearly improving, and the orderbook in the tanker segment is close to all time low levels. The number of vessels coming up for costly periodic surveys is high and many owners may not have, or are able to secure, the funds needed to pay for the surveys and necessary upgrades and may subsequently be forced to scrap their older vessels. Scrap steel prices above USD 400/t may help owners make the difficult decision to moor their vessels once and for all. Furthermore, GDP growth continues to look strong, oil consumption continues to increase, and oil stock piles are below five-year averages. On top of that we have IMO 2020 which we should start to see the effects of in H2 2019 as owners and refineries prepare for the January 1st deadline.

All in all, Hunter Group is looking forward to taking delivery of eight top of the line, scrubber fitted, fuel efficient VLCC's right as IMO 2020 comes into effect.

Condensed consolidated financial statements for Q4 2018

Consolidated income statement

<i>(Unaudited figures in NOK 1 000)</i>	Quarters			Year to date	
	Q4 2018	Q4 2017	Note	31.12.2018	31.12.2017
<i>Continuing operations</i>					
Revenues					
Revenues	435	0		435	91
Total Revenues	435	0		435	91
Operating expenses					
Raw materials and consumables	0	-334		0	-744
Payroll expenses	854	2 902		3 781	8 871
Depreciation and amortisation expense	0	0		0	22
Net write-down intangible assets and capitalized grants	0	0	3	0	69 374
Other operating expenses	3 418	3 961	4, 9	18 851	17 660
Capitalised development cost	0	0		0	-1 915
Total operating expenses	4 273	6 529		22 631	93 268
Operating profit (loss) continuing operations	-3 837	-6 529		-22 196	-93 177
Interest income	2 649	986		7 227	2 622
Finance income	11 160	0	5	20 186	0
Interest expenses	0	0		-1	-54
Other financial expenses	-6	0		-207	-71
Net financial income (loss)	13 803	986		27 206	2 497
Profit (loss) before taxes from continuing operations	9 965	-5 543		5 010	-90 680
Tax on ordinary result	639	0		-2 964	-4 337
Net profit (loss) from continuing operations	10 605	-5 543		2 046	-95 017
<i>Discontinued operations</i>					
Net profit (loss) from discontinued operations	0	-12 292	7	-34 557	-1 311
Net profit (loss)	10 605	-17 835		-32 511	-96 328
Earning per share	0,03	-0,02		-0,11	-0,09
Earnings per share diluted	0,03	-0,02		-0,11	-0,09
Earnings per share continuing operations	0,03	-0,01		0,01	-0,09
Earnings per share diluted continuing operations	0,03	-0,01		0,01	-0,09
<i>(Unaudited figures in NOK 1 000)</i>	Q4 2018	Q4 2017		31.12.2018	31.12.2017
Total comprehensive income					
Net profit (loss)	10 605	-17 835		-32 511	-96 328
Net profit (loss) from discontinued operations	0	-12 292		-34 557	-1 311
Comprehensive income for the period continuing operations	10 605	-5 543		2 046	-95 017
Total comprehensive income attributable to:					
Equity holders of the parent	10 605	-5 543		2 046	-95 017

Consolidated balance sheet

Assets

<i>(Unaudited figures in NOK 1 000)</i>	Note	31.12.2018	30.09.2018	31.12.2017
NON-CURRENT ASSETS				
Research and development		0	0	17 830
Patents and customer relationships		0	0	18 911
Goodwill		0	0	58 655
Total intangible assets		0	0	95 396
Property, plant, equipment & machineries		83	83	27 884
VLCC under construction	6	492 482	282 878	0
Total tangible assets		492 564	282 961	27 884
TOTAL NON-CURRENT ASSETS		492 564	282 961	123 280
CURRENT ASSETS				
Inventories		0	0	20 368
Total inventories		0	0	20 368
Trade receivables		0	0	21 073
Other short-term receivables	5	2 004	2 287	4 873
Total current receivables		2 004	2 287	25 946
Other financial investments	5, 8	215 107	411 577	0
Total other financial investments		215 107	411 577	0
Cash and cash equivalents	2, 5, 8	304 110	306 331	279 456
TOTAL CURRENT ASSETS		521 222	720 195	325 770
TOTAL ASSETS		1 013 786	1 003 156	449 050

Equity and Liabilities

<i>(Unaudited figures in NOK 1 000)</i>	Note	31.12.2018	30.09.2018	31.12.2017
EQUITY				
Share capital	2	481 135	481 135	163 948
Share premium	2, 7	531 069	518 324	508 844
Other equity	2	0	0	-257 654
TOTAL EQUITY		1 012 204	999 459	415 138
LIABILITIES				
Other interest-bearing debt		0	0	11 700
Total non-current liabilities		0	0	11 700
Trade creditors		1 145	2 746	8 587
Accrued public charges and indirect taxes		75	142	3 161
Short-term derivatives		0	0	24
Debt financial institutions		0	0	3 600
Other current liabilities		363	808	6 840
Total current liabilities		1 582	3 697	22 212
TOTAL LIABILITIES		1 582	3 697	33 912
TOTAL EQUITY AND LIABILITIES		1 013 786	1 003 156	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	
	Q4 2018	Q4 2017	Note	31.12.2018	31.12.2017
Contribution from operations before tax	7 317	-9 430		-10 312	-31 263
Change in accounts receivables and accounts payables	-1 600	7 699		620	17 101
Change in inventory	0	-7 094		-4 375	-11 464
Change in other receivables and payables and other	-231	5 232		-1 293	80
Net cash flow from operating activities	5 485	-3 593		-15 360	-25 546
Capitalization of development cost	0	0		0	-1 915
Investments in PPE & intangible assets	-209 604	-3 647	6	-482 564	-3 647
Investments in other financial investments	-270 842	0		-682 420	0
Sale of other financial investments	467 312	0		467 312	0
Acquisition of a subsidiary, net of cash acquired	0	0		0	-50 522
Net cash flow from investment activities	-13 134	-3 647		-697 672	-56 084
Public grants	0	0		0	1 061
Interest received	2 649	994	5	7 228	2 661
Interest paid	0	-224		-256	-715
Proceeds from borrowings financial institution	0	-900		-900	-9 554
Capital contribution	0	0	2	744 500	385 368
Transaction cost capital contribution	2 779	0	2	-12 888	-18 069
Net cash flow from financing activities	5 428	-131		737 685	360 751
Total net changes in cash flow	-2 220	-7 371		24 654	279 121
Cash and cash equivalents beginning of period	306 331	286 827		279 456	335
Cash and cash equivalents end of period	304 110	279 456		304 110	279 456
Profit (loss) before tax from continuing operations	9 965	-5 544		5 010	-90 680
Profit (loss) before tax discontinued operations	0	-8 014	7	-34 557	-19 167
Profit (loss) before tax	9 965	-13 558		-29 547	-109 847
Employee options	0	17		0	142
Depreciation	0	4 881		8 935	11 013
Net write-down intangible assets and capitalized grants	0	0		17 273	69 374
Financial income	-2 649	-994	5	-7 228	-2 661
Financial expenses	0	224		256	715
* Contribution from operations before tax	7 317	-9 430		-10 312	-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 Q4 2017 YTD		0	0	0	-96 328	-96 328
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	143	143
Equity as of 31.12.2017		163 947	508 843	0	-257 653	415 138
Total comprehensive income Q4 2018 YTD		0	0	0	-32 511	-32 511
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	-9 923	0	0	-9 923
Warrants related to VLCC shipbuilding contracts	6	0	0	10 000	0	10 000
Distribution in kind, shares in Dwellop AS	7	0	-115 000	0	0	-115 000
Issuance of shares 19 July 2018	2	20 313	31 688	0	0	52 000
Reclassifications		0	-280 164	-10 000	290 164	0
Equity as of 31.12.2018		481 135	531 068	0	0	1 012 204

Notes to the Hunter Group condensed consolidated financial statements for Q4 2018

1. Accounting principles

These condensed interim financial statements of Hunter Group were authorized for issue by the Board of Directors on 28 February 2019.

The interim condensed consolidated financial statements for the twelve months ending 31 December 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.

Construction in progress

Construction in progress is stated at cost, net of accumulated impairment losses, if any.

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

On 24 October Hunter Group ASA was appointed Senior Technical Advisor for Hartree Maritime Partners. Hunter Group will provide technical newbuild supervision services for Hartree's four VLCC vessels. Hunter Group will use its best efforts to ensure that the Hartree Vessels and the Hunter Vessels are identical to the maximum extent possible. The intention is to form a new scrubber fitted pool to operate the fleet of 11 sister vessels. The agreement will provide both companies with significant cost savings and synergies. In addition Hunter Group will receive a fee for its services. These fees follow an agreed upon payment plan divided into steel cutting, keel laying for the first block, when the vessel leaves dry land and becomes waterborne, and when the buyers accepts delivery.

As from the date of completion of planning and accept from customer, the fee of 50 % is considered earned (point in time). Thereafter the Group earns the right to payment of the remaining 50 % over time. For 2018 the only contract with effect was a contract with a point in time earned fee.

Transition

The Group 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 was immaterial. It is the Group'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. As the business performed in 1Q 2018 and earlier was replaced by new business and do not represent relevant information of the business going forward, we refer to the first quarter report for further details of the IFRS 15 implementation effects.

Notes to the Hunter Group condensed consolidated financial statements for Q4 2018

Accounting effect of the new standards cont.

IFRS 16 Leases

Effective from 1 January, 2019, IFRS 16 covers the recognition of leases and related disclosure in the financial statements, and replaces 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. With regards to lessor accounting IASB has decided to substantially carry forward the lessor accounting model in IAS 17. The standard requires adoption either on a full retrospective basis, or retrospectively with the cumulative effect of initially recognizing the standard as an adjustment to retained earnings at the date of initial application.

The Company has reviewed its rental agreements for assessing if these will change category from operational to financial lease at time of implementing the new standard. The new standard is expected to have an impact on the accounting of leasing of premises as the Company rent the buildings it operates its business from.

The analysis has not identified any significant leasing items. IFRS 16 will be implemented using the modified retrospective method. The remaining undiscounted lease obligations as of 31.12.18 is not significant.

Hunter Group adopted IFRS 16 on 1 January, 2019.

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.

On 19 July 2018, HUNT has issued 16,250,000 new ordinary shares for gross proceeds of NOK 52.0 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 and follow-up of the VLCC contracts
- 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>	Hunter		Adjustments and		
Twelve months ended 31 December 2018	Group	Hunter Tankers	Indicator	eliminations	Consolidated
<i>Type of goods or services</i>					
Other revenues	435	0	0	0	435
Total revenues	435	0	0	0	435
<i>Geographical marked</i>					
Norway	0	0	0	0	0
Other countries	435	0	0	0	435
Total revenues	435	0	0	0	435
<i>Timing of revenue recognition</i>					
Goods transferred at a point in time	435	0	0	0	435
Services transferred over time	0	0	0	0	0
Total revenues	435	0	0	0	435
Income / (expenses)					
Depreciation and amortization	0	0	0	0	0
Net impairment charges	0	0	0	0	0
Segment net profit (loss)	6 072	-3 316	-132	-35 135	-32 511
Total assets	1 017 694	494 260	-183	-497 984	1 013 786
Additions in property, plant, equipment & machineries	83	482 482	0	0	482 564
Total liabilities	1 159	160 466	233	-160 275	1 582

3. Segment information cont.

<i>(Unaudited figures in NOK 1 000)</i>	Adjustments and					
Twelve months ended 31 December 2017	Hunter Group	Hunter Tankers	Indicator	Dwellop	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
<i>Income / (expenses)</i>						
Depreciation and amortization	7	0	15	0	0	22
Net impairment charges*	0	0	69 374	0	0	69 374
Segment net 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 & machir	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 2018. All related party transactions have been entered into on an arm's length basis.

Transactions with related parties	31.12.2018	31.12.2107
Purchased services in NOK 1 000	5 409	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 three months of 2018, Middelborg AS has invoiced the Company NOK 1 933 591. Mainly related to Mr. Vegard Urnes, Investment Manager of Middelborg AS, and former CEO of Hunter Group. ASA. The contract was terminated in May 2018.

In May 2017, the Company entered into a consultancy agreement with Gudbrandsneset AS. Gudbrandsneset is owned by the Company's former SVP Business Development (hired on 60% basis) and chairman in Dwellop Mr. Eirik Bergsvik. NOK 540 000 were invoiced the Company for the first part of 2018. The contract was terminated in May 2018.

The Company has used the services of the law firm Ro Sommernes DA for legal advice in 2018. Ro Sommernes DA has invoiced the Company NOK 2 884 871 in 2018. The Company's chairman Henrik Christensen is a partner in Ro Sommernes DA.

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.

From 1 November 2018 the Company rents office space from Dronningen Eiendom AS. The rental agreement is for 36 months. One of the Company's shareholder is also a shareholder of Dronningen Eiendom AS.

5. Financial items

<i>(Unaudited figures in NOK 1 000)</i>	Quarters		Year to date	
	Q4 2018	Q4 2017	31.12.2018	31.12.2017
Interest income on cash & cash equivalents	2 649	986	7 227	2 622
Net foreign exchange gain on USD placements	11 160	0	20 186	0
Interest expenses	0	0	-1	-54
Other financial expenses	-6	0	-207	-71
Net financial income (loss)	13 803	986	27 206	2 497

Interest income on cash & cash equivalents consist of earned interest on the Group's cash & cash equivalents placements, including the USD time deposit placement classified as Other Financial investments.

Net foreign exchange gain on USD placements consist of USD placements translated at NOK/USD end rate 8.6855 at 31 December 2018.

6. VLCC under construction

The Company has entered into eight shipbuilding contracts and four corresponding supplemental agreements for the construction and delivery of eight 300,000 DWT ECO Design Crude Oil Tankers, having Builder's hull Nos. 5455, 5456, 5457, 5460, 5465, 5466, 5467 and 5470 with identical specifications.

The Company has received satisfactory refund guarantees for the first seven vessels, and expect to receive the refund guarantee for vessel number 8 in Q1 2019. As of 17 October 2018 Hunter Tankers has made the first instalment for the first seven vessels, totaling USD 59.76m.

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.

	Year to date	Year
	09.05.2018	31.12.2017
Results related to Dwellop		
Revenues	13 744	43 797
Total operating expenses	47 560	61 729
Operating profit (loss)	-33 816	-17 932
Net financial income (loss)	-741	-1 235
Profit (loss) before taxes	-34 557	-19 167
Tax on ordinary result	0	-17 856
Profit (loss)	-34 557	-1 311
Earnings per share	-0,12	0,00
Earnings per share diluted	-0,12	0,00

	Year to date	Year
	09.05.2018	31.12.2017
Cash flow related to Dwellop		
Net cash (to)/from operating activities	-290	-23 226
Net cash (to)/from investing activities	0	-3 771
Net cash (to)/from financing activities	-6 105	4 275
Net cash flow for the period	-6 395	-22 722

	09.05.2018	31.12.2017
Statement of financial position related to Dwellop		
Total intangible assets	69 321	95 396
Total tangible assets	26 299	27 884
Total inventories and current receivables	44 446	46 442
Cash and cash equivalents	-753	574
TOTAL ASSETS	139 313	170 296
Total equity	115 000	139 537
Total non-current liabilities	0	11 700
Total current liabilities	24 313	19 059
TOTAL EQUITY AND LIABILITIES	139 313	170 296

8. Cash and cash equivalents

Of the NOK 304.1m in cash and cash equivalents as per 31 December 2018, all where in NOK. In addition NOK 215.1 were placed on USD time deposit. As such, the total adjusted cash position as of 31.12.2018 was of NOK 519.1m. The USD time deposit placements are classified as other financial investments as the maturity term is three months.

9. Specification of other operating expenses

(unaudited figures in NOK 1 000)

Other operating expenses	Quarters		Year to date	
	Q4 2018	Q4 2017	31.12.2018	31.12.2017
Office rent	157	303	605	649
IT and office-related expenses	366	106	1 164	696
Audit, audit-related services and accounting fees	195	373	4 366	1 962
Various legal fees	2 444	2 171	11 785	11 976
Insurance, car, travel and other expenses	255	1 008	931	2 378
Total	3 418	3 961	18 851	17 660

Included in various fees per 31.12.2018 are one-off costs related to the negotiations with IKM for possible acquisition (NOK 7.3m), where the remaining costs relates mainly to the Dwellop-exit and the acquisition of the VLCC construction contracts. A reclassification of NOK 2.8m from other equity to other operating expenses was performed in Q4 related to the final settlement of expenditures associated with the equity transactions.

10. Subsequent events

DSME has in January 2019 agreed to further extend the option agreement for three additional vessels until February 28th, 2019. The price is USD 93.6 million per vessel and the delivery time is unchanged (within 1st half of 2021).

First installment was made on vessel H.no. 5470 upon receipt of the refund guarantee from the yard. Second installment made on vessels H.no. 5455 and 5456 in accordance with the building contracts.

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