



Hunter Group ASA
Third-quarter results 2018

Highlights

Financial highlights

- Net Profit from continuing operations came in at NOK 5.2m in Q3 2018
- Total operating expenses from continuing operations was NOK 1.6m.
- Adjusted Cash position as of 30.9.2018 was NOK 717,9m consisting of NOK 306m and USD 51,45m

Key events in Q3 2018

- On 6 July the NOK 52m subsequent offering was successfully completed at a price of NOK 3.2/sh.
- On 7 July 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.
- On 27 September the Company received a further Extension on the declaration date for the Option Vessels until 19 October 2018. Price USD 92m/vessels and all three vessels are to be delivered in 1H 2021.
- On 27 September Hunter Group ASA became one of the founding members of the Clean Shipping Alliance (CSA). CSA represents a group of leading companies from the commercial shipping and cruise industries that have been leaders in emission control efforts and have made significant investments in research and analysis, funding and committing resources to comply with 2020 fuel requirements through the development and use of Exhaust Gas Cleaning Systems (EGCS). The Alliance aims to support and educate on the use and effectiveness of EGCS in order to help achieve shared environmental and sustainability initiatives. (Founding members of the Alliance include: Carnical Corporation, DHT Holdings, Eagle Bulk Shipping, Frontline Ltd., Golden Ocean Group, **Hunter Group ASA**, Navig8 Group, Okeanis Eco Tankers, Oldendorff Carriers, Safe Bulk Carriers, Spliethoff, Star Bulk Carriers Corp. Torm and Trafigura.)
- Plan approval process is well underway and close to completion. Management is very pleased with both progress and outcome.
- Site team member selection process has been completed, and contracts have been signed.

Subsequent events

- On 12 October Hunter Group received Refund Guarantees for Hull No. 5465/66/67.
- On 16 October 1st installment on Hull No. 5465/66/67, totaling USD 25,65m was made.
- 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.
- On 2 November Hunter Group ASA announced that its wholly owned subsidiary Hunter Tankers AS entered into an agreement to purchase one (1) additional scrubber fitted 300,000 dwt eco design VLCC from Daewoo Shipbuilding & Marine Engineering Co., Ltd., Hull No. 5470. The vessel will be outfitted with a SOx scrubber from Wärtsilä. Delivery is scheduled for July 2020. Furthermore, the company announced an advancement of the delivery of hull no. 5465, 5466 and 5467 by a total of four months. Delivery times are now scheduled as follows: 5465 shall be advanced to middle of March 2020 (from May 2020). 5466 shall be advanced to end of May 2020 (from June 2020). 5467 shall be advanced to middle of July 2020 (from August 2020). Finally, Hunter Tankers AS has received a further extension on the final date for declaration of the existing options until January 15th, 2019. This option is for up to three (3) vessels with delivery in 1H/2021.

Business review

Hunter Group

The Groups activities since last quarter have consisted primarily of completing the plan approval process to ensure that Hunter Tankers' vessels are being constructed in accordance with our high expectations and specifications. Management has continued throughout the quarter to work closely with the shipyard to ensure that our high expectations are being met.

Furthermore, the Group has interviewed and selected members for our site team, and contracts with key employees have been signed.

Indicator

Indicator (the Badger technology) has no employees and there has been no activity in the company in the first 9 months of 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 the vessel owning entity and is expected to be responsible for the future chartering of the vessels. At the date of this report the Company has signed contracts for eight 300K DWT ECO design VLCCs to be constructed at Daewoo Shipbuilding Marine Engineering Co., Ltd. (DSME) in Korea. All eight vessels will be outfitted with Scrubbers from Wärtsilä.

Per 30 September the Company had received refund guarantees for the first four vessels, and received the refund guarantees for vessel five, six and seven on 12 October. Consequently, the Company has made the first installment on seven vessels totaling USD 59.76m per the date of this report. Based on the current cash and cash equivalent position Hunter Group is fully funded till mid June 2018, by which further capital injections are necessary.

At the time of this report the steel cutting has been completed for vessel one and two, and the project is on time and within budget.

Tanker Market Update

With average VLCC earnings in the period January through August of \$10,900/day the VLCC market has been a big underperformer. However, rates started to rise in September due to accelerating demand growth and flat fleet supply.

The recycling of older tankers continued throughout the third quarter, and the total number of VLCC's sold for scrap is, to the best of our knowledge, now 36 vessels, which is identical to the number of vessels delivered this year.

In the third quarter focus on the upcoming IMO 2020 has intensified, and a more shipowners have started to take action. However, the number of vessels with either scrubbers installed or on order is still relatively low.

Financial key figures

Financial key figures in Q3

- Net profit from continuing operations came in at NOK 5.2m in Q3 2018.
- Total operating expenses from continuing operations was NOK 1.6m. Please see note 9 for further details.
- Total consolidated cash position was NOK 306.3m, down from NOK 666.6m last quarter. In addition a USD time deposit equivalent to NOK 411.6m was established in Q3 2018. Adjusting for the time deposit the total cash position was NOK 717,9M up from NOK 666,6m last quarter. (Time deposits longer than 3 months are not considered cash or cash equivalents according to accounting standards.)
- Total consolidated equity was NOK 999.5m, mainly affected by a private placement and issuance of shares of NOK 732.4m and the distribution of Dwellop.
- Cash flow from operations was NOK -3.8m, mainly driven by a reduction of Other current liabilities.
- Net cash flow from financing was NOK 55.2m, where NOK 52m were related to an equity issue.

Financial key figures in Q3 YTD

- Total operating expenses from continuing operations was NOK 15.4m. Please see note 9 for further details.
- Cash flow from operations was negative with NOK -20.8m, mainly driven by negative net contributions from operations before tax and the Dwellop-segment included up until 9 May.
- NOK -684.5m were used for investments during first nine months, mainly related to the first installments for the VLCC construction contracts of NOK -272.9m and the establishment of the USD fixed account with NOK -411.6m.
- Net cash flow from financing was NOK 732.3m, mainly related to the private placements and the issuance of shares.

Outlook

Since our last report the tanker market has strengthened significantly and for October rates averaged \$37,000/day (standard non-Eco) versus 1Q-3Q which averaged below USD 10k/day. We have continued to see a substantial premium for modern Eco vessels which we assess carried a c. USD 12.5/day premium to the standard Non-Eco and USD 15.5k/day for older vessels. We believe this winter rally has primarily been driven by higher OPEC production coupled with zero net fleet growth following close to record high scrapping (*36 deliveries vs 36 VLCCs sold for scrap as of Nov 1st*). Partly counterbalancing this has been an increase in average ballast speed which was 11.5 knots in May-August, but ballast speed has gradually increased and was 12.7 knots in early November. On the demand side, OPEC increased production by 367kbpd from 2q18-3q18 and the October program ended at 157 VLCC cargoes in MEG (*138 East / 19 West*), which is approximately 21 more than the average loaded in the second quarter. Overall oil production has accelerated in 2018 from 1.7% in 1q18 to 2.1% and 2.4% in 2q18 and 3q18. Should OPEC maintain the October output for the balance of the year, oil production for the final quarter is estimated to come in just shy of 3%, leaving 2.3% for the year on average. On the supply side, it is expected to see a major increase in vessels going in for scrubber retrofits during the summer of 2019, potentially reducing supply. Finally, the phase out potential remains high with 49 VLCC scrap candidates (*Reaching 20 years through 2020*) and 47 on the Suezmax side (*22 vessels already above 20 years and another 25 to enter 4th SPS through 2020*).

Focus on IMO 2020 seems to have intensified and we are seeing more owners undertake investments in scrubber technology. However, the number of vessels with scrubbers installed or on order is still very small compared to the total fleet. Scrubber availability also seems to be limited as most tier 1 scrubber producers are unable to supply scrubbers until late 2020.

In conclusion Hunter Group is still very optimistic about the VLCC market as IMO 2020 comes into play, which is exemplified by our order of one additional vessel with “identical” specifications to our other seven vessels. This vessel will be outfitted with a scrubber from Wärtsilä just like its sisters. This vessel is scheduled to be delivered in July 2020. Furthermore, we are also very pleased to have reached an agreement with DSME to advance the delivery of vessel number five, six and seven by a total of four months.

Newbuilding prices have continued to rise as shipyards are filling their orderbooks. In particular we have seen a significant number of orders for large container vessels and LNG vessels, which restricts the yards’ ability to build VLCCs.

Condensed consolidated financial statements for the first nine months of 2018

Consolidated income statement

	Quarters			Year to date		
	Q3 2018	Q3 2017	Note	30.09.2018	30.09.2017	31.12.2017
<i>(Unaudited figures in NOK 1 000)</i>						
<i>Continuing operations</i>						
Revenues						
Revenues	0	128		0	128	91
Total Revenues	0	128		0	128	91
Operating expenses						
Raw materials and consumables	0	333		0	-410	-744
Payroll expenses	996	148		2 926	5 969	8 871
Depreciation and amortisation expense	0	15		0	22	22
Net write-down intangible assets and capitalized grants	0	0	3	0	69 374	69 374
Other operating expenses	1 632	4 112	4, 9	15 432	13 736	17 660
Capitalised development cost	0	0		0	-1 915	-1 915
Total operating expenses	2 628	4 608		18 359	86 776	93 268
Operating profit (loss) continuing operations	-2 628	-4 480		-18 359	-86 648	-93 177
Interest income	3 178	304		4 578	1 636	2 622
Finance income	4 666	0	5	9 026	0	0
Interest expenses	0	0		-1	-54	-54
Other financial expenses	0	-39		-201	-71	-71
Net financial income (loss)	7 845	265		13 403	1 511	2 497
Profit (loss) before taxes from continuing operations	5 217	-4 215		-4 956	-85 137	-90 680
Tax on ordinary result	0	0		-3 603	-4 337	-4 337
Net profit (loss) from continuing operations	5 217	-4 215		-8 559	-89 474	-95 017
<i>Discontinued operations</i>						
Net profit (loss) from discontinued operations	0	-4 264		-34 557	10 981	-1 311
Net profit (loss)	5 217	-8 479		-43 116	-78 493	-96 328
Earning per share	0,01	-0,01		-0,17	-0,08	-0,09
Earnings per share diluted	0,01	0,00		-0,03	-0,09	-0,09
Earnings per share continuing operations	0,01	0,00		-0,03	-0,09	-0,09
Earnings per share diluted continuing operations	0,01	0,00		-0,03	-0,09	-0,09
<i>(Unaudited figures in NOK 1 000)</i>						
Total comprehensive income	Q3 2018	Q3 2017		30.09.2018	30.09.2017	31.12.2017
Profit (loss) for the period	5 217	-4 215		-8 559	-89 474	-95 017
Other	0	0		0	0	0
Translation differences	0	0		0	0	0
Comprehensive income for the period	5 217	-4 215		-8 559	-89 474	-95 017
Total comprehensive income attributable to:						
Equity holders of the parent	5 217	-4 215		-8 559	-89 474	-95 017
Non-controlling interest	0	0		0	0	0
Total comprehensive income	5 217	-4 215		-8 559	-89 474	-95 017

Consolidated balance sheet

Assets

<i>(Unaudited figures in NOK 1 000)</i>	Note	30.09.2018	30.06.2018	30.09.2017	31.12.2017
NON-CURRENT ASSETS					
Research and development		0	0	19 259	17 830
Patents and customer relationships		0	0	20 279	18 911
Goodwill		0	0	58 655	58 655
Total intangible assets		0	0	98 193	95 396
Property, plant, equipment & machineries		83	38	26 322	27 884
VLCC under construction	6	282 878	282 878	0	0
Total tangible assets		282 961	272 916	26 322	27 884
TOTAL NON-CURRENT ASSETS		282 961	282 916	124 515	123 280
CURRENT ASSETS					
Inventories		0	0	13 273	20 368
Total inventories		0	0	13 273	20 368
Accounts receivables		0	0	24 771	21 073
Other short-term receivables	5	2 287	64	3 894	4 873
Total current receivables		2 287	64	28 664	25 946
Other financial investments	5, 8	411 577	0	0	0
Total other financial investments		411 577	0	0	0
Cash and cash equivalents	2, 5, 8	306 331	666 623	286 827	279 456
TOTAL CURRENT ASSETS		720 195	666 686	328 764	325 770
TOTAL ASSETS		1 003 156	949 603	453 279	449 050

Equity and Liabilities

<i>(Unaudited figures in NOK 1 000)</i>	Note	30.09.2018	30.06.2018	30.09.2017	31.12.2017
EQUITY					
Share capital	2	481 135	460 823	163 948	163 948
Share premium	2, 7	518 324	481 420	508 844	508 844
Other equity	2	0	0	-244 173	-257 654
TOTAL EQUITY		999 459	942 242	428 619	415 138
LIABILITIES					
Other interest-bearing debt		0	0	12 600	11 700
Total non-current liabilities		0	0	12 600	11 700
Trade creditors		2 746	1 372	4 585	8 587
Accrued public charges and indirect taxes		142	551	-222	3 161
Taxes payable		0	0	0	0
Short-term derivatives		0	0	0	24
Debt financial institutions		0	0	3 600	3 600
Other current liabilities		808	5 437	4 097	6 840
Total current liabilities		3 697	7 360	12 060	22 212
TOTAL LIABILITIES		3 697	7 360	24 660	33 912
TOTAL EQUITY AND LIABILITIES		1 003 156	949 603	453 279	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.

	Quarters			Year to date	Year to date		
	Q3 2018	Q3 2017	Note	30.09.2018	30.06.2017	30.09.2017	31.12.2017
<i>(Unaudited figures in NOK 1 000)</i>							
Contribution from operations before tax	2 038	-9 200		-17 628	-12 633	-21 834	-31 263
Change in accounts receivables and accounts payables	1 374	20 708		2 221	-11 306	9 402	17 101
Change in inventory	0	-12 086		-4 375	7 716	-4 370	-11 464
Change in other receivables and payables and other	-7 261	1 351		-1 063	-6 513	-5 151	80
Net cash flow from operating activities	-3 849	773		-20 845	-22 736	-21 953	-25 546
Capitalization of development cost	0	0		0	-1 915	-1 915	-1 915
Investments in PPE & intangible assets	-45	0	6	-272 961	0	0	-3 647
Change in other financial investments	-411 577	0		-411 577		0	0
Acquisition of a subsidiary, net of cash acquired	0	0		0	-50 522	-50 522	-50 522
Net cash flow from investment activities	-411 622	0		-684 538	-52 437	-52 437	-56 084
Public grants	0	0		0	1 061	1 061	1 061
Interest received	3 178	317	5	4 580	1 350	1 667	2 661
Interest paid	0	-189		-256	-302	-491	-715
Proceeds from borrowings financial institution	0	-900		-900	-7 754	-8 654	-9 554
Capital contribution	52 000	0	2	744 500	385 368	385 368	385 368
Transaction cost capital contribution	0	0	2	-15 667	-18 069	-18 069	-18 069
Net cash flow from financing activities	55 178	-771		732 257	361 653	360 882	360 751
Total net changes in cash flow	-360 293	1		26 874	286 479	286 492	279 121
Cash and cash equivalents beginning of period	666 623	286 814		279 456	335	335	335
Cash and cash equivalents end of period	306 331	286 815		306 331	286 814	286 826	279 456
Profit (loss) before tax from continuing operations	5 217	-4 216		-4 956	-80 920	-85 136	-90 680
Profit (loss) before tax discontinued operations	0	-8 598	7	-34 557	-2 555	-11 153	-19 167
Profit (loss) before tax	5 217	-12 814		-39 512	-83 475	-96 289	-109 847
Employee options	0	61		0	64	125	142
Depreciation	0	3 681		8 935	2 451	6 132	11 013
Net write-down intangible assets and capitalized grants	0	0		17 273	69 374	69 374	69 374
Financial income	-3 178	-317	5	-4 580	-1 350	-1 667	-2 661
Financial expenses	0	189		256	302	491	715
* Contribution from operations before tax	2 038	-9 200		-17 628	-12 633	-21 834	-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 Q3 2017 YTD		0	0	0	-82 830	-82 830
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	125	125
Equity as of 30.09.2017		163 947	508 843	0	-244 173	428 618
Total comprehensive income Q4 2017		0	0	0	-13 498	-13 498
Option plan payment and other		0	0	0	18	18
Equity as of 31.12.2017		163 947	508 843	0	-257 653	415 138
Total comprehensive income Q3 2018 YTD		0	0	0	-43 116	-43 116
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
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	-290 769	-10 000	300 769	0
Equity as of 30.09.2018		481 135	518 324	0	0	999 460

Notes to the Hunter Group condensed consolidated financial statements for the first nine months of 2018

1. Accounting principles

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

The interim condensed consolidated financial statements for the three and nine months ending 30 September 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.

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
- 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				
Nine months ended 30 September 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 net profit (loss) *	-6 053	1 221	-124	-38 160	-43 116
Total assets	1 001 927	284 680	-183	-283 268	1 003 156
Additions in property, plant, equipment & machineries	83	0	0	0	83
Total liabilities	2 761	273 419	225	0	3 697

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

Transactions with related parties	30.09.2018	31.12.2017
Purchased services in NOK 1 000	3 896	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 SVP Business Development (hired on 60% basis) and chairman in Dwellop Mr. Eirik Bergsvik. NOK 540 000 were invoiced the Company for the first nine months 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. Ro Sommernes DA has invoiced the Company NOK 1 422 031 in 2018 as per the date of this report. 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.

5. Financial items

<i>(Unaudited figures in NOK 1 000)</i>	Quarters			Year to date	
	Q3 2018	Q3 2017	30.09.2018	30.09.2017	31.12.2017
Interest income on cash & cash equivalents	3 178	304	4 578	1 636	2 622
Net foreign exchange gain on USD placements	4 666	0	9 026	0	0
Interest expenses	0	0	-1	-54	-54
Other financial expenses	0	-39	-201	-71	-71
Net financial income (loss)	7 845	265	13 403	1 511	2 497

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

Net foreign exchange gain on USD placements consist of USD placements translated at NOK/USD end rate 8.177 at 30 September 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 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.

Results related to Dwellop	Year to date		Year
	09.05.2018	30.09.2017	31.12.2017
Revenues	13 744	32 452	43 797
Total operating expenses	47 560	42 694	61 729
Operating profit (loss)	-33 816	-10 242	-17 932
Net financial income (loss)	-741	-910	-1 235
Profit (loss) before taxes	-34 557	-11 152	-19 167
Tax on ordinary result	0	-22 133	-17 856
Profit (loss)	-34 557	10 981	-1 311
Earnings per share	-0,13	0,01	0,00
Earnings per share diluted	-0,13	0,01	0,00

Cash flow related to Dwellop	Year to date		Year
	09.05.2018	30.09.2017	31.12.2017
Net cash (to)/from operating activities	-4 139	-21 724	-23 226
Net cash (to)/from investing activities	-411 622	-125	-3 771
Net cash (to)/from financing activities	49 073	5 175	4 275
Net cash flow for the period	-366 687	-16 674	-22 722

Statement of financial position related to Dwellop	09.05.2018	30.09.2017	31.12.2017
Total intangible assets	69 321	98 193	95 396
Total tangible assets	26 299	26 322	27 884
Total inventories and current receivables	44 446	41 045	46 442
Cash and cash equivalents	-753	6 623	574
TOTAL ASSETS	139 313	172 183	170 296
Total equity	115 000	149 390	139 537
Total non-current liabilities	0	12 600	11 700
Total current liabilities	24 313	10 193	19 059
TOTAL EQUITY AND LIABILITIES	139 313	172 183	170 296

8. Cash and cash equivalents

Of the NOK 306.3m in cash and cash equivalents as per 30 September 2018, all where in NOK. In addition NOK 411.6m were placed on USD time deposit.

9. Specification of other operating expenses

(unaudited figures in NOK 1 000)

<i>Other operating expenses</i>	Quarters		Year to date		Year
	Q3 2018	Q3 2017	30.09.2018	30.09.2017	31.12.2017
Office rent	142	110	448	345	649
IT and office-related expenses	279	149	798	590	696
Audit, audit-related services and accounting fees	186	370	4 170	1 589	1 962
Various legal fees	819	3 102	9 340	9 805	11 976
Insurance, car, travel and other expenses	206	381	676	1 407	2 378
Totalt	1 632	4 112	15 432	13 736	17 660

Included in various fees per 30.09.2018 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

Hunter Group ASA has through its wholly owned subsidiary Hunter Tankers AS has entered into an agreement to purchase one (1) additional scrubber fitted 300,000 dwt eco design VLCC from Daewoo Shipbuilding & Marine Engineering Co., Ltd., Hull No. 5470. The vessel will be outfitted with a SOx scrubber from Wärtsilä. Delivery is scheduled for July 2020 and payment terms are: Ten percent (10%) upon issuance of Refund Guarantee, ten percent (10%) in October 2019, ten percent (10%) upon Keel Laying, ten percent (10%) upon Launching and sixty percent (60%) upon delivery of the vessel.

In addition, Hunter Tankers is pleased to announce an advancement of the delivery of hull no. 5465, 5466 and 5467 by a total of four months.

Delivery times are now scheduled as follows:

- 5465 shall be advanced to middle of March 2020 (from May 2020).
- 5466 shall be advanced to end of May 2020 (from June 2020).
- 5467 shall be advanced to middle of July 2020 (from August 2020).

Finally, Hunter Tankers AS has received a further extension of declaration of the existing options until January 15th, 2019. This option is for up to three (3) vessels with delivery in 1H/2021.

Hunter Group ASA
Org. nr. 985 955 107

Address: Munkedamsveien 45, 0250 OSLO
E-mail: Erik A. S. Frydendal, CEO/CFO, ef@huntergroup.no

