HMS Group

6 months 2013 IFRS Results
Conference call presentation

30 September 2013

Financial results

Business & Outlook

Appendix

Financial Highlights

Financial highlights, Rub mn

	6m'13	6m'12	chg, qoq	2Q'13	2Q'12	chg, yoy
Revenue	15,455	14,939	+3.5%	8,170	7,632	+7.1%
Gross profit	4,022	4,236	-5.1%	2,348	2,198	+6.8%
EBITDA *	2,172	2,472	-12.1%	1,319	1,105	+19.4%
Operating profit **	1,847	1,679	+10.0%	1,460	845	+72.7%
Net income **	914	966	-5.4%	888	481	+84.6%
Total debt	17,319	11,921	+45.3%	17,319	11,921	+45.3%
Net debt [1]	14,900	10,668	+39.7%	14,900	10,668	+39.7%
EBITDA LTM	5,932	4,848	+22.4%	6,445	5,069	+27.1%
Net debt to EBITDA LTM	2.51	2.20		2.31	2.10	
Gross margin	26.0%	28.4%	-233 bps	28.7%	28.8%	-6 bps
EBITDA margin *	14.1%	16.5%	-249 bps	16.1%	14.5%	+166 bps
Operating margin	12.0%	11.2%	+71 bps	17.9%	11.1%	+679 bps
Net income margin	5.9%	6.5%	-55 bps	10.9%	6.3%	+457 bps
ROCE [2]	14.4%	18.1%	-365 bps			
ROE [3]	7.5%	9.1%	-160 bps			

Source: Company data

* Hereinafter, read EBITDA as EBITDA adjusted, Net income as Profit for the period / year, EBITDA margin as EBITDA adjusted margin

** Operating profit and Profit for the period (Net income) include Excess of fair value, i.e. gain occurring when the price paid for the company acquired is less than the Group's share in the fair value of net assets acquired. This gain is recognized immediately in profit or loss as a bargain purchase gain

[1] Net debt = Total debt – Cash & cash equivalents

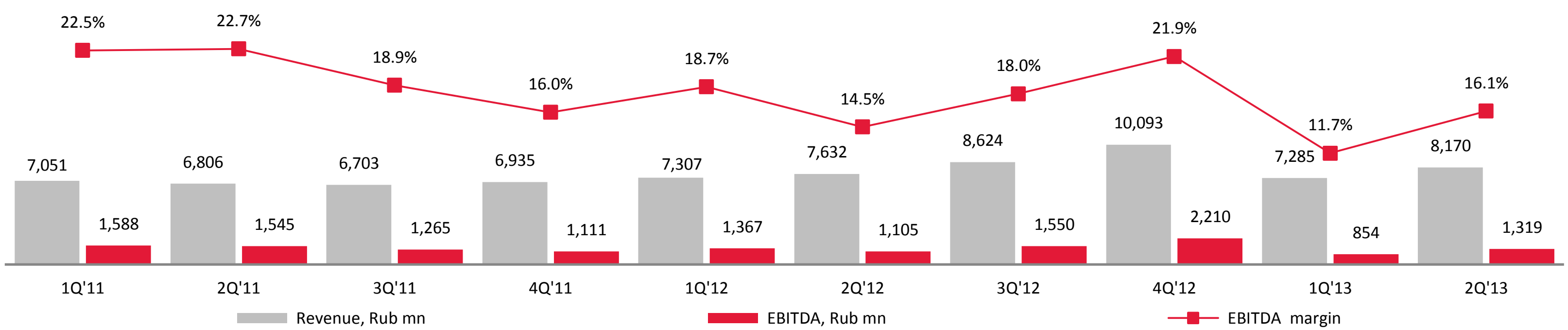
[2] ROCE = EBIT LTM / average capital employed

[3] ROE = total equity period average / profit for the year

Financial Highlights: LTM vs. Quarterly

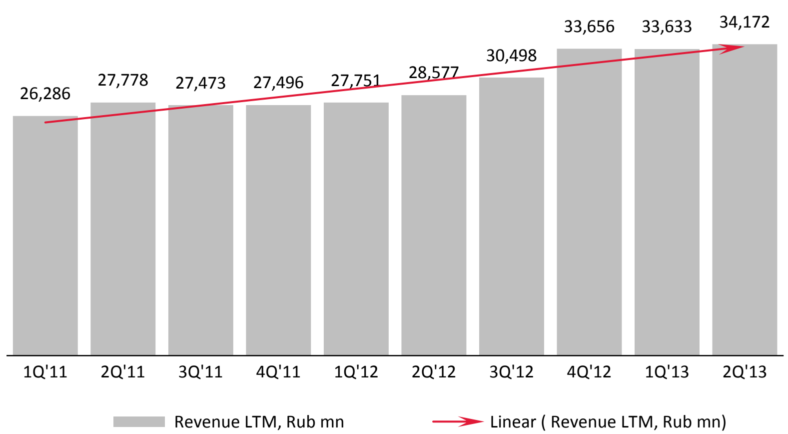
Last 12 month (LTM) comparison represents sustainability and trends of HMS' business performance better than quarterly one

Revenue and EBITDA performance quarterly, 2011 – 6m 2013



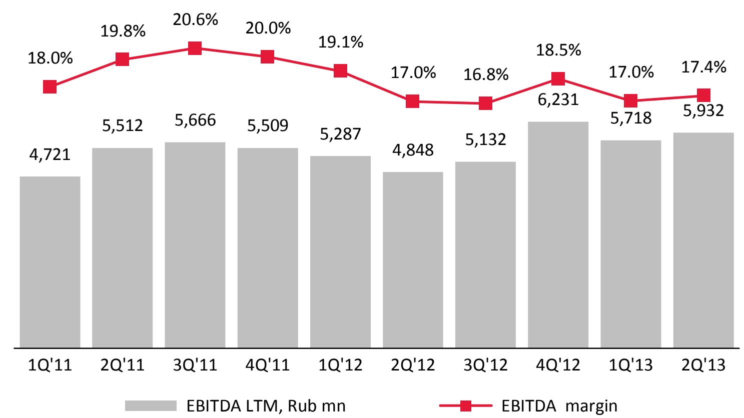
Source: Company data

Revenue LTM performance, 2010 – 6m 2013



Source: Company data

EBITDA LTM performance, 2010 – 6m 2013

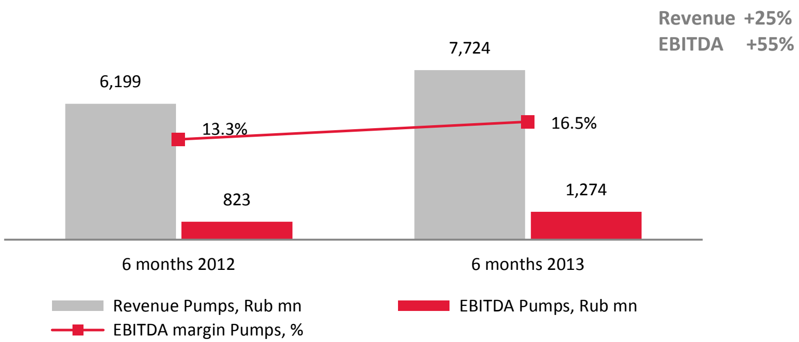


Source: Company data

Note: LTM calculation is based on periodic not quarterly one, i.e. 2q13 = 6m13+FY12-6m12, and 3q12 = 9m12+FY11-9m11, etc. both for Revenue LTM and EBITDA LTM

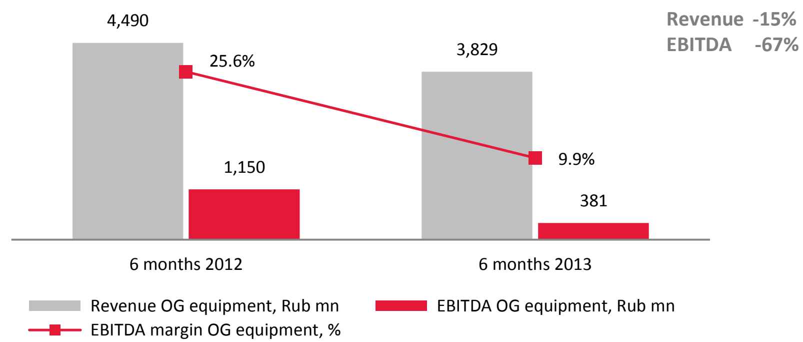
Segments overview: Half-year results

Pumps



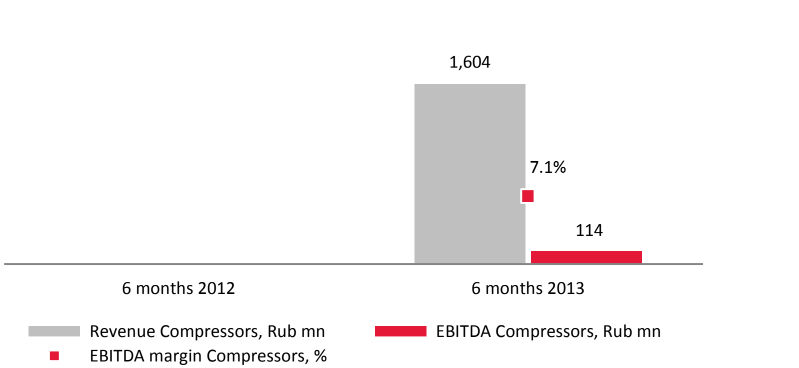
- Strong inflow of regular orders resulted in 25% yoy revenue and 55% yoy EBITDA growth
- Also, additional profit was recognized due to release of provisions for the ESPO contract due to initial conservative project budgeting

Oil & gas equipment



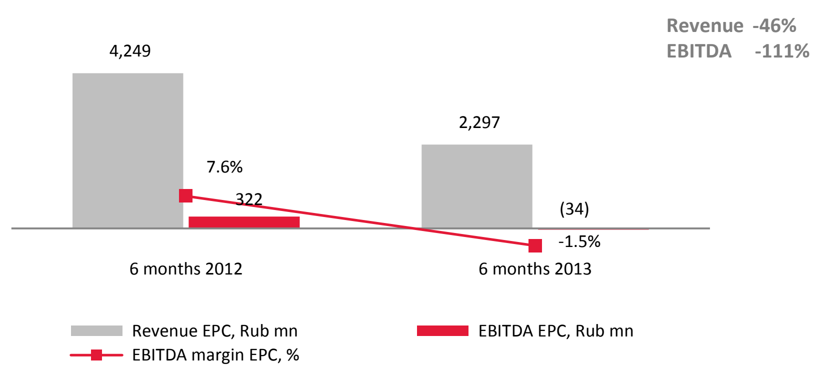
- Upon the completion of the large-scale and high-margin Vankor project in 2012, it was substituted in 1H 2013 by regular projects with lower profitability, and that led to revenue and EBITDA decline by 15% yoy and 67% yoy respectively
- As a result, EBITDA margin fell significantly to 9.9%

Compressors



- Compressors business segment was established in 2H 2012 after KKM's acquisition, and IFRS was applied since 3Q 2012, therefore there is no relevant yoy comparison
- HMS assumed significant growth of revenues compared to previous period, and financial results were fully in line with budget expectations (growth at around 30%)
- The Group looks forward for margins growth due to NIITK's acquisition and provision of integrated solutions

EPC



- EPC sub-segments demonstrated differently directed financial performance, resulted in generally poor revenue and negative margin:
  - Project & Design generated stable revenue and EBITDA and returned to its normal level of EBITDA margin (14.7%), reflecting management focus at operating efficiency
  - Construction showed declined revenues and negative EBITDA due to intensifying competition and deteriorating terms of payments from customers

Source: Company data

Cost analysis

Cost of sales

	6m 2012	6m 2013	chg, yoy
Cost of sales	**10,703**	**11,433**	+7%
% of revenue	71.6%	74.0%	
Supplies and raw materials	5,159	5,061	-2%
% of revenue	34.5%	32.7%	
Labour costs	2,809	2,988	+6%
% of revenue	18.8%	19.3%	
Cost of goods sold	981	1,327	+35%
% of revenue	6.6%	8.6%	
Other expenses	1,753	2,058	+17%
% of revenue	11.8%	13.3%	

Distribution & transportation expenses

	6m 2012	6m 2013	chg, yoy
Distribution & transportation expenses	**634**	**640**	+1%
% of revenue	4.2%	4.1%	
Transportation expenses	227	214	-5%
% of revenue	1.5%	1.4%	
Labour costs	244	252	+3%
% of revenue	1.6%	1.6%	
Lease expenses	10	27	+172%
% of revenue	0.1%	0.2%	
Other expenses	153	146	-4%
% of revenue	1.0%	0.9%	

General & administrative expenses

	6m 2012	6m 2013	chg, yoy
General & administrative expenses	**1,818**	**1,926**	+6%
% of revenue	12.2%	12.5%	
Labour costs	1,225	1,308	+7%
% of revenue	8.2%	8.5%	
Depreciation & amortization	82	96	+18%
% of revenue	0.5%	0.6%	
Taxes and duties	58	87	+49%
% of revenue	0.4%	0.6%	
Other expenses	453	434	-4%
% of revenue	3.0%	2.8%	

Comments

Cost of sales grew by 7% yoy, driven by consolidation of acquired companies

- Supplies and raw materials declined by 2% yoy, due to changes in project mix and lower share of integrated solutions
- Labour costs grew by 6% yoy, driven by consolidation of KKM and Apollo
- Cost of goods sold grew by 35% yoy, mainly because of Industrial pumps segment
- Other expenses grew by 17% yoy, as a result of higher utilities tariffs and increased depreciation & amortization because of KKM and Apollo, amid contraction of all other expenses

Cost of sales grew from 71.6% to 74.0% of revenue due to a minor share of integrated solutions

Distribution and transportation costs stayed in line with a slight increase by 1% yoy, and declined as a percentage of revenue from 4.2% to 4.1%

- Transportation expenses contracted by 5% yoy due to lower share of remotely located projects under execution
- Labour costs grew by just 3%, driven by consolidation of KKM and Apollo

General & administrative costs grew by 6% yoy mainly due to

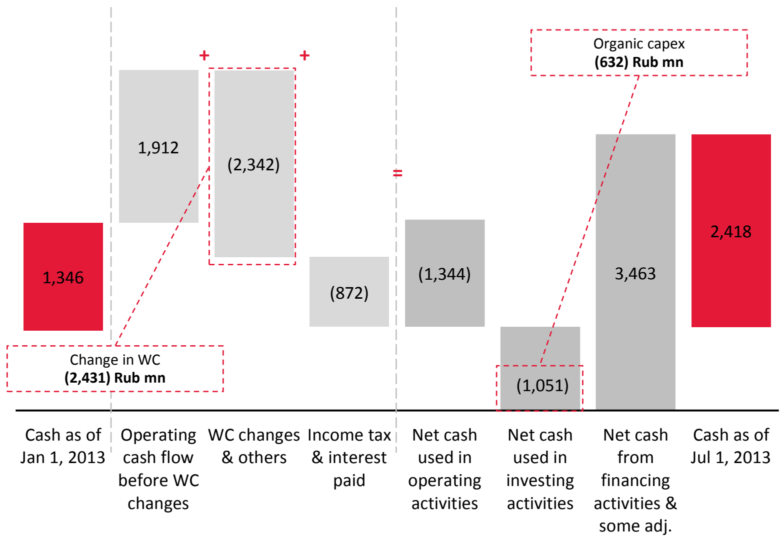
- Growth in labor costs and taxes and duties, directly related to the payroll budget

HMS has introduced a cost cutting program aimed at stronger control over G&A expenses

Source: Company data

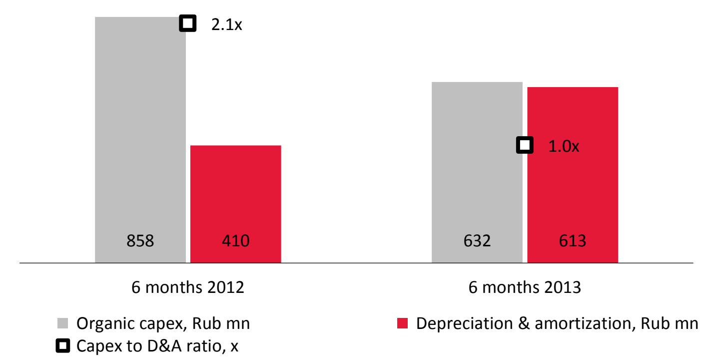
CAPEX & Working Capital

Cash flow performance for 6m 2013, Rub mn



Source: Company data

Capital expenditures[2] for 6m 2013 vs. 6m 2012



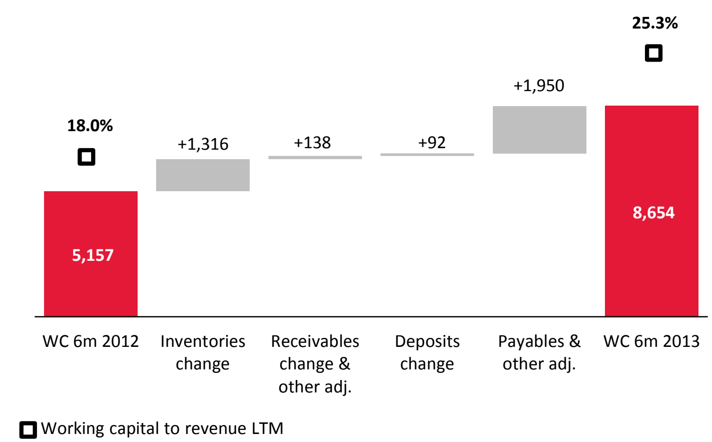
Source: Company data

Comments

- Working capital[1] grew because of:
  - Increase in inventories (Rub 1.3 bn) mainly due to acquired KKM and Apollo
  - Decrease in payables (Rub 2.0 bn) thanks to a received large advance payment in 1Q 2012 for the ESPO contract and further execution of the project

  and amounted to 25.3% of revenue LTM, compared to 18.0% last period
- Net working capital increase led to cash outflow from operating activities of Rub 1.3 bn vs. net cash inflow of Rub 2.3 bn for 6 months 2012
- Organic capex[2] decreased to Rub 632 mn from Rub 858 mn last year, and as a result Capex-to-Depreciation-and-Amortization ratio decreased substantially, to 1.0x from 2.1x

Working capital



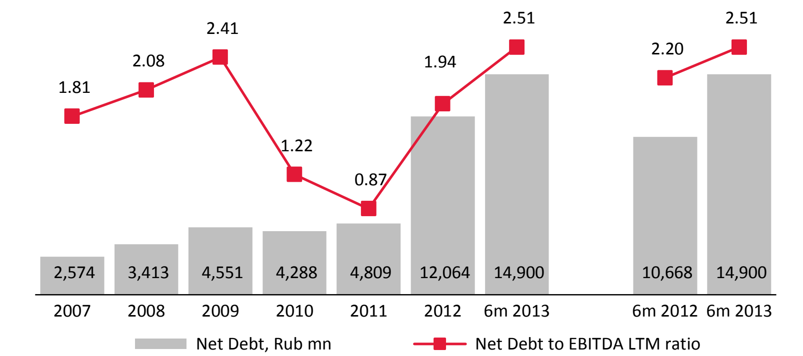
Source: Company data

[1] Working capital formula - see slide 18

[2] Capital expenditures = Organic capex = Purchase of PPE + Purchase of intangible assets

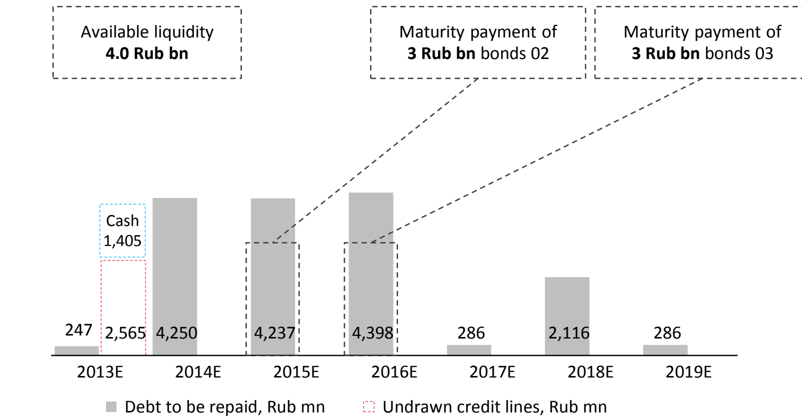
Financial position

Net debt to EBITDA LTM ratio



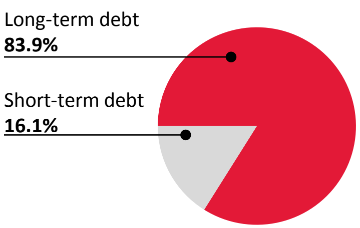
Source: Company data

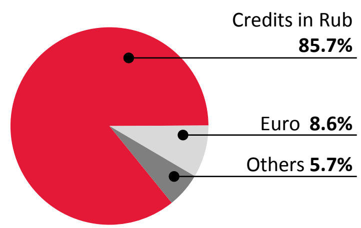
Comfortable repayment schedule

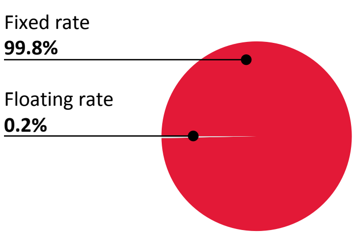


Source: Company data as of 24 September, 2013

Low currency and maturity risks







S&P corporate credit rating : **B+**
Outlook: **Stable**
Reaffirmed in July 2013

Source: Company data as of 01 September, 2013

Comments

- Net debt 40% yoy expansion occurred due to bank loans, attracted for acquisitions of Apollo and NIITK, and growing needs in working capital financing
- Net Debt to EBITDA LTM ratio increased to 2.51x from 2.20x
- 6 months 2013 Interest coverage ratio[1] equals 2.6x
- Available liquidity of Rub 4.0 bn fully covers 2013E repayments
- Average interest rate was 9.3% on 24 September 2013 for all loans, including FX-denominated

In Aug – Sep 2013, HMS Group signed agreements for refinancing of Rub 4.58 bn
As a result, the company has more comfortable and smooth debt repayment schedule *(see Figure "Comfortable repayment schedule)*

[1] EBIT LTM / Interest expenses LTM *(EBIT calculation on slide 18)*
Note: In July 2013, HMS Group paid 2012 annual dividends amounted to Rub 792 mn in total

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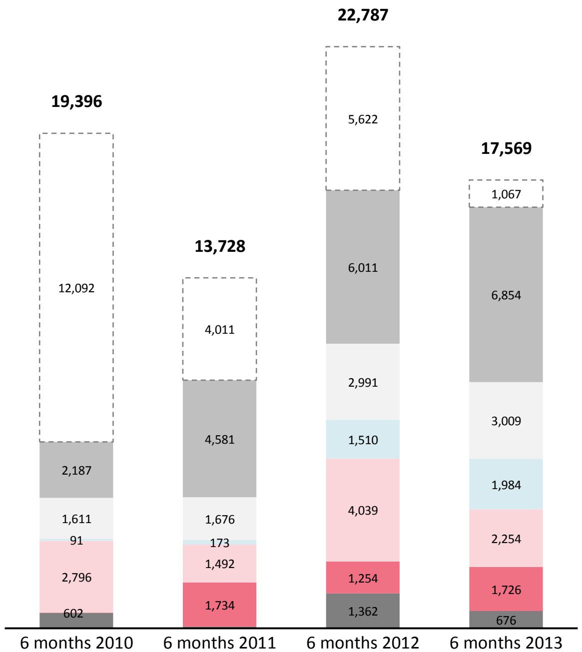
Backlog & Order intake

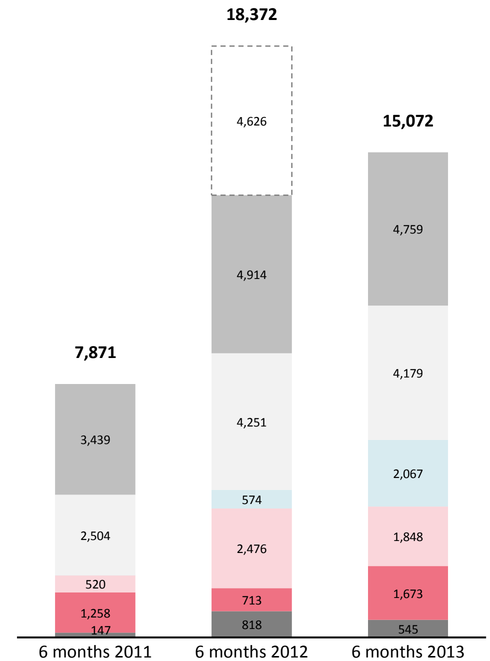
Backlog in 1H of 2010-2013



	6 months 2010		6 months 2011		6 months 2012		6 months 2013
ESPO pumps	12,092	-67%	4,011	40%	5,622	-81%	1,067
Pumps excl ESPO	2,187	109%	4,581	31%	6,011	14%	6,854
Oil & Gas equipment	1,611	4%	1,676	78%	2,991	1%	3,009
Compressors	91	91%	173	771%	1,510	31%	1,984
EPC: Construction	2,796	-47%	1,492	171%	4,039	-44%	2,254
EPC: Project & Design	17	9858%	1,734	-28%	1,254	38%	1,726
Others	602	-90%	62	2105%	1,362	-50%	676
Total	19,396	-29%	13,728	66%	22,787	-23%	17,569
Total without ESPO	7,304	33%	9,717	77%	17,166	-4%	16,503
ESPO pumps: old	12,092	-67%	4,011	-73%	1,101	-100%	
ESPO pumps: new		n/a		n/a	4,521	-76%	1,067

Source: Company data, Management accounts

Order intake in 1H of 2011-2013



	6 months 2011		6 months 2012		6 months 2013
ESPO pumps	0	n/a	4,626	-100%	0
Pumps excl ESPO	3,439	+43%	4,914	-3%	4,759
Oil & Gas equipment	2,504	+70%	4,251	-2%	4,179
Compressors	3	+16,400%	574	+260%	2,067
EPC: Construction	520	+376%	2,476	-25%	1,848
EPC: Project & Design	1,258	-43%	713	+135%	1,673
Others	147	+456%	818	-33%	545
Total	7,871	+133%	18,372	-18%	15,072
Total without ESPO	7,871	+75%	13,746	+10%	15,072
ESPO pumps: old		n/a		n/a	
ESPO pumps: new		n/a	4,626	-100%	

- In July 2013, HMS concluded Rub 1.5 bn agreement for production and delivery of 2 pumps stations for the Zapolyarye – Purpe oil pipeline
- In August 2013, the company signed Rub 0.9 bn contract for manufacturing and delivery of a compressor unit for a petrochemical complex in the South of Russia

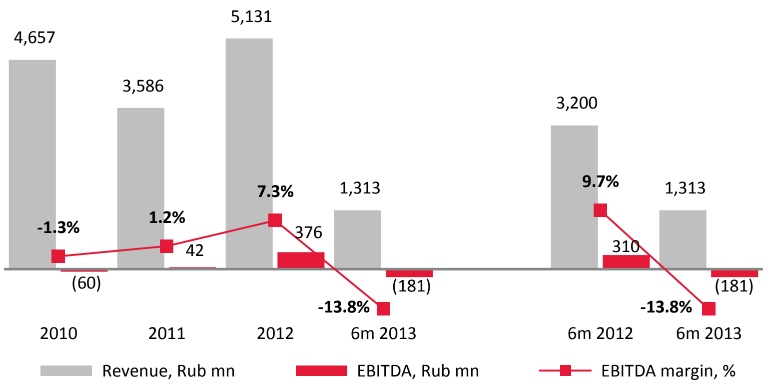
Construction sub-segment overview and prospects

Comments

- The Group acquired construction assets in 2007-2008, targeting large-scale integrated EPC projects with a high proportion of HMS' made components. However, in Russia's upstream practice, most projects are done under "EP" (engineering & procurement) and "C" (construction) terms separately. And in current practice, availability of construction assets is not required for execution of such EP projects as ESPO and Vankor
- Construction business requires an expertise different from the one, essential for flow control research & development and manufacturing
- HMS' core machinery business units generate the Group's bulk of revenue and EBITDA
- Construction assets demonstrate relatively low EBITDA margin, thus lowering the company's total EBITDA margin
- Construction contracts, besides execution risks, are more exposed to project cancellation risks than machine-building are
- High risk of further accelerated deterioration of construction market conditions such as competition and delays in payment

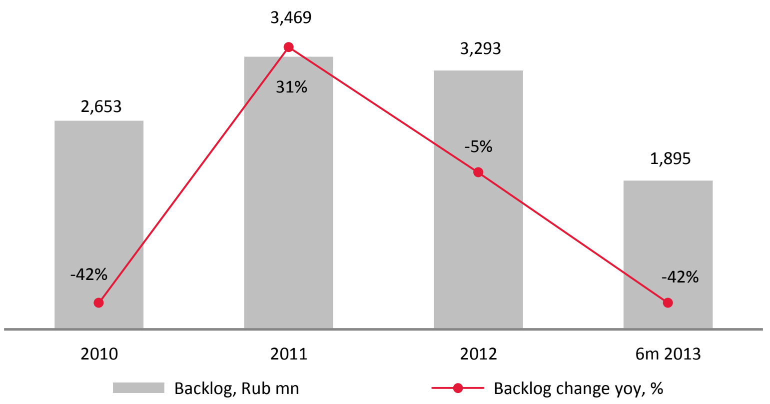
Poor performance of construction sub-segment, so much different from sound performance of the company's core businesses (flow control machine-building and engineering), made HMS Group to consider several options of construction business development strategy, including its disposal

Construction sub-segment performance, 2010 – 6m 2013



Source: Company data

Construction backlog performance, 2010 – 6m 2013



Source: Company data

M&A deals in 1H 2013

HMS Group completed two acquisitions in 1H 2013:

- NIITurbokompressor named after V.B.Shnepp (NIITK) for Rub 321 mn
- Noyabrskneftegazproekt (NNGP), the project institute, which renders design & engineering services in Yamal for oil & gas companies. The purchase for Rub 9.5 mn improved HMS' position on the oil & gas market and strengthened relationship with one of its key clients (as part of a strategic agreement)

Rationale and accounting of NIITK's acquisition

- NIITurbokompressor is the largest applied center for compressor technology in Russia: 35 testing units, 300 patents, 310 specialists where 3 with doctor degree and 10 with PhD
- In 1H 2013, HMS Group acquired 95.03% of the shares (95.38% of the voting shares) for Rub 321 mn, where Rub 279 mn was paid in cash and Rub 42 mn was recognized in accounts payable
- Acquisition of NIITK is a part of the Group's strategy aimed at enhancing competencies in compressor business *(see below a Figure "Main factors of revenue and profitability growth in compressors segment")*
- A gain of Rub 521 mn, representing the amount of HMS' share in the fair value of net assets acquired in excess of the acquisition cost*, has been recorded in the comprehensive income statement. This excess amount resulted from:
  - The close association with KKM, as the R&D center holds 14.98 (15.77% of the voting shares) of KKM
  - 80% of KKM's innovative production is based on design documentation prepared by the institute, i.e. KKM is the largest client of NIITK
  - The Group's strong negotiating position as there were a lot of small selling shareholders (more than 200 individuals)
- From legal point of view, acquisitions of KKM and NIITK didn't have any connections, but both deals are core for HMS' compressor solutions development strategy
- The overall cost of the compressor business unit's establishment consists of acquisitions' costs of KKM and NIITK. Therefore, excess of fair value** from NIITK's purchase, from managerial account perspective, offsets the cost of KKM's acquisition,

Main factors of revenue and profitability growth in compressors segment

1. Capability to secure large contracts for compressor-based integrated solutions

Current status:
- HMS has a strong track record with Russian majors
- Several relatively large contracts signed since the acquisition of KKM

2. Competences in project & design of compressor-based integrated solutions
- Technical solutions, more profitable for a producer
- Strong negotiation power towards suppliers

Current status:
- NIITK, the compressor design center, acquired in 1H 2013

3. Competences in large flow control project management

Current status:
- ESPO, Vankor, Turkmenistan

All 3 factors, brought together, should lead to revenue and EBITDA growth even in 2014

* A gain occurring when the price paid for the company acquired is less than the Group's share in the fair value of net assets acquired. This gain is recognized immediately in profit or loss as a bargain purchase gain

** The assessment was not completed at the time of finalizing 6 months 2013 financial information, and can be revised by 2013-end

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HMS Hydraulic Machines & Systems Group Plc is listed on the London Stock Exchange (Main market, IOB):

Identifier	Number	Number of shares outstanding
ISIN	US40425X2099	117,163,427
Ticker	HMSG	
Bloomberg	HMSG LI	
Reuters	HMSGq.L	

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Appendix

Consolidated statement of financial position 6 months 2013

	Note	30 June 2013	31 December 2012*
ASSETS			
Non-current assets:			
Property, plant and equipment	5	14,785,119	14,415,505
Other intangible assets	6	662,885	685,866
Goodwill	7	5,372,115	5,335,785
Investments in associates	9	129,328	124,963
Deferred income tax assets		260,407	252,772
Other long-term receivables	13	77,222	155,234
Total non-current assets		**21,287,076**	**20,970,125**
Current assets:			
Inventories	11	7,131,524	6,858,605
Trade and other receivables and other financial assets	12	12,151,808	10,313,235
Current income tax receivable		165,739	126,782
Cash and cash equivalents	10	2,418,409	1,346,082
Restricted cash	10	9,461	56,385
		21,876,941	**18,701,089**
Non-current assets held for sale		47,850	47,850
Total current assets		**21,924,791**	**18,748,939**
TOTAL ASSETS		**43,211,867**	**39,719,064**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	21	48,329	48,329
Share premium	21	3,523,535	3,523,535
Treasury shares	21	(201,182)	(31,507)
Other reserves		(191,585)	(191,463)
Currency translation reserve		(148,740)	(347,264)
Retained earnings		6,446,137	6,674,493
Equity attributable to the shareholders of the Company		**9,476,494**	**9,676,123**
Non-controlling interest		**3,351,615**	**3,819,924**
TOTAL EQUITY		**12,828,109**	**13,496,047**
LIABILITIES			
Non-current liabilities:			
Long-term borrowings	14	13,816,798	11,219,833
Finance lease liability		7,219	10,072
Deferred income tax liability		1,792,080	1,866,684
Pension liability	15	434,864	481,031
Provisions for liabilities and charges	20	46,220	46,663
Other long-term payables	19	331,576	325,835
Total non-current liabilities		**16,428,757**	**13,950,118**
Current liabilities:			
Trade and other payables	17	9,108,413	8,795,207
Short-term borrowings	14	3,501,833	2,190,520
Provisions for liabilities and charges	20	309,094	299,407
Finance lease liability		7,485	7,568
Pension liability	15	75,389	54,740
Current income tax payable		59,714	26,349
Other taxes payable	18	893,073	899,108
Total current liabilities		**13,955,001**	**12,272,899**
TOTAL LIABILITIES		**30,383,758**	**26,223,017**
TOTAL EQUITY AND LIABILITIES		**43,211,867**	**39,719,064**

Consolidated statement of income 6 months 2013

	Note	Six months ended 30 June 2013	Six months ended 30 June 2012*
Revenue	24	15,454,859	14,938,838
Cost of sales	25	(11,432,986)	(10,702,947)
Gross profit		**4,021,873**	**4,235,891**
Distribution and transportation expenses	26	(639,625)	(634,274)
General and administrative expenses	27	(1,925,576)	(1,818,113)
Other operating expenses, net	28	(153,672)	(104,154)
Excess of fair value of net assets acquired over the cost of acquisition	8	543,938	-
Operating profit		**1,846,938**	**1,679,350**
Finance income	29	56,500	47,265
Finance costs	30	(815,046)	(470,245)
Share of results of associates	9	(904)	695
Profit before income tax		**1,087,488**	**1,257,065**
Income tax expense	23	(173,770)	(291,273)
Profit for the period		**913,718**	**965,792**
Profit attributable to:			
Shareholders of the Company		835,530	842,793
Non-controlling interest		78,188	122,999
Profit for the period		**913,718**	**965,792**
Items that will not be reclassified to profit or loss			
Remeasurements of post employment benefit obligations		32,757	235
Total items that will not be reclassified to profit or loss		**32,757**	235
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		252,539	50,331
Currency translation differences of associates	9	5,269	1,262
Total items that may be reclassified subsequently to profit or loss		**257,808**	51,593
Other comprehensive income for the period		**290,565**	**51,828**
Total comprehensive income for the period		**1,204,283**	**1,017,620**
Total comprehensive income attributable to:			
Shareholders of the Company		1,053,859	868,622
Non-controlling interest		150,424	148,998
Total comprehensive income for the period		**1,204,283**	**1,017,620**
Basic and diluted earnings per ordinary share for profit attributable to the ordinary shareholders (RR per share)	**21**	**7.18**	**7.19**

Consolidated statement of cash flows 6 months 2013

	Note	30 June 2013	30 June 2012*
Cash flows from operating activities			
Profit before income tax		1,087,488	1,257,065
Adjustments for:			
Depreciation and amortisation	5,6	613,414	410,171
Loss from disposal of property, plant and equipment and intangible assets	28	11,879	14,259
Finance income	29	(56,500)	(47,265)
Finance costs	30	815,046	470,245
Pension (income)/expenses	15	(27,137)	35,472
Warranty provision	20, 25	6,004	39,200
Impairment of taxes receivable	28	-	11,742
Provision for tax risks	20	(13,728)	-
Provision for impairment of accounts receivable	27	3,656	8,669
Provision for obsolete inventories	25	1,824	33,694
Provision for VAT receivable	27	38	3,646
Excess of fair value of net assets acquired over the cost of acquisition	8	(543,938)	-
Foreign exchange gain, net	28	(15,872)	(4,647)
Provision for legal claims	20, 28	15,771	(15,005)
Share of results of associates	9	904	(695)
Net monetary effect on non-operating items		12,225	25,630
Write-off of receivables		1,295	-
Operating cash flows before working capital changes		**1,912,369**	**2,242,181**
Increase in inventories		(96,224)	(1,162,531)
Increase in trade and other receivables		(1,518,858)	(2,005,509)
(Decrease)/increase in other taxes payable		(9,295)	457,960
(Decrease)/increase in accounts payable and accrued liabilities		(806,354)	4,135,817
Restricted cash	10	46,924	(34,655)
Cash (used in)/from operations		**(471,438)**	**3,633,263**
Income tax paid		(242,533)	(961,405)
Interest paid		(629,776)	(334,837)
Net cash (used in)/from operating activities		**(1,343,747)**	**2,337,021**
Cash flows from investing activities			
Repayment of loans advanced		13,539	5,897
Loans advanced		(223,460)	(11,062)
Proceeds from sale of property, plant and equipment and intangible assets		26,367	3,024
Interest received		456	42
Dividends received		742	976
Purchase of property, plant and equipment		(578,875)	(833,265)
Acquisition of intangible assets		(52,816)	(24,925)
Acquisition of subsidiaries, net of cash acquired	8	(236,589)	(205,940)
Advances paid for acquisition of subsidiary	8	-	(5,503,756)
Net cash used in investing activities		**(1,050,636)**	**(6,569,009)**
Cash flows from financing activities			
Repayments of borrowings		(6,308,079)	(5,688,850)
Proceeds from borrowings		9,975,336	11,095,882
Payment for finance lease		(3,798)	(9)
Acquisition of non-controlling interest in subsidiaries	8	-	(43)
Buy back of issued shares	21	(177,308)	-
Proceeds from the sale of treasury shares	21	7,511	-
Dividends paid to non-controlling shareholders of subsidiaries		(30,485)	(449)
Dividends paid to the shareholders of the Company	21	-	(1,499,692)
Net cash from financing activities		**3,463,177**	**3,906,839**
Net increase/(decrease) in cash and cash equivalents		**1,068,794**	**(325,149)**
Inflation effect on cash		**-**	**(572)**
Effect of exchange rate changes on cash and cash equivalents and effect of translation to presentation currency		**3,533**	**(19,275)**
Cash and cash equivalents at the beginning of the period		**1,346,082**	**1,598,463**
Cash and cash equivalents at the end of the period		**2,418,409**	**1,253,467**

Calculations and formulas

Notes to the presentation and formulas used for some figures' calculations

- All figures in millions of Russian Rubles, unless otherwise stated

- Management of the Group assesses the performance of operating segments based on a measure of adjusted EBITDA, which is derived from the consolidated financial statements prepared in accordance with IFRS

- **EBITDA** is defined as operating profit/loss adjusted for other operating income/expenses, depreciation and amortization, impairment of assets, provision for obsolete inventory, provision for impairment of accounts receivable, unused vacation allowance, defined benefits scheme expense, warranty provision, provision for legal claims, provision for VAT and other taxes receivable, other provisions, excess of fair value of net assets acquired over the cost of acquisition. This measurement basis excludes the effects of non-recurring income and expenses on the results of the operating segments
- **EBIT** is calculated as **Gross margin** minus **Distribution & transportation expenses** minus **General & administrative expenses** minus **Other operating expenses**
- **Total debt** is calculated as **Long-term borrowings** plus **Short-term borrowings**
- **Net debt** is calculated as **Total debt** minus **Cash & cash equivalents** at the end of the period
- **Working capital** is calculated as **Inventories** plus **Trade and other receivables**, excluding **Short-term loans issued**, **Bank deposits** and **Promissory notes receivable**, plus **Current income tax receivable** minus **Trade and other payables** minus **Short-term provisions for liabilities and charges** minus **Current income tax payable** minus **Other taxes payable**. In 2011, Working capital was adjusted for working capital of acquired DGHM (Rub 309 mn)
- **ROCE** is calculated as **EBIT LTM** divided by **Average Capital Employed** (**Total debt + Total equity**)

- **Backlog** is calculated as the preceding backlog plus new or additional customer orders booked during the reporting period, less amounts of contract value booked as revenue under ''Russian GAAP'' on an unconsolidated basis under the relevant contracts, plus or minus adjustments made in the judgment of the Group's management. The Group may also make certain adjustments to bookings to reflect amendment, expiry or termination of contracts, cancellation of orders, changes in price terms under contracts or orders, or other factors affecting the amount of potential revenue which the Group believes may be recognized under such contracts. The Group's backlog estimates are not an indication of potential revenues. Actual revenues and other measures of financial performance under IFRS may differ materially from any estimate of backlog, and changes in backlog between periods may have limited or no correlation to changes in revenue or any other measure of financial performance under IFRS

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