

DRA Global Limited
ACN 622581935

Reissued and Restated Group Annual Financial Statements

For the year ended 31 December 2018

DRA Global Limited

Group Annual Financial Statements for the year ended 31 December 2018

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DRA Global Limited

Group Annual Financial Statements for the year ended 31 December 2018

Administration

Country of incorporation and domicile	Australia
Australian Business Number	75 622 581 935
Directors	Peter Mansell (Chairman) Andrew Naude (Chief Executive Officer) Greg McRostie Paul Salomon Leon Uys
Company Secretary	Carol Marinkovich, Andrew Naude
Registered office	Level 8, 256 Adelaide Terrace Perth WA 6000 Australia Telephone: +61 086163 5900
Business address	Level 8, 256 Adelaide Terrace Perth WA 6000 Australia Telephone: +61 086163 5900
Postal address	PO Box 3130 East Perth WA 6892 Australia
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Australia
Bankers	Commonwealth Bank of Australia Tower 1, 201 Sussex St Sydney NSW 2000, Australia
Solicitors	K&L Gates Level 32, 44 St Georges Terrace Perth WA 6000, Australia
Share Registry	Computershare Investor Services Pty Limited Level 11, 172 St Georges Terrace Perth WA 6000, Australia and at Rosebank Towers 15 Biermann Avenue, Rosebank 2196, Gauteng South Africa Telephone: +1300 850 505 (Inside Australia) Telephone: +61 (0)3 9415 4000 (Outside Australia) Facsimile: +61 (0)3 9473 2500 www.computershare.com
Website	www.draglobal.com

DRA Global Limited

Group Annual Financial Statements for the year ended 31 December 2018

Directors' Declaration

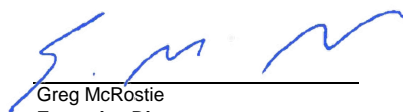
In the Directors' opinion:

- (a) the financial statements and notes of DRA Global Limited are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2018 and of its performance for the year ended on that date of the Group; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- (b) the financial statements and notes also comply with International Financial Reporting Standards; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Andrew Naude
Chief Executive Officer



Greg McRostie
Executive Director

16 December 2019

DRA Global Limited

Directors' report for the year ended 31 December 2018

This reissued Directors' Report has been revised as a result of the re-issuance and restatement of the financial report as described in note 1.1.3.

The directors of DRA Global Ltd (DRA Global) present their report, together with the consolidated financial statements comprising DRA Global and its controlled entities (together the Group) for the year ended 31 December 2018.

Directors

The names and details of the Company's directors in office during the financial period and until the date of this report are as follows. Where applicable, all current and former directorships held in listed public companies over the last three years have been detailed below. Directors were in office for this entire period unless otherwise stated.

Peter Mansell (Chairman)

Independent non-executive director (Appointed 16 September 2019)

Qualifications	Bachelor of Commerce, Bachelor of Laws, Higher Diploma in Tax Law
Experience	Peter was a senior partner of Freehills law firm (1988 – 2004), National Chairman (1995 to 2000) and Director of Aurecon Group Pty Ltd (2013 to 2016), all of which contribute to his 20 years of experience as a company director. Mr Mansell was instrumental in the conception, negotiation and management of two large law firm mergers and subsequent integration and has served on the boards of several prominent ASX 100 companies as well as mid-market companies. Mr. Mansell's international experience includes Europe, Africa and Canada and covers a broad range of industries and sectors including mining, media, agribusiness and energy. Mr. Mansell is currently Chairman of Energy Resources of Australia, Cancer Research Fund and Foodbank of Australia.
Special responsibilities	Chairman
Directorships of listed companies held in the last 3 years	<ul style="list-style-type: none">Chairman of Energy Resources of Australia LtdOra Banda Mining Ltd
Interest in shares and options at date of this report	No shares or options in DRA Global Ltd

Leon Uys

Non-executive director (Appointed 16 July 2018)

Qualifications	Pr Eng, HNTD, MDP (University of Pretoria)
Experience	Leon worked for DRA Global for 27 years where he was instrumental in the organisation's growth. Before joining DRA Global, Leon gained ten years' of industry experience. He joined DRA in 1987 and retired from his position as CEO in 2013, currently Leon guides the organisation at board level by setting the strategic direction for the global business. Leon qualified as a Technician and attended a once off course presented at the University of Witwatersrand to meet the requirements of Engineering Council of South Africa (ECSA) thus allowing Leon to register as a Professional Engineer with the ECSA. Leon holds a MDP Project Management from the University of Pretoria.
Special responsibilities	None
Directorships of listed companies held in the last 3 years	None
Interest in shares and options at date of this report	Ordinary shares in DRA Global Ltd: 4 123 340

Paul Salomon

Non-executive director (Appointed 16 July 2018)

Qualifications	CA (CAANZ), CFA, BBusSci (Honours)
Experience	Paul joined Stockdale Street South Africa (formerly Southern Cross Capital) in 2011 and is responsible for leading the team that looks after the Oppenheimer Family's South African Private Equity interests. Prior to joining Stockdale Street, Paul was the co-founder of Altirah Capital, a South African private equity & venture capital house. Before this, Paul was the Chief Financial Officer of Everest Capital (Pty) Ltd, an Australian hedge fund business. Prior to his involvement in the hedge fund industry, Paul worked at ABN AMRO in Australia and Investec Bank Ltd in South Africa in their corporate finance divisions. Paul qualified as a Chartered Accountant in Australia, is a CFA charter holder and earned a B.BusSci. (Honours) from the University of Cape Town.
Special responsibilities	None
Directorships of listed companies held in the last 3 years	None
Interest in shares and options at date of this report	No shares or options in DRA Global Ltd

DRA Global Limited

Directors' report for the year ended 31 December 2018

Andrew Naude (Chief Executive Officer)

Executive director (Appointed 31 October 2017)

Qualifications	BCom (Finance), BCom (Honours) (Accounting), CA (SAICA), AMP, GAICD
Experience	Andrew was appointed as the CEO of DRA Global on 15 July 2019. Andrew is a Chartered Accountant who worked in financial services and corporate finance for just short of 20 years, with a decade of his experience earned at executive and director level, as well as holding several non-executive directorships. Andrew joined DRA Global in 2013 with responsibility for development and oversight of DRA Global's strategic expansion, including mergers and acquisitions, as well as leading the group corporate services function. Andrew has been extensively involved in growth initiatives within DRA's international business, and previously served as interim CEO during 2016 and as CFO from 2016 to 2019. Andrew is an alumnus of Harvard Business School, where he completed the Advanced Management Programme, as well as a graduate member of the Australian Institute of Company Directors.
Special responsibilities	Chief Executive Officer
Directorships of listed companies held in the last 3 years	None
Interest in shares and options at date of this report	Ordinary shares in DRA Global Ltd: 1 421 241

Greg McRostie

Executive director (Appointed 1 August 2019)

Qualifications	Bachelor of Engineering (Mechanical), Member Institute of Engineers Australia
Experience	Greg is the Executive Vice President and Managing Director the Asia-Pacific region. Greg has over twenty five years' experience in the design and construction of mineral processing facilities and associated infrastructure across a broad range of commodities. He previously held positions including design engineering roles with Lycopodium, Minproc and GHD and senior project management for Roche Mining (previously JR Engineering Services). Greg was also previously Managing Director of Abesque Engineering and Construction Ltd, an Executive Director of Forge Group Ltd and Managing Director of Minnova (Pty) Ltd.
Special responsibilities	None
Directorships of listed companies held in the last 3 years	None
Interest in shares and options at date of this report	Ordinary shares in DRA Global Ltd: 461 650

Tim Netscher

Independent non-executive director (Appointed 31 October 2017; Resigned 22 March 2019)

Qualifications	BSc (Eng) (Chemical), BCom, MBA
Experience	Tim served as chairman of DRA Group Holdings (Pty) Ltd from 1 February 2016 and was Chairman of DRA Global Ltd until 22 March 2019.
Special responsibilities	Chairman
Directorships of listed companies held in the last 3 years	<ul style="list-style-type: none">Chairman of Gold Road Resources LtdChairman of St Barbara LtdNon-executive Director at Western Areas LtdChairman of Toro Energy Limited (November 2015 to September 2016)
Interest in shares and options at date of this report	No shares or options in DRA Global Ltd

Clive Hart

Non-executive director (Appointed 16 July 2018 and Resigned 1 June 2019)

Qualifications	BSc (Eng) (Metallurgy), BCom, SAIMM, SACPS
Experience	Clive was one of the DRA Global's founding members and served as a director of the DRA Group from 1985 until 1 June 2019.
Special responsibilities	Chair of the Remuneration Committee (Resigned 1 June 2019)
Directorships of listed companies held in the last 3 years	None
Interest in shares and options at date of this report	Ordinary shares in DRA Global Ltd: 6 642 339

DRA Global Limited

Directors' report for the year ended 31 December 2018

Peter Maw

Non-executive director (Appointed 16 July 2018 and Resigned 28 October 2019)

Qualifications	B.Com. (Hons), CA(SA), HDip Tax Law
Experience	Peter is an executive partner of Stockdale Street South Africa and served as a director of DRA Group Holdings (Pty) Ltd from 1 October 2016 and DRA Global Ltd until 28 October 2019.
Special responsibilities	None
Directorships of listed companies held in the last 3 years	None
Interest in shares and options at date of this report	No shares or options in DRA Global Ltd

Wray Carvelas

Executive director (Appointed 16 July 2018, Resigned 1 July 2019)

Qualifications	MBA
Experience	Wray was the DRA Global CEO from 1 October 2016 until 15 July 2019.
Special responsibilities	Chief Executive Officer
Directorships of listed companies held in the last 3 years	None
Interest in shares and options at date of this report	Ordinary shares in DRA Global Ltd: 1 064 710

Sharon Warburton

Non-executive director (Appointed 30 July 2018; Resigned 21 March 2019)

Qualifications	BBus, AICD, FCA (CAANZ), FAIB
Experience	Sharon served as a non-executive director of DRA Global Ltd from 30 July 2018 until 21 March 2019.
Special responsibilities	Chair of the Finance and Risk Committee
Directorships of listed companies held in the last 3 years	<ul style="list-style-type: none">• Co-Deputy Chairman Fortescue Metals Group Limited (ASX:FMG)• Non-executive Director NEXTDC Limited (ASX: NXT)• Non-executive Director Worley Parsons Limited (ASX: WPL)• Non-Executive Director - Gold Road Resources Limited (ASX: GOR)• Non-executive Director Wellard Limited (November 2015 to August 2016)
Interest in shares and options at date of this report	No shares or options in DRA Global Ltd

Cliff Lawrenson

Non-executive director (Appointed 16 April 2019; Resigned 31 May 2019)

Qualifications	BCom (Finance), BCom (Honours) (Finance and Strategy)
Experience	Cliff was appointed as a non-executive director to fill a casual vacancy on 16 April 2019. Subject to shareholder approval to be sought at the DRA Global AGM on 31 May 2019, he intended to accept the position of Executive Chairman of DRA Global. However, based on shareholder feedback ahead of the proposed AGM, it became evident that the appointment would not be supported by the requisite majority of shareholders, this prompted the board to withdraw the relevant resolutions. Cliff resigned as a non-executive director immediately thereafter.
Interest in shares and options at date of this report	No shares or options in DRA Global Ltd

Peter Maw and Paul Salomon are appointees of BPESAM IV M Ltd Mauritius and BPESAM IV N Ltd Mauritius, in which they have a contingent indirect interest. BPESAM IV M Ltd Mauritius and BPESAM IV N Ltd Mauritius each owns 15 000 000 shares in DRA Global Ltd.

VMF Investments Ltd holds 7 286 011 shares in DRA Global Ltd. This entity is owned and controlled by the VMF Investment Trust, a trust established for the benefit of international management of DRA. VMF Investments is managed by Juris Tax Ltd who also acts as the trustee of the VMF Investment Trust. At the date of these financial statements, the beneficiaries of the VMF Investment Trust include named members of DRA management, unnamed international DRA management (as a class) and a foundation intended to be established for the benefit of DRA employees. A family entity associated with Andrew Naude, Chief Executive Officer of the Company, is a named beneficiary of the VMF Investment Trust. A family entity associated with Wray Carvelas, former DRA Global director, was recently added to the list of named beneficiaries of the VMF Trust. Neither Andrew Naude nor Wray Carvelas are trustees of the VMF Trust nor exercise control over VMF Investments or the VMF Investment Trust. No quantifiable beneficial interest arises for a beneficiary of the trust until a distribution is declared by the trustee, such distributions are at the discretion of the trustee and contingent on factors determined by the trustee. The shares in VMF Investments were acquired with capital contributed by the beneficiaries and a loan from the DRA Group, on the same terms as extended to other employee shareholders at the time.

DRA Global Limited

Directors' report for the year ended 31 December 2018

Company Secretary

Carol Marinkovich was appointed as Company Secretary on 24 September 2018. DRA Global's former Company Secretary, Greg McRostie, resigned on 24 September 2018. Andrew Naude acts as joint secretary from 9 April 2019.

Principal Activities

DRA Global is a multi-disciplinary engineering group that delivers mining, minerals processing and related infrastructure services. There was no significant change in the nature of the Group's activities during the financial year ended 31 December 2018.

Review of operations

Main business and operations

DRA Global is a leading multi-disciplinary engineering group that delivers mining, minerals processing and related infrastructure services from concept to commissioning, as well as comprehensive operations and maintenance services, to clients worldwide.

An overview of the Group is as follows:

- DRA Global is an unlisted public entity. DRA is a diversified global engineering group that offers comprehensive services to clients worldwide.
- The Group commenced operations in 1984, focused on the design and construction management of minerals processing plants in South Africa. This soon expanded to include projects across Africa and the rest of the world.
- DRA Global has completed over 4 500 projects and studies, in 26 countries since inception across 6 continents.
- DRA Global provides a comprehensive list of engineering services required to advance a mineral project from concept to commissioning:
 - Operations division operates and maintains numerous processing plants around the world on behalf of clients;
 - Undertakes the design and construction management of surface and underground mining projects; and
 - Design and implementation of associated infrastructure projects, such as ports, roads, bridges and accommodation.
- Employs over 4 300 people with 17 offices around the world.
- Headquarters in Perth, Australia.
- DRA has extensive expertise in various commodities, including but not limited to: Coal, Platinum (PGEs), Uranium, Chrome, Diamonds, Iron Ore, Gold, Copper, Cobalt, Nickel, Zinc, Lead, Lithium, Graphite and Rare Earths.

DRA Global's business is divided into two broad segments, being the Contracting - project business and the Operations and Maintenance business:

Engineering Projects Business

- Undertakes studies and projects in Asia-Pacific, Europe Middle East and Africa and the Americas;
- Services each phase in a minerals project lifecycle, from assessment, development and definition of optimal commercial solutions through to design, procurement, construction and commissioning of minerals processing plants and related infrastructure;
- Activities span across process, mechanical, civil, structural, electrical and control disciplines;
- DRA Global also has specialist capabilities in the procurement of equipment and supplies, fabrication and erection related to the construction and commissioning of these projects; and
- Utilises EPC, Construction only and EPCM construction models.

Operations and Maintenance Business

- Mineral process plant and refined coal site operations and maintenance management, metallurgical quality management, control and analysis and process optimisation;
- Specialist capabilities in systems integration, recruitment and human resource management, skills development and training, purchasing and cost control, stores and asset management, health and safety, and environmental management;
- Provides a complete operations management service that optimises plant operation, maintenance and shutdown services for clients; and
- Services include long and short term contract operation and maintenance of plants and associated infrastructure, operations development, management and support as well as a full operations consultancy service.

Corporate matters

Annual General Meeting

The Company had its first Annual General Meeting on 31 May 2019. 16 Resolutions were proposed for consideration by DRA Global shareholders. Resolutions 1, 3, 6 and 10 - 16 were passed by shareholders. Resolutions 2, 4, 5 and 7 - 9 were withdrawn by the Board ahead of the meeting due to lack of support.

Mergers and acquisitions

The Group acquired the following entities during the current financial year (refer to note 26 for the full details):

- On 1 July 2018 the Group acquired 51% interest in each of Prentec (Pty) Ltd (Prentec) and Prentec Technical Services (Pty) Ltd (PTS). The acquisition provides DRA with expanded capabilities in water and waste water treatment. Prentec delivers project solutions and PTS provides operations and maintenance services.
- On 13 July 2018, the Group acquired 100% interest in Minново (Pty) Ltd (Minново). Minново is a Perth-based engineering services provider. The acquisition provides DRA with expanded capabilities and an enhanced ability to service clients within Australia.
- On 6 August 2018, the Group acquired 100% interest in G&S Engineering (Pty) Ltd (G&S). G&S provides maintenance services and SMP construction services.

DRA Global Limited

Directors' report for the year ended 31 December 2018

Capital reorganisation

DRA Global Ltd was registered on 31 October 2017. The Company effected the acquisition of Minnovo (Pty) Ltd and DRA Group Holdings (Pty) Ltd on 13 and 16 July 2018 respectively. The two acquisitions were indivisible and inter-conditional.

At the date of acquiring DRA Group Holdings (Pty) Ltd, DRA Global Ltd's assets and liabilities related only to those that arose with the acquisition of Minnovo (Pty) Ltd. Refer to note 26 Business Combinations for the full disclosure of the acquisition.

DRA Group Holdings (Pty) Ltd is identified as the accounting acquirer under AASB 3. As a result, the accompanying consolidated financial statements represent the continuation of DRA Group Holdings (Pty) Ltd's consolidated financial statements. The consolidated financial statements at 31 December 2018 reflects the results of the consolidated Group comprising DRA Global Limited and its controlled entities. The comparative period financial statements reflect the consolidated results of DRA Group Holdings (Pty) Ltd and its controlled entities prior to its acquisition by DRA Global Ltd.

As at the capital reorganisation date, 16 July 2018, DRA Group Holdings (Pty) Ltd had the following securities on issue:

• Ordinary no par value shares	48 515 293
• Treasury Shares	(5 201 385)
• Class B no par value shares	30 000 000
	<hr/>
	73 313 908

With the Capital reorganisation, the 73 313 908 shares, were acquired by DRA Global Ltd, by way of the issue of 73 313 908 new ordinary shares in DRA Global Ltd.

DRA Global Ltd issued a further 2 539 075 shares to the value of AUD 18 874 947 pursuant to the acquisition of Minnovo (Pty) Ltd.

At 31 December 2018, the Company had 75 852 983 ordinary shares in issue.

On 1 April 2019, DRA Global issued 8 888 889 shares to the value of AUD 64 711 112 pursuant to the acquisition of New SENET (Pty) Ltd. A further 33 784 DRA Global shares to the value of AUD 250 000 were issued to Azure Capital Investments (Pty) Ltd on 29 May 2019 for advisory services.

At the date of this report, the Company had 84 775 656 ordinary shares in issue.

Financial Review

The Financial Review has been revised as a result of the re-issuance of the financial report as described in note 1.1.3.

The Group revenue for the year was AUD 956 654 928 (2017: AUD 640 674 570).

The Group recorded a net loss after tax of AUD 42 129 200 (2017: a net profit after tax of AUD 24 542 583) for the financial year ended 31 December 2018.

The Group's net assets decreased by 9% to AUD 229 138 633 as at 31 December 2018 (2017: AUD 250 878 777).

Total consolidated cash and cash equivalents at the end of the financial year was AUD 125 626 166 (2017: AUD 220 648 303).

Changes in State of Affairs

Other than the matters referred to in the above Review of Operations and Merger and Acquisitions section, there were no other significant changes in the Group's state of affairs during the year.

Likely Developments

The Group plans to continue to provide diversified engineering and operation and maintenance services globally. Refer to future developments in the Events after the balance sheet date section below.

Distributions

During the year, the dividends declared and paid to shareholders of DRA Group Holdings (Pty) Ltd, prior to the reorganisation, were AUD 2 186 947 (2017: AUD 18 334 709). A return of capital was made to the shareholders of DRA Global Ltd during the year of AUD 5 831 561 (2017: Nil).

No recommendation of payment of dividends has been made to the shareholders of DRA Global Ltd.

DRA Global Limited

Directors' report for the year ended 31 December 2018

Directors' Meetings

The following table sets out the number of Board of Directors' meetings held during the year and the number of meetings attended by each Director (while they were an appointed director):

Attendees	Board		Finance & Risk Committee		Social and Ethics Committee		Human Resources, Remuneration and Nomination Committee	
	H	A	H	A	H	A	H	A
Executives								
Wray Carvelas	4	4	4	4	1	1	2	2
Andrew Naude	4	4	4	4	1	1	2	2
Non Executive Directors								
Clive Hart	4	4	4	4	-	1	2	2
Leon Uys	4	4	-	4	1	1	2	2
Peter Maw	4	4	4	4	1	1	-	2
Paul Salomon	4	4	4	4	1	1	2	2
Independent Non Executive Directors								
Tim Netscher	4	4	4	4	-	-	-	-
Sharon Warburton	4	2	4	2	1	-	2	-

H - The number of meetings held during the period the director was a member of the Board and/or Committee.

A - The number of meetings attended by the Director during the period the Director was a member of the Board and/or Committee.

In addition to the scheduled meetings, briefing sessions were held for Directors during the year.

Environmental

The Group is subject to environmental regulation in respect of its Projects and Operations business activities. DRA Global aims to ensure the appropriate standard of environmental care is achieved, and in doing so that it is aware of, and is in compliance with, relevant environmental legislation. There were no breaches of environmental legislation for the year.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Act) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company of all or any part of those proceedings. No proceedings have been brought or intervened in, or on behalf of the Company with leave of the Court under section 237 of the Act.

Indemnification and Insurance of Directors and Officers

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer or agent of the Group shall be indemnified out of the property of the Group against any liability incurred by him or her in his or her capacity as Officer, auditor or agent of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The contracts of insurance contain confidentiality provisions that preclude disclosure of the premiums paid, the nature of the liability covered by the policies, the limit of liability and the name of the insurer.

Indemnification and Insurance of Auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors BDO Audit (WA) Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the DRA Global's breach of their agreement. No payment has been made to indemnify BDO Audit (WA) Pty Ltd during or since the end of the financial year.

Non-Audit Services

The following non-audit services were provided by entities related to the Company's auditor BDO Audit (WA) Pty Ltd. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. BDO Audit (WA) Pty Ltd related entities received the following amounts for the provision of non-audit services:

Related entities of BDO Audit (WA) Pty Ltd	2018 AUD	2017 AUD
Tax advice	35 094	-
Corporate advisory	400 702	-
Remuneration advisory	98 286	-
Total non-audit services	534 082	-
Network firms of BDO Audit (WA) Pty Ltd		
Tax advice	17 509	-
Corporate advisory	33 500	179 353
Total non-audit services	51 009	179 353

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the *Corporations Act 2001* is set out on page 12 of this financial report.

Events after the balance sheet date

Reissue of Annual Financial Statements

The Annual Financial Statements have been reissued due to the following events:

- The correction of errors in the recognition of profits on the Elikhulu Gold Tailings Retreat and the Dargues Gold projects.
- The update of all significant judgements and estimates as part of this reissue process due to new and updated information subsequent to year-end.

Refer to note 1.1.3 for the full description and financial impact.

Acquisition of a 72.7% interest in SENET

With effect from 1 April 2019, DRA acquired a 72.7% interest in New SENET Proprietary Limited ("SENET") for a consideration of AUD 112 million, comprising cash and shares in DRA Global. DRA also entered into a reciprocal call and put option arrangement whereby DRA will acquire the remaining 27.3% in SENET between 24 to 36 months from the date of the subscription.

SENET is a leading project management and engineering firm in the field of mineral processing in Africa and specialises in project delivery throughout the continent, particularly in gold, copper, cobalt, uranium, and iron ore. SENET has also delivered projects in the Middle East, Asia, Europe and South and Central America. The acquisition forms part of DRA's Africa Projects segment and will expand the Group's scale and service capabilities in the region making the combined business the largest mineral processing project delivery business on the continent, further enhancing the Group's ability to effectively service clients and compete on the global stage. Refer to note 30.

Share buy-back

At the Annual General Meeting on 31 May 2019, the shareholders approved the selective buy-back of shares for the Share Schemes and for the legacy LTIP, subject to approval from the South African Reserve Bank were applicable. The total amount of shares bought back to date is 185 796 with a total value of AUD 1 557 709, at an average rate of AUD 8.25 ranging from AUD 7.99 to AUD 8.40.

New lease agreement


DRA has entered into a new office lease agreement on 1 November 2019 for the EMEA Projects business that will result in a significant lease liability and right of use asset. This is a 10 year lease with initial monthly property rental payments of AUD 153 053 (excluding VAT). The lease will commence upon the property becoming available for occupation, which is currently anticipated to be no earlier than 1 August 2020.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.



Andrew Naude
Chief Executive Officer

16 December 2019



Greg McRostie
Executive Director

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF DRA GLOBAL LIMITED

As lead auditor of DRA Global Limited for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of DRA Global Limited and the entities it controlled during the period.



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 16 December 2019

INDEPENDENT AUDITOR'S REPORT

To the members of DRA Global Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of DRA Global Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Reissued and Restated Group Financial Statements

We draw attention to Note 1.1.3 in the financial statements, which discusses that the financial statements have been restated and reissued as a result of material changes in the calculation of revenue recognised on projects in accordance with accounting standard AASB 15 'Revenue from Contracts with Customers' and as part of the reissue process, a full review of significant judgements and estimates was conducted. The other information in the financial report, including the Directors Report, has also been restated and reissued. This audit report supersedes our audit report on the previously issued on financial report dated 23 April 2019. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for Business Combinations

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the year the Group acquired three new businesses as disclosed in Note 26 of the financial report being:</p> <ul style="list-style-type: none"> • G&S Engineering Services Pty Ltd (G&S); • Minnovo (Pty) Ltd (Minnovo); and • Prentec including Prentec (Pty) Ltd and Prentec technical Services (Pty) Ltd (PTS) <p>Accounting for business acquisitions can be complex and accounting standards require the Group to recognise all the assets and liabilities of the businesses at fair value.</p> <p>This is a key audit matter given the complexity of business combinations and significant management judgements in relation to identification and measurement of fair value of assets and liabilities.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewing acquisition agreements to understand the key terms and conditions, and confirming our understanding of the transactions with management; • Agreeing purchase price to the acquisition agreements and agreeing to external valuation report for share capital issued; • Agreeing and substantiating acquired assets and liabilities to supporting documentation; • Challenging management's methodology and assumptions utilised to identify and determine the fair value of the assets and liabilities acquired; • Obtaining a copy of external valuation reports where applicable and critically assessing the determination of fair value of assets and liabilities; • Involving our internal valuation specialists to assess the key assumptions used in the valuation of intangible assets; • Involving our internal tax specialists to review the accuracy of tax balances of the acquired entities; and • Reviewing underlying contracts, legal opinions and holding discussions with management to critically assess the fair value of onerous contract losses recognised at acquisition date. <p>We also assessed the appropriateness of related disclosures in note 26 of the financial report.</p>

Impairment testing of Goodwill

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>Note 7 to the financial report discloses goodwill and the assumptions used by the Group in testing the goodwill for impairment.</p> <p>As required by the Australian Accounting Standards, the Group performed an annual impairment test for each cash generating unit (CGU) to which goodwill has been allocated to determine whether the recoverable amount is below the carrying amount as at 31 December 2018.</p> <p>This was determined to be a key audit matter as management's assessment of the recoverability of the goodwill is supported by a value in use (VIU) cash flow forecast which requires estimates and judgements about future performance.</p> <p>These include significant judgements when estimating future cash flows particularly in respect to determining the appropriate:</p> <ul style="list-style-type: none"> • future growth rates; • discount rates; • terminal growth rates; and • forecast gross profit margins. 	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the business processes undertaken by management in assessing for impairment; • Holding discussions with management about performances of each of the CGUs and whether there were any events or circumstances that would indicate that goodwill was impaired; • Assessing the accuracy of cash flow budgets against the latest board approved financial plan; • Challenging key assumptions used in the VIU which includes forecast growth and forecast gross profit margins by comparing them to historical results, business trends, economic and industry forecasts; • Involving our internal valuation experts in assessing discount rates; • Assessing the accuracy of forecasts by comparing to post year end business results; • Testing the mathematical accuracy of the cash flow models; and • Performing sensitivity analysis to stress test key assumptions used in the VIU model which includes forecast growth rates, discount rates and gross profit margins. <p>We also assessed the appropriateness of the disclosures in note 7 to the financial report.</p>

Revenue from Contracts with Customers

Key audit matter	How the matter was addressed in our audit
<p>The Group generates a significant portion of its revenue from long term customer contracts for the design, procurement, construction and operation and maintenance of mineral process plants in the form of EPC and EPCM contracts (“construction contract”) as disclosed in note 1.17 and note 4(i).</p> <p>The Group has applied AASB 15 “Revenue from contracts with customers” from 1 January 2018 using the full retrospective application. The Group continues to recognise construction revenue overtime under AASB 15 based on costs incurred to date which depicts the transfer of value to the customer.</p> <p>Revenue recognition is a key audit matter due to the size of revenue generated from construction contracts and the accounting for the contracts involves significant level of judgements in assessing whether criteria set out in AASB 15 is met, estimates related to future costs and the final outcome of contracts.</p> <p>The Group’s disclosures in relation its revenue accounting policy and significant judgements applied in revenue recognition is disclosed in notes 1.1, 1.17, 2, 4(i), 4(ii) and note 19 to the financial report.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Visiting selected sites of projects under construction and understanding the contracting processes and consistency of its application; • Testing key controls over management’s processes in the preparation, review and authorisations of monthly WIP reports for all live contracts of the group which includes recording of contract costs, contract revenues and calculation of progress. This included the review of external advisory reports on these controls and processes; • Review of management position papers on key contracts and their assessed position at the date of reissue of the financial statements; • Obtaining an understanding of a sample of contracts terms and conditions and how these reflect management’s estimate of forecast costs and revenue; • Assessing forecast costs to complete through discussions with and challenging of project managers and finance personnel; • Testing a sample of costs incurred to date and agreeing this to supporting documentation; • Assessing significant exposures to penalties and liquidated damages for late delivery of contract works; • Assessing contractual entitlement relating to contract modifications, variations and claims recognised by reference against underlying contracts and supporting documentation; and • Evaluating contract performance in the period since year end to date of the reissued financial statements to confirm management’s year- end revenue recognition judgements and estimates.

Revenue from Contracts with Customers (continued)

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
	<p>We obtained the Group's impact assessment of adopting AASB 15 for 1 January 2017 and 1 January 2018 and selected a sample of significant ongoing construction contracts and performed the following procedures:</p> <ul style="list-style-type: none"> • Reviewed the contracts to verify the terms and conditions within the contracts and reviewed management's assessment against principles of AASB 15; • Checking that costs such as mobilisation/site setup costs, feasibility studies and preliminary design activities are accounted for in accordance with requirements of AASB 15; • Checking that no profit margins are recognised with respect to uninstalled goods delivered to customer sites; and • Challenging management's assessment of the performance obligations promised to the customer within the contract and their assessment of liquidation damages. <p>We also checked the adequacy of disclosures in notes 1.1, 1.17, 2, 4(i), 4(ii) and 19 to the financial report.</p>

Onerous Contract Provisions and Contingent Liabilities

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group generates a significant portion of its revenue from long term customer contracts as detailed in the previous key audit matter.</p> <p>As a result of details disclosed in Note 1.1.3, the financial statements were re-issued which required a re-assessment of key judgements and estimates around provisions and contingent liabilities at the date of re-issue, particularly in relation to key EPC contracts of the Group.</p> <p>The Group's disclosures in relation to provisions and contingent liabilities are disclosed in note notes 1.16 and 28 to the financial report.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Reviewing position papers prepared by management on key EPC contracts, including the updated assessment for provisions and contingent liabilities related to the contracts at the re-issue date; • Agreeing details in management position papers to supporting project reports including holding discussions with project managers on the updated status of key projects; • Obtaining and reading correspondence between customers and the Group for evidence of performance issues and concerns for selected projects; • Checking costs incurred post year end to the reissue date for completeness of the provision balances provided; • Agreeing adjustments made to contract provisions and disclosures relating to contingent liabilities in the financial statements to supporting evidence; • Obtaining and reviewing the group risk register including discussing with management in regards to open matters; • Discussing with in-house and external legal counsel on the legal position of certain contracts which are in arbitration or formal legal proceedings and if possible, the likely outcome and estimate of any potential financial impact; and • Obtaining letters of inquiry from lawyers for matters relating to entities within the Group. <p>We also assessed the appropriateness of the disclosures in notes 1.16 and 28 to the financial report.</p>

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Matter

The comparative information of the Group (previously presented in South African Rand 'ZAR') for the year ended 31 December 2017, was audited by another auditor who expressed an unmodified opinion on that report on 15 May 2018.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.



A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to be 'Neil Smith', written over a small, faint BDO logo.

Neil Smith

Director

Perth, 16 December 2019

DRA Global Limited

Consolidated Statement of Comprehensive Income for the year ended 31 December 2018

AUD	Notes	2018	2017 Restated *
Continuing operations			
Revenue	4 (i)	956 654 928	640 674 570
Cost of sales		(883 451 440)	(529 783 956)
Gross Profit		73 203 488	110 890 614
Other income	22	2 311 307	2 032 060
Operating costs		(128 225 933)	(78 087 599)
Operating (Loss)/Profit	21	(52 711 138)	34 835 075
Fair value adjustments	21	866 365	(1 317 181)
Finance income	23	6 701 614	6 823 228
Finance costs	23	(1 833 455)	(985 071)
(Loss)/Profit Before Tax		(46 976 614)	39 356 051
Income tax benefit/(expense)	24	4 847 414	(14 813 468)
(Loss)/Profit After Tax		(42 129 200)	24 542 583
Other comprehensive income			
Items that will or may be reclassified to profit or loss			
Currency translation differences		1 091 039	1 008 619
Total Comprehensive (Loss)/Income for the year		(41 038 161)	25 551 202
(Loss)/Profit After Tax attributable to:			
Ordinary equity holders of the parent		(41 584 437)	24 532 770
Non-controlling interest		(544 763)	9 813
		(42 129 200)	24 542 583
Total Comprehensive (Loss)/Income attributable to:			
Ordinary equity holders of the parent		(40 496 553)	25 542 209
Non-controlling interest		(541 608)	8 993
		(41 038 161)	25 551 202
Basic earnings per share (cents)	36	(57.22)	36.89
Diluted earnings per share (cents)	36	(57.22)	36.50

* See note 1.1 - Basis of preparation for details regarding the restatements as a result of changes in accounting policies and correction of errors

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

DRA Global Limited
Consolidated Statement of Financial Position as at 31 December 2018

AUD	Notes	2018	2017 Restated *	1 January 2017 Restated *
ASSETS				
Current Assets		355 688 062	363 065 916	296 166 390
Inventories	10	3 877 423	3 446 660	3 303 162
Trade and other receivables	11	187 504 419	105 502 506	95 362 258
Other financial assets	20	19 724 818	26 490 800	12 835 263
Finance lease receivable	9	1 668 325	-	-
Current income tax asset		4 427 984	3 679 117	6 875 806
Contract assets	19	12 858 927	3 298 530	4 588 899
Cash and cash equivalents	12	125 626 166	220 648 303	173 201 002
Assets held for sale	6	950 572	-	-
Non-Current Assets		176 623 374	57 042 706	63 259 477
Property, plant and equipment	5	45 553 571	20 636 837	35 033 284
Goodwill	7	47 675 984	5 942 614	5 942 614
Intangible assets	7	15 698 492	4 889 856	5 727 911
Investments accounted for using the equity method	33	2 402 058	2 095 139	1 440 675
Other financial assets	20	5 764 199	4 312 442	-
Deferred tax assets	8	59 529 070	19 165 818	15 114 993
TOTAL ASSETS		533 262 008	420 108 622	359 425 867
LIABILITIES				
Current Liabilities		282 774 194	158 697 022	88 478 741
Trade and other payables	17	124 127 110	93 652 461	68 295 880
Provisions	18	101 418 094	10 400 000	68 115
Interest-bearing borrowings	16	857 814	317 025	1 459 068
Leases liability	16	6 106 835	4 884 667	3 042 761
Current income tax liability		1 121 952	3 041 497	3 500 632
Contract liabilities	19	49 141 037	46 395 105	12 112 285
Shareholders for dividends		1 352	6 267	-
Non-Current Liabilities		21 349 181	10 532 823	15 004 342
Interest-bearing borrowings	16	1 705 515	597 908	322 547
Leases liability	16	13 750 184	6 404 724	8 781 173
Deferred tax liabilities	8	5 893 482	3 530 191	5 900 622
TOTAL LIABILITIES		304 123 375	169 229 845	103 483 083
NET ASSETS		229 138 633	250 878 777	255 942 784
EQUITY				
Share capital	13	99 547 518	86 504 132	86 504 132
Treasury shares	13	-	(65)	(118)
Other equity		-	19 500 856	35 468 827
Other reserves	14	51 637 005	49 798 886	48 027 052
Retained earnings		74 941 279	95 131 706	86 008 623
		226 125 802	250 935 515	256 008 516
Non-controlling interests		3 012 831	(56 738)	(65 732)
TOTAL EQUITY		229 138 633	250 878 777	255 942 784

* See note 1.1 - Basis of preparation for details regarding the restatements as a result of changes in accounting policies and correction of errors.

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

DRA Global Limited

Consolidated Statement of Changes in Equity for the year ended 31 December 2018

Group	Notes	Attributable to equity holders of the Company						Non-controlling interest	Total equity
		Ordinary and Class B share capital	Treasury shares	Treasury shares reserve	Other reserves	Retained earnings	Total		
AUD									
Balance at 1 January 2017 as originally reported		86 504 132	(118)	35 468 827	48 027 052	91 463 635	261 463 528	(65 731)	261 397 797
Changes in accounting policies	1.1	-	-	-	-	(1 349 451)	(1 349 451)	-	(1 349 451)
Correction of error	1.1	-	-	-	-	(4 105 561)	(4 105 561)	-	(4 105 561)
Balance at 1 January 2017 (Restated *)		86 504 132	(118)	35 468 827	48 027 052	86 008 623	256 008 516	(65 731)	255 942 785
Total comprehensive income for the year		-	-	-	1 009 439	24 532 770	25 542 209	8 993	25 551 202
Profit for the year		-	-	-	-	24 532 770	24 532 770	9 813	24 542 583
Other comprehensive income		-	-	-	1 009 439	-	1 009 439	(820)	1 008 619
Net treasury share issues		-	53	(15 967 971)	-	-	(15 967 918)	-	(15 967 918)
Realisation of revaluation reserve		-	-	-	(43 819)	2 925 022	2 881 203	-	2 881 203
Share based payments expense	14 & 15	-	-	-	806 214	-	806 214	-	806 214
Distribution	37	-	-	-	-	(18 334 709)	(18 334 709)	-	(18 334 709)
Balance at 31 December 2017 (Restated *)		86 504 132	(65)	19 500 856	49 798 886	95 131 706	250 935 515	(56 738)	250 878 777
Balance at 31 December 2017 as originally reported		86 504 132	(65)	19 500 856	49 798 886	129 840 876	285 644 685	(56 738)	285 587 947
Changes in accounting policies	1.1	-	-	-	-	(702 279)	(702 279)	-	(702 279)
Correction of error	1.1	-	-	-	-	(34 006 891)	(34 006 891)	-	(34 006 891)
Balance at 31 December 2017 (Restated*)		86 504 132	(65)	19 500 856	49 798 886	95 131 706	250 935 515	(56 738)	250 878 777
Changes in accounting policies	1.1	-	-	-	-	(3 418 000)	(3 418 000)	-	(3 418 000)
Balance at 1 January 2018 (Restated*)		86 504 132	(65)	19 500 856	49 798 886	91 713 706	247 517 515	(56 738)	247 460 777
Total comprehensive income/(loss) for the year		-	-	-	1 087 884	(41 584 437)	(40 496 553)	(541 608)	(41 038 161)
(Loss)/Profit for the year		-	-	-	-	(41 584 437)	(41 584 437)	(544 763)	(42 129 200)
Other comprehensive income		-	-	-	1 087 884	-	1 087 884	3 155	1 091 039
Business Combinations	26	18 874 947	-	2 361 600	-	-	21 236 547	3 611 177	24 847 724
Treasury share issued and bought back		-	17	5 136 501	-	-	5 136 518	-	5 136 518
Capital reorganisation	1 & 13	-	48	(26 998 957)	-	26 998 957	48	-	48
Realisation of revaluation reserve		-	-	-	224 244	-	224 244	-	224 244
Share based payments expense	14 & 15	-	-	-	525 991	-	525 991	-	525 991
Distribution	37	(5 831 561)	-	-	-	(2 186 947)	(8 018 508)	-	(8 018 508)
Balance at 31 December 2018		99 547 518	-	-	51 637 005	74 941 279	226 125 802	3 012 831	229 138 633

* See note 1.1 - Basis of preparation for details regarding the restatements as a result of changes in accounting policies and correction of errors.

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

DRA Global Limited
Consolidated Statement of Cash Flows for the year ended 31 December 2018

AUD	Notes	2018	2017
Cash flows from operating activities			
Receipts from customers		911 079 421	633 851 633
Payments to suppliers and employees		(949 522 341)	(521 587 476)
	25	(38 442 920)	112 264 157
Finance income		6 701 614	6 823 228
Finance costs		(1 833 455)	(985 071)
Tax paid		(22 687 461)	(17 514 461)
Net cash (utilised)/generated from operating activities		(56 262 222)	100 587 853
Cash flows from investing activities			
Purchase of property, plant and equipment		(12 521 688)	(6 506 760)
Sale of property, plant and equipment		3 287 438	1 381 430
Purchase of intangible assets		(1 885 579)	(2 651 516)
Net sale of intangible assets		165 804	411 636
Business combinations, net of cash acquired	26	(8 878 296)	-
Sale of investments in subsidiaries	26	-	(303 419)
Advancement of financial assets		(86 512)	(14 306 122)
Net cash utilised in investing activities		(19 918 833)	(21 974 751)
Cash flows from financing activities			
Interest-bearing borrowings raised		2 008 353	659 892
Interest-bearing borrowings repaid		(15 159 957)	(1 526 574)
Lease liability repaid		(8 634 182)	(3 861 857)
Proceeds on issue of treasury shares	13	5 136 566	(15 967 918)
Dividends paid		(2 191 862)	(10 469 344)
Net cash utilised in financing activities		(18 841 082)	(31 165 801)
Net (decrease)/increase in cash and cash equivalents		(95 022 137)	47 447 301
Cash and cash equivalents at the beginning of the year		220 648 303	173 201 002
Cash and cash equivalents at end of the period		125 626 166	220 648 303

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Summary of significant accounting policies

DRA Global Ltd (the Company) is a company domiciled in Australia. The consolidated financial statements of the Company comprise the Company and its controlled entities (the Consolidated Entity or Group) and the Consolidated Entity's interest in associates and joint arrangements.

1.1 Basis of Preparation

1.1.1 Presentation of Annual Financial Statements

DRA Global Ltd is a for-profit entity for the purpose of preparing the financial statements. The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and in accordance with the Corporations Act 2001. The financial report of the Consolidated Entity also complies with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB).

The financial report is presented in Australian dollars (AUD or A\$) which is the Company's functional and presentation currency. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). All amounts disclosed in the financial report relate to the Group unless otherwise stated. The financial report has been prepared on the historical cost basis, except for financial instruments, property, plant and equipment that have been measured at fair value and initial accounting of business combination (refer to note 1.3).

1.1.2 Capital reorganisation

DRA Global Ltd was registered on 31 October 2017. The Company effected the acquisition of DRA Group Holdings (Pty) Ltd and Minnovo (Pty) Ltd on 16 and 13 July 2018 respectively. The acquisitions of Minnovo (Pty) Ltd and DRA Group Holdings (Pty) Ltd were individually and inter-conditional.

At the date of acquiring DRA Group Holdings (Pty) Ltd, DRA Global Ltd's assets and liabilities related only to those that arose with the acquisition of Minnovo (Pty) Ltd. Refer to note 26 Business Combinations for the full disclosure of the acquisition.

DRA Group Holdings (Pty) Ltd is identified as the accounting acquirer under AASB 3. As a result, the accompanying consolidated financial statements represent the continuation of DRA Group Holdings (Pty) Ltd's consolidated financial statements. The consolidated financial statements at 31 December 2018 reflects the results of the consolidated DRA Global Ltd and its controlled entities. The comparative period financial statements reflect the consolidated results of DRA Group Holdings (Pty) Ltd and its controlled entities prior to the acquisition by DRA Global Ltd.

1.1.3 Reissued and Restated Financial Statements

The previously issued financial statements of the Group for the year-end 31 December 2018 dated 23 April 2019 have been replaced by these financial statements.

The reissue of the financial statements was necessary as there were material changes in the estimates in the calculation of revenue recognised on two projects being the Elikhulu project (see (a) below) and the Dargues project (see (b) below) which was identified after the initial release of the 31 December 2018 Financial statements dated 23 April 2019. As part of the re-issue process, a full review of the Group's material EPC projects was also conducted.

Further to the above, the reissue of the financial statements necessitated the Group to update its assessment of all significant judgements and estimates in light of new information that came to light after the date of the previous financial statements, to the date of these reissued financial statements. As a result adjustments for the provision for expected credit losses (see (f) below), provision for onerous contracts and liquidated damages (see (a), (c), (d) & (e) below), impairment of goodwill (see (g) below) and reversal of revenue (see (b) and (d) below) were updated in the 31 December 2018 reissued financial statements of the Group.

a. Elikhulu Gold Tailings Retreat Project - Mpumalanga, South Africa

DRA executed the Elikhulu Gold Tailings Retreat project on a target cost basis. Throughout the project, it was forecasted that the project would make substantial profits and possibly earn incentives based on cost savings. However, the cost to complete the project was underestimated due to a senior (former) employee withholding key information on the project. In terms of the contract, any overruns are shared 50% / 50% with the client and DRA will not be able to recover the additional costs in full. At 31 December 2018, the project initially recognised a profit of AUD 13 309 330. As a result of the changes in the cost to complete, the project instead made a loss of AUD 11 806 887 based on management's revised best estimate. Consequently, adjustments were made to revenue (a decrease of AUD 13 309 330), cost of sales (an increase of AUD 11 806 887), contract assets (a decrease of AUD 8 904 786) and provisions (an increase of AUD 15 455 264) to reflect the position of the project at the date of this report. Refer to note 18 for more details.

b. Dargues Gold Project - New South Wales, Australia

DRA undertook the Dargues Gold study in 2018. The client awarded the EPC project to DRA in December 2018 with agreed advance invoices of AUD 9 111 857. These advance invoices were incorrectly accounted for as revenue under AASB 15 *Contracts with customers* due to misclassification of the project which resulted in applying the wrong accounting policy on recognition of revenue. Consequently, adjustments were made to revenue (a decrease of AUD 9 111 857), cost of sales (an decrease of AUD 4 946 194), contract assets (an decrease of AUD 4 946 194) and contract liabilities (an increase of 9 111 857) to correct the accounting policy applied.

c. Nokeng Fluorspar Project - Limpopo, South Africa

DRA entered into a joint venture with Group Five Limited ("Group 5") for the delivery of the Nokeng Fluorspar project in Limpopo, South Africa. Group 5 filed for Business Rescue protection on 11 March 2019. As DRA is jointly and severally liable for the completion of the project, a provision for onerous contract liability of AUD 13 516 423 was recorded previously for the full expected loss on the project including Group 5's portion. This was based on management's best estimate and information available at that time.

In this reissued financial report, new information became available subsequent to date of the initial financial report, management has revised its estimate and increased the provision for onerous contract on this project to AUD 34 409 416 which is an increase of AUD 26 153 211. DRA has engaged with the Business Rescue Practitioner and will seek to recover the maximum possible amount through the Business Rescue process on the amount paid on behalf of Group 5. Refer to note 18 for more details.

d. Limpopo Iron Ore Project - South Africa, Limpopo

In May 2018, DRA was awarded an EPC contract to design and construct a magnetite beneficiation plant (the "Plant") for the Limpopo Iron Ore project ("LIO"). The funding for the project was to be provided by one of the owners of the Plant. Subsequent to the issue of the initial financial statements, the funder was unable to advance further funding to LIO to complete the project after the initial drawdown of the facility of USD 3 million. LIO was placed into business rescue by its directors on 19 August 2019.

Under AASB 15, revenue can only be recognised up to the extent that the consideration is probable. Based on updated information, DRA considered this project to be an onerous contract. As a result, DRA reversed revenue of AUD 4 268 001 recognised in financial year 2018 to the extent that it is recoverable and recorded a provision for onerous contract of AUD 13 460 647 for the costs that it has incurred. Refer to note 18 for more details.

e. Eutectic Freeze Crystallisation (EFC) Project - South Africa, Mpumalanga

In 2018 DRA was awarded the EFC Project for the design and construction of a brine treatment plant using EFC technology. As a result of commissioning challenges the project is forecasted to incur a loss of AUD 2 027 821. The project is executed through Prentec (Pty) Ltd. At 31 December 2018 DRA originally recognised revenue equal to the costs incurred to date, totalling AUD 524 711. In terms of AASB 15 *Contracts with customers*, DRA is required to derecognise this revenue. A loss on the contract of AUD 2 027 821 has now been recognised at 31 December 2018 and a provision of AUD 1 457 855 was raised.

f. Assen Iron Ore Project funding

In 2016 DRA funded a junior miner to design and construct the Assen Iron Ore Plant to the value of AUD 6 417 296. The loan carries interest at 15% per annum and the plant itself is the security for the loan. In 2019 Assen experienced several problems with off-take agreements. Even though the plant produces and Assen repaid AUD 1 492 083 of the loan, the recovery of the full loan is doubtful. DRA estimate that the plant can be dismantled and sold off to the value of AUD 1 472 450.

At 31 December 2018 DRA originally recognised a loan receivable in other financial asset of AUD 6 417 296. The loan has now been impaired with AUD 3 513 378. The loan of AUD 2 964 533 is equal to the payments received in 2019 of AUD 1 492 083 and estimated sale value of AUD 1 472 450. Refer to note 20.

g. Goodwill and Intangible Assets

As a result of the loss-making EFC project (note e), the Group reassessed its recoverable value of its goodwill and intangibles based on the latest available information, the goodwill and intangible assets relating to the Prentec business have been impaired with AUD 2 600 192 and AUD 1 500 176 respectively. Refer to note 7 for further details.

1. Summary of significant accounting policies

1.1 Basis of Preparation (Continued)

h. Bonus Provision

As a result of the items listed in notes a to f, the bonus provision has been reduced with AUD 4 908 168 to reflect the losses in the business.

i. Tax effect of adjustments

The tax effect of each of these items has also resulted in the adjustment of income tax effect, deferred tax assets and current income tax liabilities.

j. Other adjustments

The above adjustments made in entities with functional currencies other than Australian Dollar have also impact the Foreign Currency Translation Reserve.

Reconciliation of the net profit after tax

	Note	AUD
Net profit after tax as originally reported on 23 April 2019		15 774 676
Adjusted for:		
Elikhulu Gold Tailings Retreat Project	a	(25 116 217)
Dargues Gold Project	b	(4 165 663)
Nokeng Fluorspar Project	c	(26 153 211)
Limpopo Iron Ore Project	d	(18 146 483)
EFC Project	e	(2 027 821)
Assen Iron Ore Project funding	f	(3 513 378)
Goodwill and Intangible Assets	g	(4 100 368)
Bonus Provision	h	5 060 524
Tax effect of the adjustments	i	20 258 741
After tax loss for the year (reissued financial statements)		(42 129 200)

Impact on Consolidated Statement of Financial Position as at 31 December 2018 (AUD)

	Note	As reported on 23 April 2019	Adjustments	Reissued financial statements
ASSETS				
Current Assets		381 480 864	(25 792 802)	355 688 062
Inventories		3 877 423	-	3 877 423
Trade and other receivables	d	205 422 113	(17 917 694)	187 504 419
Other financial assets	f	23 132 420	(3 407 602)	19 724 818
Finance lease receivable		1 668 325	-	1 668 325
Current income tax asset		4 427 984	-	4 427 984
Contract assets	a	17 326 433	(4 467 506)	12 858 927
Cash and cash equivalents		125 626 166	-	125 626 166
Assets held for sale		950 572	-	950 572
Non-Current Assets		166 310 462	10 312 912	176 623 374
Property, plant and equipment		45 553 571	-	45 553 571
Goodwill	g	50 276 176	(2 600 192)	47 675 984
Intangible assets	g	17 198 668	(1 500 176)	15 698 492
Investments accounted for using the equity method		2 402 058	-	2 402 058
Other financial assets		5 764 199	-	5 764 199
Deferred tax assets	a, c, d	45 115 790	14 413 280	59 529 070
TOTAL ASSETS		548 741 898	(15 479 890)	533 262 008
LIABILITIES				
Current Liabilities		241 474 913	41 299 281	282 774 194
Trade and other payables	h	129 035 278	(4 908 168)	124 127 110
Provisions	a, c, d	45 678 504	55 739 590	101 418 094
Interest-bearing borrowings		857 814	-	857 814
Leases liability		6 106 835	-	6 106 835
Current income tax liability	a, b	5 987 762	(4 865 810)	1 121 952
Contract liabilities	b, d	53 807 368	(4 666 331)	49 141 037
Shareholders for dividends		1 352	-	1 352
Non-Current Liabilities		21 769 231	(420 050)	21 349 181
Interest-bearing borrowings		1 705 515	-	1 705 515
Leases liability		13 750 184	-	13 750 184
Deferred tax liabilities	g	6 313 532	(420 050)	5 893 482
TOTAL LIABILITIES		263 244 144	40 879 231	304 123 375
NET ASSETS		285 497 754	(56 359 121)	229 138 633
EQUITY				
Share capital		99 547 518	-	99 547 518
Other reserves	a, c, d, e, j	50 092 250	1 544 755	51 637 005
Retained earnings	a, b, c, d	132 129 740	(57 188 461)	74 941 279
		281 769 508	(55 643 706)	226 125 802
Non-controlling interests	e	3 728 246	(715 415)	3 012 831
TOTAL EQUITY		285 497 754	(56 359 121)	229 138 633

1. Summary of significant accounting policies

1.1 Basis of Preparation (Continued)

Impact on Consolidated Statement of Comprehensive Income for the year ended 31 December 2018 (AUD)

	Note	As reported on 23 April 2019	Adjustments	Reissued financial statements
Revenue	a, b, d, e	983 868 827	(27 213 899)	956 654 928
Cost of sales	a, b, c, d, e	(835 055 944)	(48 395 496)	(883 451 440)
Gross Profit		148 812 883	(75 609 395)	73 203 488
Other income		2 311 307	-	2 311 307
Operating costs	f, g, h	(125 672 711)	(2 553 222)	(128 225 933)
Operating Profit/(Loss)		25 451 479	(78 162 617)	(52 711 138)
Fair value adjustments		866 365	-	866 365
Finance income		6 701 614	-	6 701 614
Finance costs		(1 833 455)	-	(1 833 455)
Profit/(Loss) Before Tax		31 186 003	(78 162 617)	(46 976 614)
Income tax benefit	a, b, c, d, e, f, g, i	(15 411 327)	20 258 741	4 847 414
Profit/(Loss) After Tax		15 774 676	(57 903 876)	(42 129 200)
Basic earnings per share (cents)		21.47	(78.69)	(57.22)
Diluted earnings per share (cents)		20.51	(77.73)	(57.22)

1.1.4 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

- AASB 9: Financial Instruments
- AASB 15: Revenue from Contracts with Customers
- AASB 16 Leases (early adopted)
- AASB 2016-5: Classification and measurements of share based payments
- AASB 2017-1: Transfer of investment property
- Interpretation 22: Foreign currency transactions and advance consideration

Impact on the annual financial statements of the adoption of new and amended standards and correction of errors

As a result of the changes in the entity's accounting policies, prior year financial statements had to be restated. AASB 15 and AASB 16 required the Group to make certain retrospective adjustments with changes recognised in the opening statement of financial position on 1 January 2017 and with the comparative information restated. AASB 9 was adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules (expected credit losses) are therefore not reflected in the restated statement of financial position as at 31 December 2017, but are recognised in the opening statement of financial position on 1 January 2018.

The tables below present the impact of new accounting standards and correction of errors. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in further commentary after the tables.

Statement of financial position extract at 1 January 2017 (AUD)

	As reported 31 December 2016	AASB 16	Correction of Errors	Restated 1 January 2017
ASSETS				
Non-Current Assets				
Property, plant and equipment	24 959 536	10 073 748	-	35 033 284
Shareholders' loans	4 105 561	-	(4 105 561)	-
Investments accounted for using the equity method	-	-	1 440 675	1 440 675
Deferred tax assets	11 976 322	3 138 671	-	15 114 993
Current assets				
Other financial assets	14 275 938	-	(1 440 675)	12 835 263
TOTAL ASSETS	350 319 009	13 212 419	(4 105 561)	359 425 867
LIABILITIES				
Non-Current Liabilities				
Leases liability	-	8 781 173	-	8 781 173
Deferred tax liabilities	3 162 686	2 737 936	-	5 900 622
Current Liabilities				
Leases liability	-	3 042 761	-	3 042 761
TOTAL LIABILITIES	88 921 213	14 561 870	-	103 483 083
NET ASSETS	261 397 796	(1 349 451)	(4 105 561)	255 942 784
EQUITY				
Retained earnings	91 463 635	(1 349 451)	(4 105 561)	86 008 623
TOTAL EQUITY	261 397 796	(1 349 451)	(4 105 561)	255 942 784

DRA Global Limited

Notes to the annual financial statements for the year ended 31 December 2018

1. Summary of significant accounting policies

1.1 Basis of Preparation (Continued)

Impact on the annual financial Statements of the adoption of new and amended standards and correction of errors (Continued)

Statement of financial position extract at 31 December 2017 (AUD)

	As reported 31 December 2017	AASB 16	Correction of Errors	Restated 31 December 2017	AASB 9	Restated 1 January 2018
ASSETS						
Non-Current Assets						
Property, plant and equipment	11 741 371	9 295 967	(400 501)	20 636 837	-	20 636 837
Shareholders' loans	33 201 629	-	(33 201 629)	-	-	-
Investments accounted for using the equity method	-	-	2 095 139	2 095 139	-	2 095 139
Other financial assets	6 812 342	-	(2 499 900)	4 312 442	-	4 312 442
Deferred tax assets	16 443 747	2 722 071	-	19 165 818	-	19 165 818
Current Assets						
Trade and other receivables	104 684 751	817 755	-	105 502 506	(3 289 366)	102 213 140
Other financial assets	26 490 800	-	-	26 490 800	(128 634)	26 362 166
TOTAL ASSETS	441 279 720	12 835 793	(34 006 891)	420 108 622	(3 418 000)	416 690 622
LIABILITIES						
Non-Current Liabilities						
Leases liability	-	6 404 724	-	6 404 724	-	6 404 724
Deferred tax liabilities	1 281 510	2 248 681	-	3 530 191	-	3 530 191
Current Liabilities						
Leases liability	-	4 884 667	-	4 884 667	-	4 884 667
TOTAL LIABILITIES	155 691 773	13 538 072	-	169 229 845	-	169 229 845
NET ASSETS	285 587 947	(702 279)	(34 006 891)	250 878 777	(3 418 000)	247 460 777
EQUITY						
Retained earnings	129 840 876	(702 279)	(34 006 891)	95 131 706	(3 418 000)	91 713 706
TOTAL EQUITY	285 587 947	(702 279)	(34 006 891)	250 878 777	(3 418 000)	247 460 777

Extract of the statement of comprehensive income for the year ending 31 December 2017 (AUD)

	As reported 31 December 2017	AASB 16	Correction of Errors	Restated 31 December 2017
Revenue	640 674 570	-	-	640 674 570
Cost of sales	(529 783 956)	-	-	(529 783 956)
Gross Profit	110 890 614	-	-	110 890 614
Other income	2 436 821	-	(404 761)	2 032 060
Operating costs	(79 194 514)	706 414	400 501	(78 087 599)
Operating Profit	34 132 921	706 414	(4 260)	34 835 075
Fair value adjustments	(1 317 181)	-	-	(1 317 181)
Finance income	6 823 228	-	-	6 823 228
Finance costs	(35 419)	(949 652)	-	(985 071)
Profit Before Tax	39 603 549	(243 238)	(4 260)	39 356 051
Taxation	(14 813 468)	-	-	(14 813 468)
Profit After Tax	24 790 081	(243 238)	(4 260)	24 542 583
Other comprehensive income				
Items that will or may be reclassified to profit or loss				
Currency translation differences	-	-	-	-
Total Comprehensive Income for the year	24 790 081	(243 238)	(4 260)	24 542 583
Profit After Tax attributable to:				
Ordinary equity holders of the parent	24 780 268	(243 238)	(4 260)	24 532 770
Non-controlling interest	9 813	-	-	9 813
TOTAL	24 790 081	(243 238)	(4 260)	24 542 583

Cash flow impact on adoption of AASB 16 is not presented as it only has an immaterial reclassification impact on cash flows from operating activities and cash flows from financing activities.

1. Summary of significant accounting policies

1.1 Basis of Preparation (Continued)

AASB 9 Financial Instruments

This standard replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets, and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139.

To assess for any expected credit losses under AASB 9, there is consideration around the probability of default upon initial recognition of the asset, and subsequent consideration as to whether there have been any significant increases in credit risk on an ongoing basis at each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

In making this assessment, as far as available, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations. These assessments are done in the various business units for the specific countries that it operates in.

AASB 9 also introduces new hedge accounting requirements, however these have had no impact on the results of the Group.

Classification of financial instruments on transition to AASB 9

On the date of initial application, 1 January 2018, the financial instruments of the group were as follows, with any reclassifications noted:

	Classification Original IAS 39	New AASB 9	As reported 31 December 2017 AUD	Restated 1 January 2018 AUD	Difference AUD
Financial assets					
Equity securities	FVPL	FVPL	5 892 833	5 764 199	128 634
Trade and other receivables	Amortised cost	Amortised cost	105 502 506	102 213 140	3 289 366
Cash and cash equivalents	Amortised cost	Amortised cost	220 648 303	220 648 303	-
Loans receivables	Amortised cost	Amortised cost	26 490 800	26 490 800	-
Contract assets	Amortised cost	Amortised cost	3 298 530	3 298 530	-
Financial liabilities					
Trade and other payables	Amortised cost	Amortised cost	93 652 461	93 652 461	-
Interest-bearing borrowings	Amortised cost	Amortised cost	914 933	914 933	-
Contract liabilities	Amortised cost	Amortised cost	46 395 105	46 395 105	-

Impairment of financial assets

The financial assets are subject to AASB 9's new expected credit loss model. The increase in impairment losses are disclosed in the table above and was immaterial for cash and cash equivalents and contract assets.

Refer to the accounting policy (refer to note 1.7) for the full details.

AASB 15: Revenue from Contracts with Customers

In the current year, the Group has applied AASB 15 Revenue from Contracts with Customers which has come into effect 1 January 2018. AASB 15 replaces AASB 111 Construction Contracts, AASB 118 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. Significant judgements and estimates are used in determining the impact of AASB 15. The Group has applied AASB 15 using the full retrospective approach.

There was no material quantitative impact on initial adoption of AASB 15.

Refer to the accounting policy for *Revenue recognition* (refer to note 1.17) for the full details.

AASB 16: Leases

During the year, the company early adopted AASB 16 from 1 January 2018 which substantially changes the Financial Statements. The Group has applied AASB 16 using the full retrospective approach, with restatement of the comparative information. Refer to the table above for the impact of AASB 16.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lease accounting by removing the distinction between operating and finance leases and require the recognition of a Right of use asset and lease liability at the lease commencement for all leases, except for short term leases and leases with low value assets. In contrast to lessee accounting, the accounting for lessors has remained largely unchanged.

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease

Refer to the table above for the impact of AASB 16.

Refer to the accounting policy for Leases (refer to note 1.10) for the full details.

1. Summary of significant accounting policies

1.1 Basis of Preparation (Continued)

Correction of errors Restatement of Shareholders' loans

During the current year a re-assessment was performed on the terms of Share Schemes 8, 9 and 10. The terms of these Schemes fall within AASB 2 and should have been accounted for as a share based payment. The Schemes were accounted for as an asset, shareholders' loans, in the 31 December 2017 annual financial statements. This should have been accounted for in equity as a reduction in equity. The Schemes have no repayment requirement other than the dividends on the shares. On this basis the face value of the loan should be deducted from equity and the Group should not recognise interest on these loans. There are no contractual rights to claim payment of interest. The nature of the reclassification is that the shareholders' loans asset have been reclassified to equity, with no interest recognised on the loans. The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	1 January 2017 AUD	31 December 2017 AUD
Statement of Financial Position - decrease in shareholders' loans	(4 105 561)	(33 201 629)
Statement of Changes in Equity - decrease in retained earnings	(4 105 561)	(33 201 629)

Correction in the accounting of associates

In the process of adoption of AASB 9 Financial Instruments, the accounting of the 25% shareholding in LSL Consulting (Proprietary) Limited and Tekpro Projects (Proprietary) Limited was reassessed. These investments were previously incorrectly fair valued based on value-in-use calculations. Dividends were recorded as other income. These investments should have been classified as associates and accounted for using the equity method.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	1 January 2017 AUD	31 December 2017 AUD
Statement of Financial Position - decrease in other financial assets	(1 440 675)	(2 499 900)
Statement of Financial Position - increase in investments accounted for using the equity method	1 440 675	2 095 139
Statement of Comprehensive Income - Increase/(decrease) in other income	-	(404 761)

Correction in the accounting of property, plant and equipment

During the current year it was identified the accounting of site establishment in DRA Saudi Arabia (Pty) Ltd was done in terms of local accounting standards and not in accordance with AASB. The site establishment was therefore restated to ensure correct accounting treatment.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	31 December 2017 AUD
Statement of Financial Position - decrease in property, plant and equipment	(400 501)
Statement of Comprehensive Income - Increase/(decrease) operating costs	(400 501)

1.2 Critical accounting estimates, judgements and assumptions

The preparation of the annual financial statements in conformity with AASB requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed in note 2.

1.3 Principles of consolidation and equity accounting

The consolidated Group annual financial statements incorporate the Group annual financial statements of the Company and all subsidiaries and joint ventures, including special purpose entities, which are controlled by the Company.

(a) Subsidiaries

Subsidiaries are all entities (including structured or special purpose entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. In determining whether control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights
- Substantive potential voting rights held by the company and by other parties
- Other contractual arrangements
- Historic patterns in voting attendance.

The results of subsidiaries (including special purpose entities) are included in the consolidated Group annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the Group annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

Subsidiaries with different year-ends have been consolidated on the same accounting period.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. The proportion of the loss of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Changes in ownership interest in subsidiaries without a change in control

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of the consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value, with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

1. Accounting Policies (Continued)**1.3 Consolidation (Continued)****Disposal of subsidiaries**

When the Group ceases to have control of any retained interest in the entity, it is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Business combinations

Business combination principles apply to entities over which the Group obtains control. The group obtains control of a subsidiary when it becomes exposed to, or gains rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of AASB 3 Business Combinations are recognised at their fair values at acquisition date, except for non-current assets (or disposal group) that are classified as held-for-sale in accordance with AASB 5 Non-current Assets Held-For-Sale and discontinued operations, which are recognised at fair value less costs to sell.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in the note for business combinations.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at the acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair value adjustments previously recognised to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid plus the fair value of any shareholding held prior to obtaining control; plus non-controlling interest and less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

(b) Associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with AASB 5 Non-current Assets Held-For-Sale and discontinued operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest therein.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

(c) Joint Arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Joint operations

Investments in joint ventures are proportionately consolidated from the date on which the Group has the power to exercise joint control, up to the date on which the power to exercise joint control ceases. This excludes cases where the investment is classified as held-for-sale in accordance with AASB 5 Non-current Assets Held-For-Sale and discontinued operations.

The Group's share of assets, liabilities, income, expenses and cash flows of jointly controlled entities are combined on a line by line basis with similar items in the consolidated group annual financial statements.

The Group's proportionate share of inter-company balances and transactions, and resulting profits or losses between the Group and jointly controlled entities are eliminated on consolidation.

When the Group loses joint control, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

1. Accounting Policies (Continued)**1.4 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Chief Executive Officer has been identified as the CODM.

The board has appointed a strategic steering committee which assesses the financial performance and position of the Group and makes strategic decisions. The steering committee, which is led by the CODM, consists of the Chief Executive Officer and Strategy Director, as well as the remainder of the executive committee consisting of the lead decision maker in each region.

1.5 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand-by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of the continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses, except for land which is carried at cost less impairment.

Certain property, plant and equipment is carried at the revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is debited in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Land is not depreciated. All other property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	20 - 40 years
Right of use asset	2 - 10 years
Furniture and fixtures	4 - 10 years
Motor vehicles	4 - 5 years
Office equipment	3 - 6 years
Electrical equipment	3 - 5 years
Leasehold improvements	4 - 10 years
Laboratory equipment	20 - 60 months
Workshop equipment	4 - 5 years
Security equipment	3 - 5 years
Site establishment	Varies depending on life of mine or contract

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.6 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the item can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

1. Accounting Policies (Continued)**1.6 Intangible assets (Continued)**

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided for on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at every year-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, internally generated	1 - 3 years
Brand names	1 - 5 years
Customer relationships	2 - 10 years

1.7 Investments and other financial assets**1.7A New accounting policies in terms of AASB 9 Financial Instruments****Recognition and derecognition**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows and are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI

Financial assets at FVTPL

Financial assets at FVTPL comprise quoted and unquoted equity instruments which the Group had not irrevocably elected, at initial recognition or transition, to classify at FVOCI. This category would also include debt instruments whose cash flow characteristics fail the SPPI criterion or are not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell.

Financial assets at amortised cost

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The Group's trade and most other receivables fall into this category of financial instruments.

Impairment

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward looking information to calculate the expected credit losses using a provision matrix. For other financial assets, the ECL is based on either the 12-month or lifetime ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. In all cases, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

1.7B Accounting policies applied up to 31 December 2017**Initial recognition and measurement**

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments. Regular purchases and sales of financial assets are recognised on the trade-date the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through equity are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

1. Accounting Policies (Continued)**1.7 Investments and other financial assets (Continued)****1.7B Accounting policies applied up to 31 December 2017 (Continued)**

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not recognised at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Classification and subsequent measurements

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. The classification depends on the purpose for which the financial assets were acquired. The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate calculated at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written-off are credited against operating expenses in the income statement.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

(b) Financial Assets through profit and loss

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period. Net gains or losses on the financial instruments at fair value through profit or loss dividends and interest. Dividend income is recognised in profit or loss as part of other income when the company's right to receive payment is established.

(c) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Trade payables are classified as financial liabilities at amortised cost.

1.8 Borrowings

Borrowings are initially measured at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption value is recognised over the term of the borrowings in terms of the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred unless required to be capitalised in terms of IAS 23.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

1.9 Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax assets and liabilities

Current tax comprises normal income tax on companies. Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

1. Accounting Policies (Continued)**1.9 Tax (Continued)****Deferred tax assets and liabilities**

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.10 Leases**Group as a lessee**

The Group leases property and office equipment. Rental agreements are typically for fixed periods but may have extension options. The lease agreements do not impose any covenants.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies AASB 136 Impairment of Assets to determine whether a right-of-use asset is impaired.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment.

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts.

Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its water treatment plants.

Leases for which the Group is a lessor are classified as finance leases. Whenever the terms of the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

1. Accounting Policies (Continued)**1.11 Inventories**

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of non-financial assets

The Group assesses, at the end of each reporting period, whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

The Group assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.13 Share capital and equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.14 Treasury shares

If the Group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments, are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received is recognised directly in equity.

1.15 Employee benefits**Short-term employee benefits**

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance and the related liability, and a reliable estimate of the obligation can be made.

Share Based Payments**Share Based Payments Scheme**

The fair value of share based payments granted to employees under the long-term incentive plan is recognised as an expense over the relevant service period, being the vesting period of the share based payments. The fair value is measured at the grant date of the share based payments and is recognised in equity in the share-based payment reserve.

1. Accounting Policies (Continued)**1.15 Employee benefits (Continued)****Share Based Payments Co (Continued)****Broad Based Black Economic Empowerment Structure**

In 2012 the Group entered into an agreement with a newly formed Black Empowerment company and trust. The beneficiaries of the trust are all previously disadvantaged individuals in the employment of the DRA Group, as determined by the trustees from time to time. The scheme is accounted for as an equity settled share based payment in accordance with AASB 2. On implementation date, the shares issued were recognised as an employee benefit expense with the corresponding increase in equity (share based payment reserve).

Limited Recourse Loans

The Group has in the past provided limited recourse loans to employees (including some directors) to acquire ordinary shares in DRA Group Holdings (Pty) Ltd (loan shares). These shares in DRA Group Holdings (Pty) Ltd were exchanged on 16 July 2018 for shares in DRA Global Ltd. The loan shares are in substance accounted for as a share-based payments expense with a corresponding increase in equity. The fair value is measured at grant date. The fair value of the loan shares was measured using a Black-Scholes valuation model, taking into account the terms and conditions on which the options were granted.

1.16 Provisions and contingencies

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, a provision is recognised when expected benefits to be derived from a contract of meeting its obligation under the contract are less than the unavoidable costs.

Depending on the circumstances of the onerous contract, the provision is measured at either the present value of the expected cost of terminating the contract or the expected net cost of completing the contract.

Contingent assets and contingent liabilities are not recognised unless the contingent liability is acquired as part of a business combination. Contingent liabilities are disclosed in note 28.

After their initial recognition, contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the greater of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.17 Revenue

The Group's mainly derives revenue from consulting services and operation and maintenance of mineral process plants.

Contracting Revenue

The Company is principally involved in consulting services that includes the assessment of mineral projects through the completion of feasibility studies, through to the design and construction of mineral process plants. These activities involve extensive engineering expertise in the engineering disciplines of process, electrical and instrumentation, mechanical, civil and structural and infrastructure as well as the associated disciplines of project management, materials handling and procurement.

Contracting Models

Consulting services, including feasibility studies are typically structured as fixed price contracts but may be structured as reimbursable contracts whereby The Company is refunded for the time and costs spent for the completion of such services.

The design and construction of mineral process plants are typically structured as either:

- Engineering, Procurement and Construction (EPC) contracts, whereby a fixed price is quoted for the supply of the plant (potentially including associated infrastructure) whereby the Company carries the risk on the supply of the relevant equipment and kit required to deliver the plant to site. DRA will typically either subcontract or joint venture with a construction partner to engage in the construction activities required.
- Engineering, Procurement and Construction and Management (EPCM) contracts whereby the Company will be principally responsible for the design and procurement activities associated with the plant on a reimbursable basis. The Company will however not bear risk in relation to the supply of the relevant equipment and kit required to deliver the plant to site and will only be responsible for project managing the client's appointed construction partner on behalf of the client.
- A hybrid of the above-mentioned contracts, including target price, upside/downside performance awards and penalties or other variable outcomes based on timely construction or other performance criteria, defined as variable consideration.

Most EPC and hybrid contracts generally contains one performance obligation due to the highly integrated activities that in combination, forms the deliverable for the contract with the client. The activities cannot easily be distinct one from the other. Some contracts will have multiple performance obligations. For these contracts, the purchase price of the contract will be allocated to the individual performance obligations.

EPCM contracts delivers a services to the client and this service is the performance obligation for these contracts.

Invoicing

Clients are typically invoiced monthly or in some cases on the achievement of milestones or to match major capital outlay. Invoices are paid on normal commercial terms, which may include the customer withholding a retention amount until finalisation of the construction.

Variable consideration is typically billed based on the achievability of agreed metrics in terms of clearly defined parameters. Once achieved, the Company will bill the client for the agreed amount.

Revenue Recognition

Revenue for consulting services is recognised over time based on the delivery of agreed hours or in the incurrence of costs per the contract.

1. Accounting Policies (Continued)**1.17 Revenue (Continued)**

Revenue for EPC and EPCM contracts are recognised over time based on costs spent to date given that the costs demonstrate the transfer of value to the client. As work is performed on the plant being constructed, the portion of the plant delivered to date is ultimately controlled by the client, particularly given that the plant is typically custom designed for the client and has no alternative use.

In relation to variable consideration, the expected value of revenue is only recognised when it is highly likely that it is earned and based on the most likely outcome of the work undertaken to date. Where modifications in design or contract requirements are entered into, DRA's transaction price to the client is updated to reflect these.

Contract assets and liabilities

Contract assets and Contract liabilities refer to what is commonly known as 'unbilled or accrued revenue' and 'deferred revenue'. Contract assets represent receivables in respect of which the Company's right to consideration is unconditional, subject only to the passage of time. Contract liabilities arise where payment is received prior to work being performed. Contract assets and contract liabilities are recognised and measured in accordance with this accounting policy.

Contract fulfilment costs

Costs incurred prior to the commencement of a contract may arise due to mobilisation/site setup costs, feasibility studies (where not a separate contract), environmental impact studies and preliminary design activities as these are costs incurred to fulfil a contract. Where these costs are expected to be recovered, except if it is a separate contract with its own performance obligations, they are capitalised and amortised over the course of the contract consistent with the transfer of service to the customer. Where the costs, or a portion of these costs, are reimbursable by the customer, the amount received is recognised as deferred revenue and allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Warranties and defect periods

Generally, contracts include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and are therefore estimated and included in the total costs of the contracts. Where required, amounts are recognised accordingly in line with IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

Loss making contracts

A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the DRA transaction price where the forecast costs are greater than the forecast revenue.

Operation and maintenance revenue

The Company mainly derives revenue from fixed term contracts involving the operation and maintenance (O&M) of mineral process plants, which includes associated services relating to metallurgical quality management, control and analysis as well as process optimization.

Under these contracts, the services are delivered through the provision of labour and specialist capabilities in systems integration, recruitment and human resource management, skills development and training, purchasing and cost control, stores and asset management, health and safety and environmental management. These services provided are the performance obligation in respect of each contract.

The contracts are typically structured at a fixed price per month over the contract period. Additional costs incurred on behalf of a client on an *ad hoc* basis are recoverable from the client on a reimbursable basis. These additional costs are a separate performance obligation per the contract.

Revenue is recognized in the accounting period in which the services are rendered based on the amount of the expected transaction price allocated to each performance obligation noted above. Customers are generally invoiced on a monthly basis as per the structure of the contract, which are aligned with the stand alone selling prices for each performance obligation. Payment is received following invoice on normal commercial terms.

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognized when any uncertainty associated with the variable consideration is subsequently resolved.

Contract fulfilment costs

Costs incurred prior to the commencement of a contract may arise due to mobilization or site setup costs. Where these costs are expected to be recovered, they are capitalized and amortized over the course of the contract consistent with the transfer of service to the customer.

Interest is recognised, in profit or loss, using the effective interest rate method unless it is doubtful.

Dividends are recognised, in profit or loss, when the Group's right to receive payment has been established.

1.18 Translation of foreign currencies**Foreign currency transactions**

A foreign currency transaction is recorded, on initial recognition in functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Group annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the cash flow.

1. Accounting Policies (Continued)

1.18 Translation of foreign currencies (Continued)

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

1.19 Distributions

Distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the distributions are approved by the Company's shareholders.

1.20 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

1. Accounting Policies (Continued)

1.20 New accounting standards and IFRIC interpretations

Standards, amendments and interpretations that are not yet effective and have not been early adopted unless specified

Standard	Effective date	Summary of change and consideration of the impact on the Group
AASB 3, Business Combinations (AASB 2018-1)	1 January 2019	Annual Improvements 2015 - 2017 Cycle: Clarification that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interests in that business.
AASB 3, Business Combinations	1 January 2019	Definition of a Business: The amendments: <ul style="list-style-type: none"> • confirmed that a business must include inputs and a process, and clarified that: <ul style="list-style-type: none"> – the process must be substantive; and – the inputs and process must together significantly contribute to creating outputs. • narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and • added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.
AASB 11 Joint Arrangements (AASB 2018-1)	1 January 2019	Annual Improvements 2015 – 2017 Cycle: Clarification that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
AASB 101 Presentation of Financial Statements	1 January 2019	Disclosure Initiative: The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in AASB Standards.
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019	The interpretation specifies how an entity should reflect the effects of uncertainties in accounting for income taxes.

The Group does not expect the above to have a significant impact on the Group's consolidated financial statements.

2. Critical accounting estimates and judgements

In preparing the Group annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the Group annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the Group annual financial statements. Significant estimates and judgements include:

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about the risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting inputs to the impairment calculation based on group past history of defaults, existing market condition as well as forward looking estimates in each reporting period.

Depreciation, amortisation rates and residual values

The Group depreciates or amortises its assets over their estimated useful lives, as more fully described in the accounting policies for property, plant and equipment and intangible assets. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Significant judgement is applied by management when determining the residual values for property, plant and equipment and intangible assets. In the event of contractual obligations in terms of which a termination consideration is payable to the Group, management will apply a residual value to the intangible asset. When determining the residual value for property, plant and equipment, the following factors are taken into account:

- External residual value information (if applicable).
- Internal technical assessments for complex plant and machinery.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and intangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of economic factors.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

Joint arrangements

The Group holds 50% of the voting rights of its joint arrangements. The Group has joint control over this arrangement as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The two parties have direct rights to the assets of the joint arrangement and are jointly and severally liable for the liabilities incurred by the joint arrangement. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Revenue recognition

The recognition of construction revenue relating to EPC contracts is subject to the following judgements:

- Estimation of total contract cost and expected cost to complete.
- Measurement of progress towards satisfaction of performance obligation using the input method.
- Assessment of probability of customer approval of contract variations, penalties and bonuses.

Provision for loss making contracts

The estimate of provision for loss making contracts requires the group to make estimates and judgements regarding completion date, probability of approval of variations and claims and calculations of liquidated and risk damages.

Consolidation of entities with less than 50% equity interest

The Directors have concluded that the Group has control of certain entities, even though it holds less than 50% equity interest of these subsidiaries as the group has control over the governing body that direct the relevant activities of these subsidiaries (refer to note 32).

3. Risk Management

The Group's overall risk management programme focuses on project risk management together with the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The financial risk management is carried out under policies approved by the Finance and Risk Committee.

3.1 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity. Total borrowings is calculated as total borrowings including 'current and non-current borrowings' as shown in the consolidated balance sheet. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2018 and 2017 were as follows:

	2018 AUD	2017 (Restated) AUD
Net Asset Value	229 138 633	250 878 777
Less: Borrowings (including lease liabilities)	(22 420 348)	(12 204 324)
Total capital	206 718 285	238 674 453
Gearing ratio	10.8%	5.1%

3.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2018:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (AUD)				
Equity securities (refer to note 20)	4 659 866	-	1 104 333	5 764 199

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2017:

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss (AUD)				
Equity securities (refer to note 20)	2 265 453	-	2 046 989	4 312 442

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The main level 3 inputs used by the group to derive its fair value of unlisted investments are referencing to the latest arm-length transaction of shares transacted or earnings growth factor on market information for similar types of companies.

3.3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

The Finance and Risk Committee are responsible for the governance framework and oversight of risk management within the Group. The day to day responsibility for risk management is delegated to and managed by the senior management of subsidiaries.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Canadian Dollar, South African Rand, Indian Rupee, British Pound, Saudi Riyal, Zambian Kwacha, Botswana Pula, Tanzanian Schilling, Lesotho Loti, Ghana Cedi, Sierra Leone Leone and Mozambique Metical. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

3. Risk Management (Continued)**3.3 Financial risk management (Continued)****Foreign exchange risk (Continued)**

Sensitivity analysis have been performed to monitor the financial effect of changes in foreign exchange rates. The analysis below depicts the effect on profit before taxation should the exchange rate strengthen or weaken by 10% based on the assets and liabilities at 31 December for the major currencies or material foreign operations. Increase/(decrease) in profit before tax:

	2018 AUD	2017 AUD
Australian Dollar to US Dollar	2 262 082	2 274 073
Australian Dollar to Mozambique Metical	323 700	580 550
Australian Dollar to Botswana Pula	150 528	520 957
Australian Dollar to Canadian Dollar	(417 553)	435 416
Australian Dollar to South African Rand	(3 344 422)	4 643 765
Australian Dollar to Great British Pound	439 596	(615 798)

Exchange rates used to convert foreign denominated balances into Australian Dollars:

	Spot Rate		Average Rate	
	2018	2017	2018	2017
US Dollar	1.4164	1.2791	1.3391	1.3053
Mozambique Metical	0.0230	0.0216	0.0222	0.0207
Botswana Pula	0.1321	0.1301	0.1314	0.1262
Canadian Dollar	1.0398	1.0206	1.0331	1.0057
South African Rand	0.0982	0.1040	0.1015	0.0981
Great British Pound	1.7974	1.7265	1.7859	1.6812

Credit risk

Risk of financial loss due to counterparties to financial instruments not meeting their contractual obligation.

Each local entity is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to trade customers, including outstanding receivables and committed transactions. The Group only deposits cash with major banks with a high quality credit rating.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

In determining the recoverability of a trade receivable and contract assets, the local management considers any change in the credit quality of these financial assets from the date credit was granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and geographically diverse. Accordingly, the directors have assessed for any expected credit losses under AASB 9, and believe that there is no further credit provision required in excess of the allowed provision for impairment of these financial assets. Management does not expect any material loss from non-performance by counterparties on credit granted during the financial year under review that has not been provided for.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

All other financial assets at amortised costs are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 month expected credit losses. These instruments are considered to be low risk when they have a low risk of default or the counterparty has a strong capacity to meet its obligations within the short term.

Financial assets exposed to credit risk at year end were as follows:

	2018 AUD	2017 (Restated) AUD
Contract assets	12 858 927	3 298 530
Trade and other receivables	183 762 392	49 774 129
Cash and cash equivalents	125 626 166	220 648 303
Other financial assets - loans receivable	19 724 818	26 490 800

	Current	More than 30 days past due	More than 60 days past due	More than 90 days
Expected credit loss rates used	0.8% - 2.8%	0.9% - 3.41%	1.0% - 3.66%	1.1% - 4.16%

The Group is exposed to a number of guarantees for the banking facilities of Group companies. Refer to notes 12 and 28 for additional details.

Liquidity risk

Liquidity risk is the risk that an entity in the Group will not be able to meet its obligations as they become due.

The Group's liquidity risk is mitigated by the availability of funds to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Surplus cash held by the operating entities over and above balances required for working capital management, surplus cash is invested in interest bearing current accounts, time deposits and money market deposits. The Group has sufficient cash funds to meet its identified ongoing operating expenses and commitments.

The table below analyses the Group's financial liabilities and net-settled non-derivative financial liabilities into relevant maturity groupings, based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2018 (AUD)	Contractual maturity				Carrying Amount
	Between 1 and 5			Total	
	Less than 1 year	years	Over 5 years		
Interest-bearing borrowings	(8 811 237)	(16 963 594)	(633 382)	(26 408 213)	(22 420 348)
Trade and other payables	(124 127 110)	-	-	(124 127 110)	(124 127 110)
	(132 938 347)	(16 963 594)	(633 382)	(150 535 323)	(146 547 458)

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Notes to the annual financial statements for the year ended 31 December 2018

3. Risk Management (Continued)

3.3 Financial risk management (Continued)

Liquidity risk (Continued)

2017 (AUD)	Contractual maturity				Carrying Amount
	Less than 1 year	Between 1 and 5 years	Over 5 years	Total	
Interest-bearing borrowings	(4 592 673)	(8 452 062)	(787 626)	(13 832 361)	(12 204 324)
Trade and other payables	(93 652 461)	-	-	(93 652 461)	(93 652 461)
	(98 245 134)	(8 452 062)	(787 626)	(107 484 822)	(105 856 785)

3.4 Contractual risk management

The Group manages its contractual risk with sufficient review of contracts and adequate insurance, including Professional Indemnity insurance for contracts with clients.

4. Revenue and Segment information

Operating segments have been identified based on financial information that is regularly reviewed by the Chief Executive Officer. The Group has the

- Contracting - project business
- Operations and maintenance business
- Corporate

The corporate segment represents the corporate head office and includes transactions relating to Group finance, information technology, origination, treasury, corporate secretarial and certain strategic investments. It also includes the expense for the function of the global Board of Directors.

The performance of each segment forms the basis of all reporting to the CODM. The steering committee primarily uses Earnings Before Interest and Tax (EBIT) to assess the performance of a segment. It will also review the assets and working capital of each segment on a regular basis. Information about segment revenue is disclosed in note 1: Accounting Policies.

In reporting the EBIT to the steering committee, results for the normal operations of the segment separately show reporting of non-recurring events, the impact of foreign exchange and bad debt provisions raised. The non-recurring event in the current financial year relates to legal expenses and penalties paid.

	2018 AUD	2017 (Restated) AUD
4 (i). Revenue		
Contracting - project business	550 555 103	346 095 546
Operations and maintenance business	396 068 438	291 829 646
Other revenue	10 031 387	2 749 378
	<u>956 654 928</u>	<u>640 674 570</u>

4 (ii). Segment information Geographical information

	Revenue		Total Assets	
	2018 AUD	2017 AUD	2018 AUD	2017 (Restated) AUD
Europe, Middle East and Africa	714 826 114	464 419 650	318 561 614	238 508 018
Americas	82 038 259	117 434 715	61 691 481	50 728 181
Asia Pacific	149 759 168	56 070 827	109 118 323	44 286 682
Group (Unallocated)	10 031 387	2 749 378	43 890 590	86 585 741
Total	<u>956 654 928</u>	<u>640 674 570</u>	<u>533 262 008</u>	<u>420 108 622</u>

Business unit information

	Projects 2018 AUD	Operations 2018 AUD	Group (Unallocated) 2018 AUD	Total 2018 AUD
Revenue (Revenue recognition: overtime)	550 555 103	396 068 438	10 031 387	956 654 928
Cost of sales	(559 001 446)	(315 627 900)	(8 822 094)	(883 451 440)
Gross Profit	(8 446 343)	80 440 538	1 209 293	73 203 488
Other income	605 113	918 805	787 389	2 311 307
Operating costs	(44 338 448)	(47 561 487)	(22 465 388)	(114 365 323)
Non-recurring event	(4 017 300)	-	-	(4 017 300)
Foreign exchange gains/(losses)	4 145 847	(704 806)	(1 191 358)	2 249 683
Bad debts provided	(7 529 492)	(4 563 501)	-	(12 092 993)
Operating (Loss)/Profit	(59 580 623)	28 529 549	(21 660 064)	(52 711 138)

The Group adopted AASB 8 Operating Segments for the first time in the current year. Comparative information is not available as the costs to develop are excessive.

5. Property, plant and equipment

	2018 AUD			2017(Restated) AUD		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Buildings at Fair Value	3 883 886	(417 186)	3 466 700	3 527 906	(292 167)	3 235 739
Right of Use Asset	29 292 919	(9 859 799)	19 433 120	20 529 200	(11 241 056)	9 288 144
Electrical equipment	5 271 650	(4 151 629)	1 120 021	4 594 147	(3 589 435)	1 004 712
Furniture and fixtures	6 190 377	(1 938 212)	4 252 165	1 486 650	(1 094 520)	392 130
Laboratory equipment	875 947	(560 788)	315 159	921 407	(484 474)	436 933
Leasehold improvements	1 365 507	(698 038)	667 469	690 608	(529 797)	160 811
Motor vehicles	20 055 262	(13 368 402)	6 686 860	9 518 271	(5 484 581)	4 033 690
Office equipment	9 491 260	(8 361 065)	1 130 195	2 473 765	(1 710 125)	763 640
Security equipment	4 432	(1 662)	2 770	4 694	(587)	4 107
Site establishment	32 518 183	(25 338 463)	7 179 720	1 946 202	(929 045)	1 017 157
Workshop equipment	1 794 657	(495 265)	1 299 392	898 894	(599 120)	299 774
	110 744 080	(65 190 509)	45 553 571	46 591 744	(25 954 907)	20 636 837

Reconciliation of property, plant and equipment

Buildings

	2018 AUD	2017 (Restated) AUD
Opening carrying amount 1 January	3 235 739	17 000 988
Additions	-	463 134
Additions through Business Combinations (refer to note 26)	43 414	-
Transfer of Category	101 139	-
Disposal through sale of subsidiary (refer to note 26)	-	(14 810 810)
Depreciation charge	(119 418)	(96 964)
Foreign currency effect	205 826	679 391
Closing carrying amount 31 December	3 466 700	3 235 739

Right of Use Asset

Opening carrying amount 1 January	9 288 144	10 073 748
Additions	4 391 937	3 327 314
Additions through Business Combinations (refer to note 26)	11 439 169	-
Disposals	(740 435)	-
Depreciation charge	(5 259 791)	(4 119 890)
Foreign currency effect	314 096	6 972
Closing carrying amount 31 December	19 433 120	9 288 144

Electrical equipment

Opening carrying amount 1 January	1 004 712	1 331 123
Additions	1 183 603	595 233
Disposals	(148 577)	(25 502)
Transfer of Category	106 255	10 330
Depreciation charge	(1 001 447)	(899 780)
Foreign currency effect	(24 525)	(6 692)
Closing carrying amount 31 December	1 120 021	1 004 712

Furniture and fixtures

Opening carrying amount 1 January	392 130	437 564
Additions	115 385	147 880
Additions through Business Combinations (refer to note 26)	4 362 472	-
Transfer of Category	168 646	-
Disposals	(272)	(29 650)
Depreciation charge	(826 681)	(180 771)
Foreign currency effect	40 485	17 107
Closing carrying amount 31 December	4 252 165	392 130

Laboratory equipment

Opening carrying amount 1 January	436 933	127 330
Additions	280 098	377 072
Additions through Business Combinations (refer to note 26)	11 784	-
Transfer of Category	-	16 050
Disposals	(233 747)	-
Depreciation charge	(135 249)	(82 898)
Foreign currency effect	(44 660)	(621)
Closing carrying amount 31 December	315 159	436 933

DRA Global Limited
Notes to the annual financial statements for the year ended 31 December 2018

5. Property, plant and equipment (Continued)	2018 AUD	2017 (Restated) AUD
Leasehold improvements		
Opening carrying amount 1 January	160 811	239 220
Additions	267 673	76 763
Additions through Business Combinations (refer to note 26)	401 294	-
Disposals	(35 690)	(20 826)
Depreciation charge	(127 051)	(125 087)
Foreign currency effect	432	(9 259)
Closing carrying amount 31 December	667 469	160 811
Motor vehicles		
Opening carrying amount 1 January	4 033 690	4 437 389
Additions	4 895 601	2 605 834
Additions through Business Combinations (refer to note 26)	2 353 726	-
Transfer of Category	98 174	-
Disposals	(2 627 543)	(1 102 048)
Depreciation charge	(2 240 828)	(1 746 971)
Foreign currency effect	174 040	(160 514)
Closing carrying amount 31 December	6 686 860	4 033 690
Office equipment		
Opening carrying amount 1 January	763 640	840 126
Additions	1 010 272	376 055
Additions through Business Combinations (refer to note 26)	425 026	-
Disposals	(146 144)	(69 689)
Transfer of Category	(474 214)	(86 222)
Transfer to Intangible Assets	-	(19 472)
Depreciation charge	(497 057)	(273 841)
Foreign currency effect	48 672	(3 317)
Closing carrying amount 31 December	1 130 195	763 640
Security equipment		
Opening carrying amount 1 January	4 107	-
Additions	-	4 694
Depreciation charge	(1 145)	(554)
Foreign currency effect	(192)	(33)
Closing carrying amount 31 December	2 770	4 107
Site establishment		
Opening carrying amount 1 January	1 017 157	301 743
Additions	1 984 839	1 486 422
Additions through Business Combinations (refer to note 26)	5 704 568	-
Disposals	(57 293)	(36 361)
Write off	-	(392 678)
Transfer of Category	-	59 842
Depreciation charge	(1 424 292)	(414 086)
Foreign currency effect	(45 259)	12 275
Closing carrying amount 31 December	7 179 720	1 017 157
Workshop equipment		
Opening carrying amount 1 January	299 774	243 969
Additions	1 155 724	237 362
Disposals	(4 946)	(784)
Depreciation charge	(160 166)	(194 009)
Foreign currency effect	9 006	13 236
Closing carrying amount 31 December	1 299 392	299 774
Total property, plant and equipment		
Opening carrying amount 1 January	20 636 837	35 033 200
Additions	15 285 132	9 697 763
Additions through Business Combinations (refer to note 26)	24 741 453	-
Disposal through sale of subsidiary (refer to note 26)	-	(14 810 810)
Disposals	(3 994 647)	(1 284 860)
Transfer to Intangible Assets	-	(19 472)
Write off	-	(392 678)
Depreciation charge	(11 793 125)	(8 134 851)
Foreign currency effect	677 921	548 545
Closing carrying amount 31 December	45 553 571	20 636 837

DRA Global Limited

Notes to the annual financial statements for the year ended 31 December 2018

5. Property, plant and equipment (Continued)

A significant portion of the properties were sold in the prior financial year as part of the sale of the investment in DRA Research and Development (Refer to note 26).

Motor vehicles with a carrying amount of AUD 3 886 957 (2017: AUD 877 380) secure the lease liability of AUD 2 563 329 (2017: AUD 914 932). (Refer to note 16).

If Buildings were stated at historical cost basis, the amounts would be as follows:

	2018 AUD	2017 (Restated) AUD
Cost	3 883 886	3 527 906
Accumulated depreciation	(417 186)	(292 167)
Net book value	3 466 700	3 235 739

6. Assets Held for Sale

The Group acquired assets for site establishment for an operations and maintenance contract that is no longer required and have commenced negotiations to sell the equipment.

	2018 AUD	2017 AUD
Opening carrying amount 1 January	-	-
Additions	950 572	-
Foreign currency effect	-	-
Closing carrying amount 31 December	950 572	-

7. Goodwill and Intangible assets

Reconciliation of goodwill

Opening carrying amount	5 942 614	5 553 991
Additions through business combinations (refer to note 26)	58 676 519	-
Impairment loss	(16 944 056)	-
Foreign currency effect	907	388 623
Closing carrying amount 31 December	47 675 984	5 942 614

Goodwill is, from the date of acquisition, allocated to each of the cash-generating units (CGU) or groups of cash-generating units that are expected to benefit from the synergies of the business combination.

The impairment loss in the current year relates to the DRA Agriculture (Pty) Ltd CGU of AUD 229 178 due to uncertainty in the future growth of this CGU and two further Impairment losses of AUD 14 114 686 and AUD 2 600 192 due to the current loss making projects in the Asia Pacific Operations and Maintenance Business and in the Prentec Group respectively (refer to notes 18, 26.1 and 26.3).

Impairment testing

The Group monitors goodwill on a cash generating unit (CGU) level.

Goodwill is attributable to:

CGU	Segment it forms part of	2018 AUD	2017 AUD
DRA Agriculture (Pty) Ltd	Projects - Europe, Middle East and Africa	-	228 271
DRA Energy Operations LLC ("Energy Operations")	Operations and Maintenance - Americas	5 714 343	5 714 343
Asia Pacific Projects Business	Projects - Asia Pacific	26 257 140	-
Asia Pacific Operations and Maintenance Business	Operations and Maintenance - Asia Pacific	15 704 501	-
		47 675 984	5 942 614

The recoverable amount of all cash-generating units is based on value in use calculations, using five year cash flow projections based on forecast operating results. The recoverable amount of each cash-generating unit exceeds its carrying amount.

The Group determines the recoverable amount, being the higher of the fair value less cost to sell and the value in use, of individual cash-generating units by discounting the expected future cash flows of each of the identified cash-generating units. The recoverable amount is then compared to the carrying value of the respective cash-generating unit and an impairment loss is raised if required.

During the current and prior year there were no further indications of impairment. Management regards the cash-generating units to continue in the foreseeable future and no further impairments have resulted from impairment testing in the reporting period.

The key assumptions used in the value in use calculations and the approach to determining the recoverable amount of all cash generating units in the current and previous period are:

Assumptions

Discount rate (Pre-tax):
Revenue growth rate:
Budgeted gross profit rate:
Long term growth rate:

Approach used to determining values

Risk in the industry and country in which each CGU operates
Relevant to the market conditions and business plan
Based on past performance and management's expectations for the future
Typically consistent with the long term growth rate of the economic environment or country within which the CGU operates

7. Goodwill and Intangible assets (Continued)

Impairment testing (Continued)

Assumptions	Energy Operations		Asia Pacific Operations and Maintenance Business	Asia Pacific Projects Business	Prentec Group
	2018	2017	2018	2018	2018
Discount rate (Pre-tax):	34%	45%	18%	16%	24%
Revenue growth rate:	Note 1	Note 1	3%	5% to 10%	8% to 15%
Budgeted gross profit margin:	25%	25%	16%	17%	46.0%
Long term growth rate:	Note 1	Note 1	2%	2%	4%

Note 1: The number of refined coal facilities operated by DRA expected to reduce in 2019 and again in 2021 based on current legislation.

The discount rates used are pre-tax and reflect the specific risks relating to the industry and to the Group covering between a three to five year period.

Sensitivity to changes in assumptions

(a) Asia Pacific Operations and Maintenance Business

If the budgeted gross margin used in the value-in-use calculation for the Asia Pacific Operations and Maintenance Business CGU had been 0.5% (15.5% as opposed to 16%) lower than management's estimate, the Group would have to recognise an additional impairment against the carrying amount of goodwill of AUD 6 533 000. If the revenue growth rate applied to the value-in-use calculation for the Asia Pacific Operations and Maintenance Business CGU had been 0.5% lower (2.5% as opposed to 3%) than management's estimate, the Group would have to recognise an additional impairment against the carrying amount of goodwill of AUD 1 952 000.

(b) The recoverable amount of this CGU's would equal its carrying amount if the following key assumptions were to change as follows:

	Budget gross profit			
	2018 From	2018 To	2017 From	2017 To
Asia Pacific Projects Business	17%	15%	N/A	N/A

Note: Sensitivity analysis only disclosed where valuations proved sensitive to changes in the underlying assumptions.

On the remaining CGU's or other key assumptions, the Group considers that for the carrying value to equal the recoverable amount, there would have to be unreasonable changes to these key assumptions. The Group considers the likelihood of these changes occurring as unlikely.

Intangible Assets

	2018 AUD			2017 AUD		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation	Carrying value
Brand names	3 946 004	(2 010 325)	1 935 679	-	-	-
Computer software	5 314 072	(3 396 576)	1 917 496	3 997 918	(2 219 442)	1 778 476
Customer relationships	27 771 876	(15 926 559)	11 845 317	13 329 454	(10 218 074)	3 111 380
	37 031 952	(21 333 460)	15 698 492	17 327 372	(12 437 516)	4 889 856

Reconciliation of intangible assets

Brand names

	2018 AUD	2017 AUD
Opening carrying amount 1 January	-	-
Additions through business combinations (refer to note 26)	3 851 165	-
Amortisation charge	(539 971)	-
Impairment loss	(1 375 515)	-
Closing carrying amount 31 December	1 935 679	-

Computer software

	2018 AUD	2017 AUD
Opening carrying amount 1 January	1 778 476	749 700
Additions	1 677 961	2 651 516
Disposals	(269 803)	(426 165)
Transfer from Property, Plant and Equipment	-	19 472
Amortisation charge	(1 372 230)	(1 211 107)
Foreign currency effect	103 092	(4 940)
Closing carrying amount 31 December	1 917 496	1 778 476

Customer relations

	2018 AUD	2017 AUD
Opening carrying amount 1 January	3 111 380	4 978 208
Additions through business combinations (refer to note 26)	11 624 804	-
Additions	207 618	-
Amortisation charge	(2 973 824)	(1 866 828)
Impairment loss	(124 661)	-
Closing carrying amount 31 December	11 845 317	3 111 380

Total intangible assets

	2018 AUD	2017 AUD
Opening carrying amount 1 January	4 889 856	5 727 908
Additions	1 885 579	2 651 516
Additions through business combinations (refer to note 26)	15 475 969	-
Disposals	(269 803)	(426 165)
Transfer from Property, Plant and Equipment	-	19 472
Amortisation charge	(4 886 025)	(3 077 935)
Impairment loss	(1 500 176)	-
Foreign currency effect	103 092	(4 940)
Closing carrying amount 31 December	15 698 492	4 889 856

8. Deferred tax	2018 AUD	2017 (Restated) AUD
Deferred tax per the statement of financial position represents the summation of the individual deferred tax balances per subsidiary. This is split between deferred tax assets and liabilities as follows:		
Deferred tax assets	59 529 070	19 165 818
Deferred tax liabilities	(5 893 482)	(3 530 191)
Net deferred tax assets	53 635 588	15 635 627
The movement in the deferred tax account is as follows:		
Balance at 1 January	15 635 627	9 472 241
Foreign currency exchange adjustment	(1 430 722)	555 450
Business combination (refer note 26)	15 115 370	-
Sale of investment in subsidiary	-	963 131
Current year charge through profit or loss (refer note 24)	24 315 313	4 644 805
Carrying amount at 31 December	53 635 588	15 635 627
Gross deferred tax assets included above	(59 529 070)	(19 165 818)
Gross deferred tax liability	(5 893 482)	(3 530 191)
Arising as a result of:		
Assessable losses	2 602 092	4 165 568
Unrealised gain and losses	(292 812)	138 036
Accrued leave pay	4 489 397	2 427 181
Accrued bonus	2 816 017	4 072 020
Corporate and social investment	325 042	6 241
Doubtful debt allowance	1 866 229	1 087 622
Prepayments	(8 637)	(14 418)
Revenue accrual	314 197	13 138
Contracts in progress	6 622 932	1 050 488
Straight-line lease accrual	(336)	216 044
Lease liability - AASB 16	3 015 003	2 722 071
Accelerated capital allowances (including Right of Use Asset AASB16)	(7 866 650)	(3 427 394)
Provision for loss making contracts	38 042 898	3 120 000
Fair value adjustments	1 710 216	59 030
	53 635 588	15 635 627
9. Finance lease receivable		
A subsidiary in the Group entered into an arrangement to sell a water treatment plant.		
Opening balance 1 January	-	-
Business combinations	1 668 325	-
Repayment of borrowings	-	-
Closing balance 31 December - total finance lease receivable	1 668 325	-
Less: Portion included in current receivables	(1 668 325)	-
Closing balance 31 December - non-current interest bearing borrowings	-	-
Repayment terms:		
The finance lease will be settled in 12 equal installments of AUD 65 000 plus a final settlement amount payable together with the last installment, of AUD 1 030 000. The lease accrues interest at 10.5% p.a.		
Minimum future finance lease payments:		
Not later than 1 year	1 809 944	-
Later than 1 year, not later than 5 years	-	-
Later than 5 years	-	-
Future finance charges on lease payments	(141 619)	-
Present value of the finance lease receivable	1 668 325	-
The present value of the future finance lease receivable is as follows:		
Not later than 1 year	1 668 325	-
Later than 1 year, not later than 5 years	-	-
Later than 5 years	-	-
	1 668 325	-

DRA Global Limited

Notes to the annual financial statements for the year ended 31 December 2018

10. Inventories	2018 AUD	2017 (Restated) AUD
Components, at cost	3 877 423	3 446 660
11. Trade and other receivables		
Trade receivables	203 823 486	88 533 572
Less: Provision for impairment of trade receivables	(32 973 971)	(6 305 574)
Net trade receivables	170 849 515	82 227 998
Prepayments	3 742 027	2 805 179
Deposits	1 340 917	1 202 718
Accrued revenue	4 578 131	10 884 243
VAT/GST	70 820	-
Withholding taxes	6 784 264	5 441 936
Other receivables	138 745	2 940 432
Balance at 31 December	187 504 419	105 502 506
The Group recognised impairment of receivables for the year ended 31 December as follows:	5 429 459	615 559
The values as stated above approximate the fair values as at the statement of financial position date of trade and other receivables.		
The provision for impairment of receivables is based on historical collection trends, current market conditions and expected future cash flows.		
Impairment of trade and other receivables		
Movements on the Group provision for impairment of trade receivables are as follows:		
Balance at 1 January	6 305 574	5 977 106
Provisions included in Business Combinations (refer note 26)	344 371	-
Provision raised	27 252 410	615 559
Provision utilised	(928 384)	(287 091)
Balance at 31 December	32 973 971	6 305 574
The Group applies AASB 9 simplified approach to measure expected credit losses which uses a lifetime expected credit loss allowance trade receivables and contract assets. Refer to note 3.		
Currencies		
The trade and other receivables carrying amount in the following major currencies expressed in Australian Dollars:		
South African Rand	146 242 163	58 045 929
US Dollar	16 142 465	17 126 452
Australian Dollar	5 631 665	6 634 584
Canadian Dollar	5 994 328	5 971 479
Mozambique Metical	4 976 896	5 835 867
Botswana Pula	7 390 701	4 978 792
Trade and other receivables past due but not impaired		
Trade and other receivables past due but which are not considered to be impaired at 31 December:	49 844 949	24 735 769
The ageing of amounts past due but not impaired is as follows:		
60 - 90 days past due	12 071 406	8 810 215
90 days and over past due	37 773 543	15 925 554
	49 844 949	24 735 769
12. Cash and cash equivalents	2018 AUD	2017 AUD
Cash and cash equivalents consist of:		
Cash at bank and in hand	116 656 152	18 520 797
Short-term deposits	8 970 014	202 127 506
	125 626 166	220 648 303

DRA Global Limited

Notes to the annual financial statements for the year ended 31 December 2018

12. Cash and cash equivalents (Continued)	2018 AUD	2017 AUD
The cash and cash equivalents carrying amount denominated in the following currencies expressed in Australian Dollars:		
South African Rand	359 330 676	480 913 829
US Dollar	29 962 833	68 599 740
Botswana Pula	8 324 883	30 735 680
Australian Dollar	16 831 930	45 034 926
Canadian Dollar	4 508 634	4 615 434
Mozambique Metical	459 368 216	299 985 999
Saudi Riyal	10 769 321	15 436 187
The Group has the following financing facilities available:		
Credit Card Facilities	276 640	364 000
Derivative Products Trading Facility	1 516 440	5 720 000
Vehicle and Asset Finance	8 952 538	4 888 000
Fleet Management Services	165 303	52 000
	10 910 921	11 024 000
13. Issued and fully paid share capital	Number	AUD
<u>DRA Group Holdings (Pty) Ltd</u>		
Balance at 31 December 2016	61 615 691	86 504 132
Ordinary no par value shares	43 438 673	1 364 132
Treasury Shares	(11 822 982)	-
Class B no par value shares	30 000 000	85 140 000
Movements in fully paid share capital		
Treasury Shares	5 322 675	-
Balance at 31 December 2017:	66 938 366	86 504 132
Ordinary no par value shares	43 438 673	1 364 132
Treasury Shares	(6 500 307)	-
Class B no par value shares	30 000 000	85 140 000
Movements in fully paid share capital		
Treasury Shares	1 298 922	-
Shares issued in terms of the Share Based Payments (refer note 15)	5 076 620	-
Balance at 16 July 2018	73 313 908	86 504 132
Ordinary no par value shares	48 515 293	1 364 132
Treasury Shares	(5 201 385)	-
Class B no par value shares	30 000 000	85 140 000
Capital reorganisation	(73 313 908)	(86 504 132)
Ordinary no par value shares	(48 515 293)	(1 364 132)
Treasury Shares	5 201 385	-
Class B no par value shares	(30 000 000)	(85 140 000)
<u>DRA Global Ltd</u>		
Ordinary shares (issue pursuant to the Capital reorganisation (refer note 1.1))	73 313 908	86 504 132
Ordinary shares (Acquisition of Minnovo (refer note 26))	2 539 075	18 874 947
Return of capital (refer note 37)	-	(5 831 561)
Fully paid share capital 31 December 2018	75 852 983	99 547 518

DRA Group Holdings (Pty) Ltd (DRAGH) was acquired by DRA Global Limited (DRA Global) via an approved Scheme of Arrangement (Scheme) on 16 July 2018. As part of the Scheme, the shareholders of DRAGH exchanged their shares (Ordinary and Class B) in DRAGH for the Ordinary shares in DRA Global. The remaining unissued treasury shares were cancelled as part of the Scheme.

Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and to share in the proceeds of winding up the Company in proportion to the number of, and amounts paid on, the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Certain ordinary shares have restrictions (refer to note 15).

DRA Global Limited

Notes to the annual financial statements for the year ended 31 December 2018

14. Other reserves	2018 AUD	2017 AUD
Foreign currency translation reserve		
Balance at 1 January	45 621 965	44 612 526
Currency translations arising in the year	1 087 884	1 009 439
Balance at 31 December	46 709 849	45 621 965
Non-distributable reserve - Foreign currency translation reserve on joint operations		
Balance at 1 January	(236 589)	(192 770)
Arising through joint operations	224 244	(43 819)
Balance at 31 December	(12 345)	(236 589)
Share-based payment reserve - Broad Based Black Economic Empowerment Structure		
Balance at 31 December	3 214 447	3 214 447
Share Based Payments (refer note 15)		
Balance at 1 January	1 199 063	392 849
Share appreciation rights expense	525 991	806 214
Balance at 31 December	1 725 054	1 199 063
Total reserves	51 637 005	49 798 886

Nature and purpose of each reserve

Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Non-distributable reserve - Foreign currency translation reserve on joint operations

Exchange differences arising on translation of transactions within the joint operations. Balance would realise once the joint operation are dissolved.

Broad Based Black Economic Empowerment Structure

Share based payment reserve to account for the liability in terms of Broad Based Black Economic Empowerment legislation within South Africa.

15. Share based payments

At 1 July 2016, pursuant to a material term of Stockdale Street's investment into DRA Group Holdings (Pty) Ltd, a selected group of DRA management (Participants) were issued 10 000 000 share appreciation rights (SARs). The rights represented a once-off notional "buy-in" by management alongside Stockdale rather than normal or ongoing remuneration. The rights were intended to vest in three (3) equal tranches on the 2nd, 3rd and 4th anniversary of the grant date (i.e. 33.33% vest on each of 30 June 2018, 2019 & 2020) and remain exercisable for a period of 5 years thereafter.

Prior to the Scheme of Arrangement (Scheme) in July 2018, whereby DRA Group Holdings (Pty) Ltd (DRAGH) was acquired by DRA Global Limited (DRA Global), DRAGH restructured the arrangement and replaced the remaining SARs with a once-off issue of 5 076 620 ordinary DRAGH shares at a ratio of approx. 0.6 ordinary shares per SAR. The restructure was done in accordance with the SAR scheme rules, placing the Participants in no worse position than they would otherwise have been had the SARs scheme been retained. The ordinary DRAGH shares issued to Participants participated in the Scheme and were replaced by ordinary shares in DRA Global. The Participants agreed to restrictions on the sale of the shares and clawback provisions to replicate the vesting profile of the SARs and the company undertook to, subject to shareholder approval, replicate the tax settlement options under the SAR scheme. At 31 December 2018, 3 411 630 of the shares issued to Participants pursuant to the restructure remain subject to such restrictions. The replacement does not increase the fair value of the award hence the fair value of the original share based payment arrangement continues to be expensed over the vesting period.

The share based payment in respect of the SARs was determined at Grant Date (1 July 2016) using the Black-Scholes model with the following inputs:

Expected volatility	10%
Dividend yield	7%
Risk-free interest rate	7.7% - 7.9%
Time to exercise	6.5 - 8.5 years

	2018 AUD	2017 AUD
Carrying amount of liability – included in share based payment reserve (refer note 14)	1 725 054	1 199 063
Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:	525 991	806 214

As a private company, the DRAGH share price at Grant Date was not determined based on an observable market price. The share price was determined with reference to recent arms-length share transactions at the time.

The clawback and sale restriction over 1 664 990 shares fell away on 30 June 2018.

In 2019, the terms of the restrictions on the shares were amended to extend the period of the restriction of sale of the underlying shares.

The clawback restriction over 1 474 486 shares fell away on 30 June 2019. The restriction on sale of these shares remains in place.

The clawback and sale restriction over the remaining shares remains in place.

At the date of this report 185,756 shares have been acquired from participants and cancelled by DRA Global pursuant to the Tax Loan selective buy-back, approved by shareholders at the DRA Global AGM in May 2019. The proceeds of the selective buy-back were applied to settle loans to these Participants, to settle tax liabilities, which arose on 30 June 2018 when the clawback and sale restrictions fell away in respect of the first tranche of shares.

16. Lease liability/Interest-bearing borrowings

	2018 AUD	2018 AUD	2018 AUD
	Non-current portion	Current portion	Total
Secured borrowings			
Lease Liability	13 750 184	6 106 835	19 857 019
Instalment sale agreements - motor vehicles	1 705 515	857 814	2 563 329
	<u>15 455 699</u>	<u>6 964 649</u>	<u>22 420 348</u>
	2017 AUD	2017 AUD	2017 AUD
	Non-current portion	Current portion	Total
Secured borrowings			
Lease Liability	6 404 724	4 884 668	11 289 392
Instalment sale agreements - motor vehicles	597 908	317 024	914 932
	<u>7 002 632</u>	<u>5 201 692</u>	<u>12 204 324</u>

The maturity of the total borrowings is as follows:

	2018 AUD	2017 AUD
Within one year	6 964 649	5 201 692
Between one and five years	14 822 317	6 215 005
Over five years	633 382	787 627
	<u>22 420 348</u>	<u>12 204 324</u>
Term loans		
Opening balance 1 January	-	900 237
Repayment of borrowings	-	(900 237)
Closing balance - total interest bearing borrowings 31 December	<u>-</u>	<u>-</u>

Repayment terms:

In the prior financial year, one of the subsidiaries entered into a term loan being US\$1 592 681. The loan carried interest at 3.667% and was repayable in 10 instalments, 1 instalment of US\$244 360 and 9 instalments of US\$151 648. The final payment was made on 19 June 2017.

Lease Liability

Opening balance 1 January	11 289 392	11 823 934
Business combinations	11 539 075	-
New leases negotiated during the year	1 774 158	2 244 893
Repayment of borrowings	<u>(4 745 606)</u>	<u>(2 779 435)</u>
Closing balance 31 December - total interest bearing borrowings	19 857 019	11 289 392
Less: Portion included in current liabilities	<u>(6 106 835)</u>	<u>(4 884 668)</u>
Closing balance 31 December - non-current interest bearing borrowings	<u>13 750 184</u>	<u>6 404 724</u>

Repayment terms:

The Group leases various properties. Rental agreements are typically for fixed periods and ranges from 2 to 10 years, but may have extension options. Lease agreements are negotiated on an individual basis and contains a wide range of terms and conditions. The lease agreements do not impose any covenants.

Minimum future lease payments:

Not later than 1 year	7 733 664	4 199 529
Later than 1 year, not later than 5 years	15 029 626	7 757 953
Later than 5 years	<u>633 382</u>	<u>787 626</u>
	23 396 672	12 745 108
Future finance charges on lease payments	<u>(3 539 653)</u>	<u>(1 455 716)</u>
Present value of lease liabilities	<u>19 857 019</u>	<u>11 289 392</u>

The present value of lease liabilities is as follows:

Not later than 1 year	6 106 835	4 884 668
Later than 1 year, not later than 5 years	13 116 802	5 617 097
Later than 5 years	<u>633 382</u>	<u>787 627</u>
	<u>19 857 019</u>	<u>11 289 392</u>

16. Lease liability/Interest-bearing borrowings (Continued)	2018 AUD	2017 AUD
Instalment sale agreements - motor vehicles		
Opening balance 1 January	914 932	536 227
Foreign currency exchange adjustment	(51 025)	15 382
Business combinations	1 270 798	-
Additional loans raised	2 008 353	659 892
Repayment of borrowings	(1 579 729)	(296 569)
Closing balance 31 December - total interest bearing borrowings	2 563 329	914 932
Less: Portion included in current liabilities	(857 814)	(317 024)
Closing balance 31 December - non-current interest bearing borrowings	1 705 515	597 908
Repayment terms:		
The Group lease certain motor vehicles under instalment sale agreements.		
The average lease term was 3-5 years (2017: 3-5 years) and the average effective borrowing rate was 10% p.a. (2017: 10% p.a.).		
Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.		
Minimum future finance lease payments:		
Not later than 1 year	1 077 573	393 144
Later than 1 year, not later than 5 years	1 933 968	694 109
Later than 5 years	-	-
	3 011 541	1 087 253
Future finance charges on lease payments	(448 212)	(172 321)
Present value of finance lease liabilities	2 563 329	914 932
The present value of future lease liabilities is as follows:		
Not later than 1 year	857 814	317 024
Later than 1 year, not later than 5 years	1 705 515	597 908
Later than 5 years	-	-
	2 563 329	914 932
17. Trade and other payables		
Trade payables	69 216 805	31 402 410
Amounts received in advance	1 262 572	6 640 726
Value added tax/Goods and services tax	2 184 842	4 865 254
Accrued leave pay	16 868 549	9 005 573
Accrued bonuses	6 361 744	14 642 732
Accrued cost to contracts	5 555 078	14 667 514
Other payroll accruals	11 570 357	6 976 119
Other payables	11 107 163	5 452 133
	124 127 110	93 652 461
Currencies		
The trade and other payables carrying amount denominated in the following currencies expressed in		
Australian Dollars:		
South African Rand	83 660 903	58 045 929
US Dollar	5 291 913	17 126 452
Mozambique Metical	6 775 110	5 835 867
Canadian Dollar	6 642 401	5 971 479
Botswana Pula	5 339 276	4 978 792
Australian Dollar	1 885 346	6 634 584
Saudi Riyal	1 934 036	1 315 535
18. Provisions		
Provision for employee taxes	15 148	-
Provision for closure of offices	772 275	-
Provision for claims	1 078 159	-
Provision for loss making contracts	99 552 512	10 400 000
	101 418 094	10 400 000
Provision for employee taxes		
Balance at 1 January	-	68 487
Provision raised	15 148	-
Provision utilised	-	(68 487)
Balance at 31 December	15 148	-
Less current portion transferred to current liabilities	(15 148)	-
Non-current portion at 31 December	-	-

18. Provisions (Continued)

The provision for employee taxes related to taxes due to authorities for employees waiting for their working permits. Taxes was paid once the working permits have been awarded.

Provision for closure of offices	2018 AUD	2017 AUD
Balance at 1 January	-	-
Provision raised	687 807	-
Business Combinations	84 468	-
Balance at 31 December	772 275	-
Less current portion transferred to current liabilities	(772 275)	-
Non-current portion at 31 December	-	-

Provisions were raised for the closure of divisions within business units. These costs relate to the settlements to complete the closures.

Provision for claims

Balance at 1 January	-	-
Provision raised	1 078 159	-
Balance at 31 December	1 078 159	-
Less current portion transferred to current liabilities	(1 078 159)	-
Non-current portion at 31 December	-	-

The provision for claims relates to two claims against a subsidiary in the United States of America. The first claim relates to the U.S. Department of Labor awarding a claim in terms of the Black Lung Benefits Act. The subsequent appeal was denied. The provision raised was AUD 228 319.

A second provision was raised for an arbitration case that relates to costs that a subcontractor incurred on a project that was not approved by the client or by the subsidiary. DRA submitted a counterclaim and will defend its case. An estimation of the costs is AUD 849 840.

Provision for loss making contracts

Balance at 1 January	10 400 000	-
Provision raised	73 197 913	10 400 000
Business Combinations (refer to note 26)	55 538 164	-
Provision utilised	(39 583 565)	-
Balance at 31 December	99 552 512	10 400 000
Less current portion transferred to current liabilities	(99 552 512)	(10 400 000)
Non-current portion at 31 December	-	-

The provision for loss making contracts relates to expected future losses on projects and is predominantly in respect of five projects, one in Australia (Mt Pleasant CHPP AUD 25m) and four in South Africa (Nokeng Fluorspar AUD 35m, Elikhulu Gold Tailings Retreat Plant AUD 15m, Limpopo Iron Ore AUD 13m and EFC AUD 1.5m). The calculation of the provision is based on additional costs expected to be incurred to complete the contracts per the agreed scope over and above the cost originally budgeted for.

Mt Pleasant CHPP project - New South Wales, Australia

G&S, previously owned by the Calibre Group, was DRA's joint venture ("JV") construction partner in the execution of the Mt Pleasant CHPP project in New South Wales, Australia. Issues were encountered during the construction phase of the project which severely impacted the financial performance of the JV and in May 2018 it became likely that G&S, may be placed into administration prior to the Mt Pleasant project having been completed. In order to complete the project and avoid G&S being placed into administration, DRA acquired G&S. Post-acquisition, it became evident that the G&S cost to complete the project had been underestimated by G&S and Calibre at the time of the acquisition. A provision of c.AUD 52 million for G&S specific costs to complete the project was included in the acquisition balance sheet of G&S to take account of this underestimation. At 31 December 2018, a provision for future losses in respect of this project of AUD 25m remains.

Nokeng Fluorspar Project - Limpopo, South Africa

DRA entered into a joint venture with Group Five Limited ("Group 5") for the delivery of the Nokeng Fluorspar project in Limpopo, South Africa. The project is forecasted to incur a total loss of AUD 35m as a result of commissioning challenges and construction delays. Group 5 filed for Business Rescue protection on 11 March 2019. DRA is jointly and severally liable for the completion of the project and on this basis has recorded a provision for the full expected loss on the project of AUD 35m. DRA has engaged with the Business Rescue Practitioner and will seek to recover the maximum possible amount through the Business Rescue process.

At 31 December 2018 DRA originally estimated the loss on the project at AUD 13m. The updated estimated loss is now calculated at AUD 35m based on current facts and circumstances. This resulted in the underestimation of costs of sales with AUD 26m and provision for loss making contracts with AUD 34m. Refer to note 1.1.3.

Elikhulu Gold Tailings Retreat Project - Mpumalanga, South Africa

DRA executed the Elikhulu Gold Tailings Retreat project on a target cost basis. Throughout the project, it was forecasted that the project would make substantial profits and possibly earn incentives based on cost savings. However, the cost to complete the project was under-reported. In terms of the contract, any overruns are shared 50% / 50% with the client and DRA will not be able to recover the additional costs in full. At 31 December 2018 the project was forecasted to make a profit of AUD 13m. However due to the cost overruns, the total forecasted loss on the project at 31 December 2018 is AUD 11.6m. This resulted in the underestimation of revenue with AUD 13m and cost of sales for the year ending 31 December 2018 being understated with AUD 12m. The contract asset raised for unbilled revenue of AUD 9m was reversed and a provision for loss making contract of AUD 15m was raised. Refer to note 1.1.3.

DRA Global Limited

Notes to the annual financial statements for the year ended 31 December 2018

18. Provisions (Continued)

Limpopo Iron Ore Project - South Africa, Limpopo

In May 2018, DRA was awarded an EPC contract to design and construct a magnetite beneficiation plant (the "Plant") for the Limpopo Iron Ore project ("LIO"). The funding for the project was to be provided by one of the owners. Following initial draw downs on the facility (total c.USD 3m), the funder was unable to advance further funding to LIO to complete the project, which resulted in non payment to DRA. In March 2019, DRA terminated the LIO EPC contract and left the site. LIO subsequently placed the Plant on care and maintenance. LIO was placed into business rescue by its directors on 19 August 2019. A provision for loss making contracts with AUD 13m. Refer to note 1.1.3.

19. Contracts in progress

	2018 AUD	2017 AUD
Classification of contracts in progress		
Contract assets	12 858 927	3 298 530
Contract liabilities	(49 141 037)	(46 395 105)
	<u>(36 282 110)</u>	<u>(43 096 575)</u>
Analysis of contracts in progress:		
Contract costs incurred to date	664 162 508	359 752 677
Plus: Recognised profits to date	128 212 627	100 320 162
Less: Progress billings	(828 657 245)	(503 169 414)
	<u>(36 282 110)</u>	<u>(43 096 575)</u>
Contracts in progress at 31 December	(12 858 927)	(3 298 530)
Less: Contract assets		
	<u>(49 141 037)</u>	<u>(46 395 105)</u>
Contracts liabilities		

Contract assets represent receivables in respect of which the Group's right to consideration is unconditional, subject only to the passage of time. Contract liabilities arise where payment is received prior to work being performed.

Contract assets increased due to the increase in the volume of Engineering, Procurement and Construction (EPC) contracts during the year.

Remaining performance obligations (Work in hand)

Contracts which have remaining performance obligations as at 31 December 2018 are set out below. As permitted under the transitional provisions in AASB 15, the transaction price allocated to remaining performance obligations as of 31 December 2017 is not disclosed.

Contracting - project business	252 882 391	-
Operations and maintenance business	401 487 918	-
	<u>654 370 309</u>	<u>-</u>

Contracts in different segments have different lengths. Revenue is typically earned over these varying timeframes. However, some revenue expected to be earned in the short-term is included from the amounts above. The average duration of contracts is given below. Some contracts will vary from these typical lengths.

Contracting - project business	1 - 4 years
Operations and maintenance business	3 - 5 years

20. Financial assets and liabilities

Assets per statement of financial position 31 December 2018 (AUD)

	Fair value through profit and loss	Amortised Cost	Total
Trade and other receivables	-	183 762 392	183 762 392
Other financial assets	5 764 199	19 724 818	25 489 017
Shares - Ferrox Holdings Ltd	2	-	2
Shares - Arete Capital	515 131	-	515 131
Shares - Pering Base Metals (Pty) Ltd	196 400	-	196 400
Shares - CCIC	392 800	-	392 800
Listed shares - at market value - Steppe Gold Ltd	219 383	-	219 383
Listed shares - at market value - Nouveau Monde Graphite Inc.	192 714	-	192 714
Listed shares - at market value - Peninsula Energy Ltd	257 537	-	257 537
Listed shares - at market value - Nkwe Platinum Ltd	2 263 523	-	2 263 523
Listed Shares - at market value - Alphamin Resources Corporation	652 264	-	652 264
Shares - CCP 12J Managers (Pty) Ltd	1 964	-	1 964
Shares - CCP Early Opportunity Investment Holding Pty Ltd	137	-	137
Shares - at market value - CCP 12J Fund (Pty) Ltd	1 072 344	-	1 072 344
Loans receivables ¹	-	19 724 818	19 724 818
Cash and cash equivalents	-	125 626 166	125 626 166
Financial instruments	5 764 199	329 113 376	334 877 575
Current portion at 31 December 2018	-	(329 113 376)	(329 113 376)
Non-current portion at 31 December 2018	5 764 199	-	5 764 199

Note 1:

A loan of AUD 10 037 635 accrues interest at 15.97% (increasing to 18.06% April 2019 and to 27.78% in April 2020) and is repayable by no later than the 6th anniversary of the initial grant date (i.e. June 2023).

The remainder of the loans receivable do not carry interest and do not have fixed terms of repayment.

20. Financial assets and liabilities (Continued)**31 December 2017 (AUD) (Restated)**

	Fair value through profit and loss	Amortised Cost	Total
Trade and other receivables	-	49 774 129	49 774 129
Other financial assets	4 312 442	26 490 800	30 803 242
Shares - Ferrox Holdings Ltd	2	-	2
Shares - at market value - DRA Research & Development (Pty) Ltd	737 473	-	737 473
Shares - at cost - Arete Capital	494 812	-	494 812
Shares - at cost - Pering Base Metals (Pty) Ltd	208 000	-	208 000
Listed shares - at market value - Nkwe Platinum Ltd	1 319 980	-	1 319 980
Preference Share - CCP Technical Ltd	1 552 175	-	1 552 175
Loans receivables	-	26 490 800	26 490 800
Cash and cash equivalents	-	220 648 303	220 648 303
Financial instruments	4 312 442	296 913 232	301 225 674
Current portion at 31 December 2017	-	(296 913 232)	(296 913 232)
Non-current portion at 31 December 2017	4 312 442	-	4 312 442

The preference shares in CCP Technical Ltd are cumulative redeemable preferences shares.

The loans receivable to the value of AUD 7 966 235 carries an interest at 15% and is payable over 13 months. The remainder of the loans receivable do not carry interest and do not have a fixed repayment terms.

Loans receivable past due but not impaired

All loans receivable that are past due are impaired accordingly.

Loans receivable impaired

At 31 December, loans receivable of AUD 3 407 602 (2017: AUD nil) were impaired and provided for.

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. No default existed at year end.

Liabilities per statement of financial position**31 December 2018 (AUD)**

	Liabilities at Amortised cost	Total
Trade and other payables	124 127 110	124 127 110
Interest-bearing borrowings	22 420 348	22 420 348
Financial instruments	146 547 458	146 547 458
Current portion at 31 December 2018	(131 091 759)	(131 091 759)
Non-current portion at 31 December 2018	15 455 699	15 455 699

31 December 2017 (AUD)

	Liabilities at Amortised cost	Total
Trade and other payables	93 652 461	93 652 461
Interest-bearing borrowings	12 204 324	12 204 324
Financial instruments	105 856 785	105 856 785
Current portion at 31 December 2017	(98 854 153)	(98 854 153)
Non-current portion at 31 December 2017	7 002 632	7 002 632

Liabilities at fair value through profit and loss

There has been no liabilities at fair value through profit and loss in the current and prior financial year.

21. Operating (loss)/profit

	2018 AUD	2017 AUD
The following items have been included in arriving at operating (loss)/profit:		
Operating lease charges	1 473 637	6 960 290
Loss/(Profit) on sale of property, plant and equipment	707 209	(96 570)
Trade receivables – impairment charge for bad and doubtful debts	5 429 459	615 559
Impairment on loans receivable	3 513 378	-
Impairment on goodwill	16 944 056	-
Amortisation on intangible assets	4 886 025	3 077 935
Impairment of intangible assets	1 500 176	-
Depreciation on property, plant and equipment	11 793 125	8 134 851
Repairs and maintenance expenditure on property, plant and equipment	2 417 384	860 369
Professional and secretarial fees	10 527 130	3 741 992

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Notes to the annual financial statements for the year ended 31 December 2018

21. Operating (loss)/profit (Continued)	2018 AUD	2017 AUD
Legal fees	2 801 482	782 398
Remuneration of auditors:		
BDO Audit WA (Pty) Ltd:		
Audit services	158 659	-
Tax advice services	35 094	-
Corporate advisory services	400 702	-
Remuneration advisory services	98 286	-
Network firms of BDO:		
Audit services	1 254 706	817 629
Tax advice services	17 509	-
Corporate advisory services	33 500	179 353
Foreign exchange (gains)/losses	(2 203 116)	6 968 487
Fair value (gains)/losses adjustments to other financial assets	(866 365)	1 317 181
Share based payment expense (refer to note 15)	525 991	806 214
Loss on sale of investment in subsidiary	-	595 275
Personnel costs	32 884 871	24 059 950
22. Other income		
Other income comprises:		
Government grants	993 262	1 041 398
Share of net profit of associates accounted for using the equity method (refer to note 33)	306 919	654 464
Other	1 011 126	336 198
	<u>2 311 307</u>	<u>2 032 060</u>
23. Finance income and cost		
Finance cost	(1 833 455)	(985 071)
Bank	(955 935)	(34 650)
Other	(877 520)	(950 421)
Finance income	6 701 614	6 823 228
Bank	2 664 840	3 524 561
Other	4 036 774	3 298 667
Net finance income	<u>4 868 159</u>	<u>5 838 157</u>
24. Tax		
Normal tax		
Local income tax - current period	18 442 989	15 396 462
Local income tax - recognised in current tax for prior periods	(930 513)	258 188
Dividend withholding tax	163 327	961 822
Foreign income tax or withholding tax - current period	1 792 096	2 808 659
Deferred tax		
Originating and reversing temporary differences	(24 530 253)	(4 680 597)
Arising from prior period adjustments	214 940	35 792
Donations tax	-	33 142
	<u>(4 847 414)</u>	<u>14 813 468</u>
Reconciliation of the tax expense		
Accounting (loss)/profit	(46 976 614)	39 356 051
Tax at the applicable tax rate of 3% - 45% (2017: 3% - 45%)	3 852 493	27 497 828
Arising as a result of:		
Assessable tax loss not recognised	(1 669 479)	(660 683)
Capital Gains Tax	762 364	-
Non-deductible expenses	(5 325 039)	(5 927 666)
Exempt income	(3 651 856)	(10 477 173)
Prior year (over)/under provision	(372 835)	560 471
Foreign income tax	(398 485)	37 305
Withholding tax	1 792 096	2 808 659
Donations tax	-	33 142
Dividend withholding tax	163 327	961 822
Learnership allowances	-	(20 237)
	<u>(4 847 414)</u>	<u>14 813 468</u>

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Notes to the annual financial statements for the year ended 31 December 2018

25. Cash generated from operations	2018 AUD	2017 AUD
(Loss)/Profit before taxation	(46 976 614)	39 356 051
Adjustments for:		
Depreciation on property, plant and equipment	11 793 125	8 134 851
Amortisation of intangible assets	4 886 025	3 077 935
Impairment of intangibles asset	1 500 176	-
Impairment of goodwill	16 944 056	-
Non-cash movement of foreign currency translation reserve	1 874 884	3 889 822
Loss/(Profit) on sale of property, plant and equipment	707 209	(96 570)
Loss on investment in subsidiary	-	595 275
Finance income	(6 701 614)	(6 823 228)
Finance costs	1 833 455	985 071
Fair value adjustments	(866 365)	1 317 181
Non-Cash movement on IFRS 2 reserve (refer to notes 14 & 15)	525 991	806 214
Operating profit before working capital changes	(14 479 672)	51 242 602
Changes in working capital:		
Inventories	504 933	(143 498)
Trade and other receivables	(54 985 030)	(10 145 366)
Contract assets	7 098 216	1 290 369
Trade and other payables and provisions	25 364 639	35 737 230
Contract liabilities	(1 946 006)	34 282 820
	(38 442 920)	112 264 157

26. Acquisition and disposal of investments

Business Combinations

The Group made three business acquisitions during the year. Provisional accounting was adopted for all these business acquisitions under AASB 3.

26.1. G&S Engineering Services Pty Ltd (G&S)

DRA Australia Holdings (Pty) Ltd (DRA Australia), a wholly-owned subsidiary of DRA Global, acquired a 100% interest in G&S for a cash consideration of AUD2.5 million on 6 August 2018. On acquisition, DRA Australia advanced a loan of A\$14.8m to G&S to allow the settlement of liabilities to the previous owners of the business, the Calibre Group.

G&S was DRA's joint venture ("JV") construction partner in the execution of the Mt Pleasant CHPP project in New South Wales, Australia. Issues were encountered during the construction phase of the project which severely impacted the financial performance of the JV and in May 2018 it became likely that G&S, would be placed into administration prior to the Mt Pleasant project having been completed. DRA was jointly and severally liable for the completion of the project. In order to complete the project and avoid G&S being placed into administration, DRA acquired G&S.

Post-acquisition, it became evident that the G&S cost to complete the project had been significantly underestimated by G&S and Calibre. A provision of c.\$52 million for G&S specific costs to complete the project has been included in the acquisition balance sheet of G&S to take account of this underestimation.

G&S provides maintenance services and SMP construction services. G&S's construction projects service has been discontinued. The G&S maintenance business will continue in its current form and provides DRA with a platform from which to build an operations and maintenance capability within Australia. The acquisition of G&S is also expected to enhance DRA's EPC project delivery track-record and capability within Australia.

G&S contributed revenues of AUD 74 420 594 and loss before tax of AUD 5 281 574 to the Group for the period from 6 August to 31 December 2018. Had the acquisition occurred on 1 January 2018, G&S's contribution to the Group revenue and loss before tax for the year ended 31 December 2018, would have been AUD 185 984 890 and AUD 62 465 915 respectively. The losses relates to the construction projects, predominantly in respect of the Mt Pleasant CHPP project. Works on the Mt Pleasant project were completed in March 2019, following which G&S has been extensively restructured. The G&S maintenance business will continue substantially in its current form and is expected to make a positive earnings contribution for the year ending 31 December 2019.

Details of the net assets acquired and goodwill are as follows:

	2018 AUD
Purchase consideration	
Total purchase consideration	2 500 000
Cash portion	2 500 000
Non-cash portion	-
Fair value of net assets acquired	
Fair value of net liabilities acquired	27 319 187
Fair value of non-controlling interest recognized	-
Goodwill	29 819 187

26. Acquisition and disposal of investments (Continued)**26.1. G&S Engineering Services Pty Ltd (G&S) (Continued)**

The fair value of the assets and liabilities arising from the acquisition were as follows:	2018 AUD
Cash and cash equivalents	7 535 618
Trade and other receivables	20 668 630
Inventory	686 197
Contract asset	12 426 064
Property, plant and equipment	22 398 867
Intangible Assets	6 720 932
Investments	12
Deferred tax asset	14 939 962
Trade and Other Payables	(19 505 352)
Contract liability	(2 755 506)
Provisions	(55 538 164)
Interest bearing borrowings	(11 969 590)
Other current liabilities	(8 126 857)
Loans	(14 800 000)
	(27 319 187)

Goodwill represents the value of the brand and assembled workforce of G&S and any premium from synergies and future growth opportunities that cannot be recognised separately. Goodwill was impaired in the current year with AUD 14 114 686 (refer to note 7).

The fair value of the trade receivables is AUD 18 354 184, no provision has been included for doubtful amounts. Included in the provisions line above, is a provision for loss making contracts of AUD 51.9 million which has been recognised in the acquisition date statement of financial position of G&S at 6 August 2018. This provision related to estimated costs to complete construction works on the Mt Pleasant CHPP project. The quantum of the provision was based on management's judgement and assessment (supported by independent legal advice) of the costs to complete the works which would not be eligible for recovery under the joint venture arrangement between DRA Pacific and G&S.

26.2. Minnovo (Pty) Ltd (Minnovo)

DRA Global Ltd acquired a 100% interest in Minnovo on 13 July 2018 for a consideration AUD 33 342 947, comprising cash and shares in DRA Global. Minnovo is a Perth-based engineering services provider. The acquisition provides DRA with expanded capabilities within Australia and allow DRA Global to provide Australian based resource companies with a full end-to-end project development and implementation service as well as an enhanced ability to service Australian clients with projects in Africa and North America.

Minnovo contributed revenue of AUD 16 276 801 and a loss of AUD 552 016 to the Group for the period from 13 July to 31 December 2018. Had the acquisition occurred on 1 January 2018, Minnovo's contribution to Group revenue and profit for the year ended 31 December 2018, would have been AUD 35 477 632 and AUD 979 139 respectively. From 1 January 2018 Minnovo and DRA Pacific operated as a single business under common management. The combined business contribution to Group revenue and profit for the year ended 31 December 2018, would be AUD 99 726 291 and AUD 2 166 181 respectively. Average underlying earnings for the 3 reporting periods prior to 31 December 2018 was AUD 3.4 million. Earnings for the year ended 31 December 2018 were negatively impacted by the opportunity cost of management and otherwise productive time utilised to manage the completion of the distressed Mt Pleasant CHPP Project. On a normalised basis, full year earnings for this business would have been expected to exceed AUD 6 million.

Details of the net assets acquired and goodwill are as follows:	2018 AUD
Purchase consideration	
Total purchase consideration	33 342 947
Cash portion	14 468 000
Non-cash portion - shares in DRA Global Limited*	18 874 947
Fair value of net assets acquired	
Fair value of net assets acquired	(7 085 807)
Fair value of non-controlling interest recognised	-
Goodwill	26 257 140

* The value of the shares are based on an independent valuation.

The fair value of the assets and liabilities arising from the acquisition were as follows:

Cash and cash equivalents	3 291 484
Trade and other receivables	4 477 019
Contract assets	2 520 833
Property, plant and equipment	445 884
Intangible Assets	3 932 996
Current tax assets	453 475
Trade and Other Payables	(6 855 986)
Deferred Tax liability	(1 179 898)
	7 085 807

Goodwill represents the value of the assembled workforce and track-record of Minnovo and any premium from synergies and future growth opportunities that cannot be recognized separately.

The fair value of the trade receivables is AUD 4 309 018, no provision has been included for doubtful amounts.

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Notes to the annual financial statements for the year ended 31 December 2018

26. Acquisition and disposal of investments (Continued)

Business Combinations (Continued)

26.3. Prentec

DRA Water SA (Pty) Ltd (DRA Water), a wholly-owned subsidiary of DRA Group Holdings (Pty) Ltd (DRAGH), acquired a 51% interest in each of Prentec (Pty) Ltd (Prentec) and Prentec Technical Services (Pty) Ltd (PTS) on 1 July 2018 for a consideration of AUD 6.3 million, comprising cash and shares in DRAGH. The acquisition seeks to expand DRA's capabilities in the areas of water and wastewater treatment. Prentec is a respected mid-size water treatment focused engineering and construction business, with a strong mining focus. PTS is a growing Operations and Maintenance business in the water treatment sector.

The Prentec Group contributed revenue of AUD 13 609 466 and profit of AUD 319 342 to the Group for the period from 1 July to 31 December 2018. Had the acquisition occurred on 1 January 2018, Prentec's contribution to Group revenue and profit for the year ended 31 December 2018, would have been AUD 20 742 093 and AUD 733 432 respectively. Average underlying earnings for the 3 reporting periods prior to 31 December 2018 was AUD 1.95 million.

Details of the net assets acquired and goodwill are as follows:

	2018 AUD
Purchase consideration	
Total purchase consideration	6 358 766
Cash portion	3 556 178
Non-cash portion - shares in DRA Global Limited*	2 361 600
Contingent Consideration	440 988
Fair value of net assets acquired	
Fair value of net assets acquired	(7 369 751)
Fair value of non-controlling interest recognised	3 611 177
Goodwill	2 600 192

* The value of the shares are based on an independent valuation.

The fair value of the assets and liabilities arising from the acquisition were as follows:

Cash and cash equivalents	818 780
Trade receivables and other	5 160 600
Contract assets	1 711 716
Inventories	249 499
Finance lease asset	1 668 325
Property, plant and equipment	1 896 702
Tax assets	486 921
Intangible Assets	4 822 041
Interest-Bearing Borrowings	(840 283)
Trade and other Payables	(4 308 289)
Contract liabilities	(1 936 432)
Shareholder Loans	(1 352 468)
Deferred tax (liability)/asset	(1 007 361)
	7 369 751

Goodwill represents the value of the assembled workforce and track-record of the combined Prentec business and any premium from synergies and future growth opportunities ad expansion in the water treatment business that cannot be recognized separately. Goodwill was impaired in the current year with AUD 2 600 192 (refer to note 7).

Contingent consideration is the excess future forecasted working capital and earnings before interest and tax, over the targets set at acquisition.

The fair value of the trade receivables is AUD 4 946 468 and amount provided for was AUD 229 253.

Disposal of investments in subsidiaries

26.4. DRA Research & Development (Pty) Ltd

On 15 December 2017 the Group disposed of its investment in DRA Research and Development (Pty) Ltd by way of a dividend in-specie of AUD 7 859 098.

The carrying amount of the assets and liabilities disposed of were as follows:

	2017 AUD
Property, plant and equipment	14 810 810
Trade and other receivables	5 118
Cash and cash equivalents	303 419
Trade and other payables	(48 763)
Other financial liabilities	(5 633 502)
Deferred tax liabilities	(935 028)
Current income tax liability	(47 681)
Carrying amount of the investment disposed	8 454 373
Loss on disposal of investments	(595 275)
Proceeds on disposal of investment in subsidiary	7 859 098
Cash proceeds on disposal of investments	-
Dividend in specie	7 859 098

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Notes to the annual financial statements for the year ended 31 December 2018

27. Commitments

The Group is a lessee of various office properties as well as office equipment items under non-cancellable lease agreements. Lease are accounted for as lease liabilities under AASB 16. Refer to note 16.

28. Contingencies

The Group has guarantee facilities of AUD 242 846 175 (2017: AUD 134 484 956) available.

The Group has issued various guarantees as security to various landlords and clients for leases and construction projects to the value of AUD 69 227 875 (2017: AUD 84 649 397).

Included in the above guarantees are provisions for bonds of AUD 4 822 577. Refer to note 18.

The Group has negotiated a Revolving Credit Facility of AUD 44 190 000. The facility had not been utilised as at 31 December 2018. The Group utilised AUD 14 724 505 in 2019 to partly fund the Senet acquisition and repaid AUD 10 920 862 at the date of this report.

The Group occasionally receives claims and writs for damages and other matters arising from its operations in the course of its normal business.

The Group entities may also have potential financial liabilities that could arise from historical commercial contracts. At the date of this report the Group has a number of claims in progress, however it is not possible to estimate the financial effects of these claims should they be successful and, at the date of this report, based upon legal advice and all available information, the Directors have assessed the possibility of any net outflow of resources embodying economic benefits, which have not already been provided in this report, in relation to these matters to be unlikely and remote.

The Directors are of the opinion that the disclosure of any further information on these matters would be prejudicial to the interests of the Group.

29. Comparative figures

Some comparative figures have been reclassified to agree with the current year classification.

30. Events after the reporting period

The following events occurred between 31 December 2018 and the date of this report which is material to the understanding of the annual financial statements:

Acquisition of a 72.7% interest in SENET

With effect from April 1 2019, DRA acquired a 72.7% interest in New SENET Proprietary Limited ("SENET") for a consideration of AUD 112 million, comprising cash and shares in DRA Global. DRA also entered into a reciprocal call and put option arrangement whereby DRA will acquire the remaining 27.3% in SENET between 24 to 36 months from the date of the subscription.

SENET is a leading project management and engineering firm in the field of mineral processing in Africa and specialises in project delivery throughout the continent, particularly in gold, copper, cobalt, uranium, and iron ore. SENET has also delivered projects in the Middle East, Asia, Europe and South and Central America. The acquisition forms part of DRA's Africa Projects segment and will expand the Group's scale and service capabilities in the region making the combined business the largest mineral processing project delivery business on the continent, further enhancing the Group's ability to effectively service clients and compete on the global stage.

Share buy-back

At the Annual General Meeting on 31 May 2019, the shareholders approved the selective buy-back of shares for the Share Schemes and for the legacy LTIP. The total amount of shares bought back was 185 796 with a total value of AUD 1 557 709, at an average rate of AUD 8.25 ranging from AUD 7.99 to AUD 8.40.

New lease agreement

DRA has entered into a new office lease agreement on 1 November 2019 for the EMEA Projects business that will result in a significant lease liability and right of use asset. This is a 10 year lease with initial monthly property rental payments of AUD 153 053 (excluding VAT). The lease will commence upon the property becoming available for occupation, which is currently anticipated to be no earlier than 1 August 2020.

31. Related parties

Subsidiary companies – refer to note 32

Associates - refer to note 33

Joint operations - refer to note 34

Directors and director-related entities

Key management compensation are:

	2018 AUD	2017 AUD
Short-term employee benefits	2 288 949	1 394 393
Post-employment benefits	13 458	-
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	<u>2 302 407</u>	<u>1 394 393</u>
Loans to key management personnel	<u>6 942 116</u>	<u>2 709 467</u>

The loans were advanced to key management personnel (KMP) to enable the purchase of shares in the Group. Some of these transactions took place indirectly with KMP nominated family trusts, family corporate entities or authorised entities as approved by the shareholders. The loans accrue interest at the South African official prime interest rate less 2.5%, currently 7.5% (2017: 7.75%) and do not have fixed terms of repayment. Dividends that accrue to the underlying shares are applied to service the loans.

These loans are limited recourse loans and accounted for as share options in equity.

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32. Subsidiary and Joint Arrangement undertakings

	Country of incorporation	Percentage held	
		at 31 December 2018	at 31 December 2017
Contracting subsidiaries			
DRA Projects SA (Pty) Ltd	South-Africa	100.00%	100.00%
Prentec (Pty) Ltd	South-Africa	51.00%	-
DRA Agriculture (Pty) Ltd	South-Africa	100.00%	100.00%
Concentrate Capital Partners (Pty) Ltd	South-Africa	100.00%	-
WAH Engineering (Pty) Ltd	South-Africa	100.00%	100.00%
DRA Technical Services (Pty) Ltd	South-Africa	-	100.00%
DRA Nexus (Pty) Ltd	South-Africa	100.00%	-
DRA Water (Pty) Ltd	South-Africa	100.00%	-
CCP Technical (Pty) Ltd	South-Africa	100.00%	-
DRA Infrastructure (Pty) Ltd	South-Africa	-	-
DRA Mining (Pty) Ltd	South-Africa	-	100.00%
DRA Projects (Pty) Ltd	South-Africa	100.00%	100.00%
DRA Africa Holdings (Pty) Ltd	South-Africa	100.00%	100.00%
DRA Ghana Ltd	Ghana	100.00%	100.00%
DRA Sierra Leone Ltd	Sierra Leone	100.00%	100.00%
DRC Minerals SARLU	DRC	100.00%	100.00%
DRA Guinea SARL	Guinea	100.00%	100.00%
DRA Botswana (Pty) Ltd	Botswana	100.00%	100.00%
DRA Zambia Ltd	Zambia	100.00%	100.00%
DRA Mineral Projects (Pty) Ltd - Namibia	Namibia	100.00%	100.00%
DRA Congo SARL	DRC	100.00%	100.00%
DRA Mali SARL	Mali	100.00%	-
DRA Mena LLC	Oman	-	-
DRA Mozambique (Pty) Ltd	Mozambique	100.00%	100.00%
DRA Tanzania Ltd	Tanzania	-	100.00%
DRA Pacific (Pty) Ltd	Australia	100.00%	100.00%
Calibre-DRA Joint Venture (Unincorporated)	Australia	100.00%	-
DRA Americas Inc. (Canada)	Canada	100.00%	100.00%
Minnovo (Pty) Ltd	Australia	100.00%	-
DRA International Services	Mauritius	100.00%	100.00%
DRA Taggart LLC	United States	100.00%	100.00%
CCP Technical Ltd	United Kingdom	30.00%	-
Miller Metallurgical International Ltd	United Kingdom	30.00%	-
DRA Madagascar SARL	Madagascar	100.00%	100.00%
Taggart Global Sourcing LTD	China	100.00%	100.00%
DRA Taggart Site Services LLC	United States	100.00%	100.00%
DRA Americas Inc. (USA)	United States	100.00%	100.00%
Nova Constructors Inc.	United States	51.00%	51.00%
Concentrate Capital Partners Limited	United Kingdom	30.00%	-
DRA (India) Ltd	India	100.00%	100.00%
DRA India LLP	India	100.00%	100.00%
DRA Taggart China LLC	United States	100.00%	100.00%
PT. DRA Asia Indonesia	Indonesia	100.00%	-
Operation and maintenance subsidiaries			
Minerals Operations Executive (Pty) Ltd	South-Africa	100.00%	100.00%
Ensersa (Pty) Ltd	South-Africa	100.00%	100.00%
Prentec Technical Services (Pty) Ltd	South-Africa	51.00%	-
Northern Cape Metallurgical Operations (Pty) Ltd	South-Africa	100.00%	-
HCD Centre of Excellence (Pty) Ltd	South-Africa	100.00%	100.00%
Northern Cape Plant Operations (Pty) Ltd	South-Africa	100.00%	-
Minopex Mining Operations (Pty) Ltd	South-Africa	100.00%	100.00%
Minopex Technical Systems (Pty) Ltd	South-Africa	100.00%	-
West Coast Plant Operations (Pty) Ltd	South-Africa	100.00%	100.00%
Lazenby Holdings (Pty) Ltd	Botswana	100.00%	100.00%
Minopex Mozambique (Pty) Ltd	Mozambique	100.00%	100.00%
Minopex Lesotho (Pty) Ltd	Lesotho	100.00%	100.00%
Ensermo Ltd	Mozambique	100.00%	100.00%
Minopex Zambia Ltd	Zambia	100.00%	100.00%
Minopex Botswana (Pty) Ltd	Botswana	100.00%	100.00%
Minopex Tanzania Ltd	Tanzania	-	100.00%
G&S Engineering Services Pty Ltd	Australia	100.00%	-
DRA Energy Operations LLC	United States	100.00%	100.00%
DRA Saudi Arabia LLC	Saudi Arabia	100.00%	100.00%
Minopex International	Mauritius	100.00%	100.00%
G&S Support Services (Pty) Ltd	Australia	100.00%	-
G&S Services Electrical (Pty) Ltd	Australia	100.00%	-
Resources Risk Services (Pty) Ltd	Australia	100.00%	-
DRA Operations APAC (Pty) Ltd	Australia	100.00%	-
Laboratory services subsidiaries			
Quality Laboratory Services (Pty) Ltd	South-Africa	100.00%	100.00%
QLS Tanzania Ltd	Tanzania	-	100.00%
Property holding subsidiaries			
DRA Research and Development (Pty) Ltd	South-Africa	-	-
Investment holding subsidiaries			
DRA Group Holdings (Pty) Ltd	South-Africa	100.00%	-
DRA International Ltd	United Kingdom	100.00%	100.00%
DRA South Africa (Pty) Ltd	South-Africa	100.00%	100.00%
Main Street 798 (Pty) Ltd	South-Africa	100.00%	100.00%
The DRA Group Holdings Share Purchase Trust	South-Africa	100.00%	-
DRA Share Purchase Company (Pty) Ltd	South-Africa	100.00%	-
DRA Australia Holdings (Pty) Ltd	Australia	100.00%	-
DRA International Holdings (Pty) Ltd	Australia	100.00%	-
DRA Asia Holdings (Pty) Ltd	Hong Kong	100.00%	-
DRA Global Ltd	United Kingdom	100.00%	100.00%

33. Investment Accounted for using the equity method

Below is a list of the investments in associates held by the Group. No individual associate is material to the Group. The associates are accounted for using the equity method.

	Country of incorporation	Percentage held		Carrying amount	
		at 31 December 2018	at 31 December 2017	at 31 December 2018	at 31 December 2017
Unlisted investment in associates					
LSL Consulting (Pty) Ltd	South-Africa	25%	25%	2 160 545	1 874 121
Tekpro Projects (Pty) Ltd	South-Africa	25%	25%	241 513	221 018

Summary financial information

The tables below provide summarised financial information for the associates. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts.

	2018 AUD	2017 AUD
Statement of Comprehensive Income		
Revenue	13 091 000	10 525 914
Cost of sales	(8 311 594)	(6 619 862)
Gross Profit	4 779 406	3 906 052
Other operating income	641 956	578 723
Other operating gains	38 065	2 602
Other operating expenses	(1 918 842)	(2 028 810)
Operating Profit	3 540 585	2 458 567
Investment income	620 472	573 512
Finance costs	(71 826)	(61 456)
Profit Before Tax	4 089 231	2 970 623
Taxation	(1 142 730)	(768 691)
Profit After Tax	2 946 501	2 201 932
Statement of Financial Position		
Non-Current Assets	5 120 386	3 709 202
Current Assets	5 368 141	6 479 536
Total assets	10 488 527	10 188 738
Non-Current Liabilities	36 215	-
Current Liabilities	1 806 145	2 811 227
Total liabilities	1 842 360	2 811 227
Total Equity	8 646 167	7 377 511

There were no impairments of equity accounted associates recognised during the reporting period (31 December 2017: AUD nil).

Reconciliation of the aggregate carrying amount of the associates:

Balance at 1 January	2 095 139	1 440 675
Share of operating profits	306 919	654 464
Balance at 31 December	2 402 058	2 095 139

34. Investments in joint operations

Below is the investments in joint operations held by the Group. No individual joint operation is material to the Group. The joint operations are accounted for using proportionate accounting method.

		Percentage held	
		at 31 December 2018	at 31 December 2017
Unlisted investment in associates	Country		
Nokeng Joint Venture (Unincorporated)	South-Africa	50%	50%
Yaramoko Joint Venture (Unincorporated)	South-Africa	50%	50%
Calibre-DRA Joint Venture (Unincorporated)#	Australia	100%	50%

The Group owns 100% of the Calibre-DRA Joint Venture following the acquisition of G&S on 6 August 2018, on this basis it is not included in the 2018 financial information presented below.

The Yaramoko Joint Venture concluded in 2019.

Summary financial information

The tables below provide summarised financial information for the joint operations. The information disclosed reflects the Group's share of the assets and liabilities of the joint operations.

	2018 AUD	2017 AUD
Statement of Comprehensive Income		
Revenue	29 796 339	12 046 378
Cost of sales	(71 775 347)	(20 645 970)
Gross Profit	(41 979 008)	(8 599 592)
Other operating income	231 738	62 196
Operating Profit	(41 747 270)	(8 537 396)
Finance income	103 630	153 997
Finance costs	(13 183)	-
Profit Before Tax	(41 656 823)	(8 383 400)
Taxation	-	-
Profit After Tax	(41 656 823)	(8 383 400)
Statement of Financial Position		
Current Assets	5 399 388	17 991 979
Total assets	5 399 388	17 991 979
Current Liabilities	41 169 977	26 041 112
Total liabilities	41 169 977	26 041 112
Total Equity/(Deficiency of Equity)	(35 770 589)	(8 049 133)

DRA Global Limited

Notes to the annual financial statements for the year ended 31 December 2018

35. Parent entity information

DRA Global Limited has been the Group's parent entity since the completion of the capital reorganisation on 16 July 2018 (refer to note 1.1).

35.1. Summary financial information

The financial information for the parent entity has been prepared on the same basis as the consolidated annual financial statements. The tables below provide summarised financial information for DRA Global Ltd.

	2018 AUD
Statement of Comprehensive Income	
Revenue	5 518 404
Other operating expenses	(699 024)
Operating Profit	4 819 380
Statement of Financial Position	
Non-Current Assets	545 000 349
Current Assets	18 565 363
Total assets	563 565 712
Current Liabilities	389 641
Total liabilities	389 641
Total Equity	563 176 071

35.2. Commitments and guarantees

The parent entity did not have any contingent liabilities or issued any guarantees as at 31 December 2018 or 31 December 2017.

36. Earnings and dividends per share	2018	2017
Earnings per share (cents)	(57.22)	36.89
Diluted earnings per share (cents)	(57.22)	36.50
(Loss)/Profit attributable to shareholders of the parent entity used in the calculation of basic and diluted earnings per share (AUD)	(41 584 437)	24 532 770
Weighted average number of shares used as the denominator	72 679 058	66 500 565
Adjustments for calculation of diluted earnings per share:		
Shares for Share Based Payments	-	713 265
	72 679 058	67 213 830

37. Distributions	2018 AUD	2017 AUD
(i) Dividend declared	2 186 947	18 334 709
Dividend per share (cents)	2.88	24.97

Included in the dividend declared in 2017, is a dividend in specie of AUD 7 859 098 (Refer to note 26).

(ii) Non-Cash dividends

In December 2018, DRA Group Holdings (Pty) Ltd transferred all of the shares held in DRA Research and Development (Pty) Ltd, to DRA Global Ltd as a non-cash dividend. DRA Global Ltd in return distributed the investment as a dividend in-specie to its shareholders. The dividend was measured at the fair value of the investment held (AUD 5 831 561). There was no difference between the fair value of the shares and their carrying amount. This transaction is accounted as a return of capital.