DRA Global Limited

ACN 622581935

Annual Report - 31 December 2019

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DRA Global Limited
Corporate directory
31 December 2019

Directors	Peter Mansell (Chairman) Andrew Naude (Chief Executive Officer) Greg McRostie Jean Nel Kathleen Bozanic Kenneth Thomas Leon Uys Les Guthrie
Company secretary	Carol Marinkovich
Registered office and business address	Level 8, 256 Adelaide Terrace Perth WA 6000 Australia Telephone: +61 (0)8 6163 5900
Postal address	PO Box 3130 East Perth WA 6892 Australia
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco WA 6008 Australia
Solicitors	K&L Gates Level 32, 44 St Georges Terrace Perth WA 6000, Australia
Bankers	HSBC Level 1, 188-190 St George's Terrace Perth WA 6000, Australia
Share registry	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace Perth WA 6000, Australia and at Rosebank Towers 15 Biermann Avenue, Rosebank 2196, Gauteng South Africa Telephone: +61 (0)8 9323 2000 (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
Directors' report
31 December 2019

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of DRA Global Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2019.

Directors
The following persons were directors of DRA Global Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Peter Mansell (Chairman)	(appointed 16 September 2019)
Andrew Naude (Chief Executive Officer)	
Greg McRostie	(appointed 1 August 2019)
Jean Nel	(appointed 18 December 2019)
Kathleen Bozanic	(appointed 2 January 2020)
Kenneth Thomas	(appointed 1 February 2020)
Leon Uys	
Les Guthrie	(appointed 2 January 2020)
Paul Salomon	(resigned 11 March 2020)
Tim Netscher	(resigned 22 March 2019)
Clive Hart	(resigned 1 June 2019)
Peter Maw	(resigned 28 October 2019)
Wray Carvelas	(resigned 1 July 2019)
Sharon Warburton	(resigned 21 March 2019)
Cliff Lawrenson	(appointed 16 April 2019, resigned 31 May 2019)

Information on directors

Name:	Peter Mansell (Chairman)
Title:	Independent non-executive director (Appointed 16 September 2019)
Qualifications:	Bachelor of Commerce, Bachelor of Laws, Higher Diploma in Tax Law
Experience and expertise:	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. Peter 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. Peter's international experience includes Europe, Africa and Canada and covers a broad range of industries and sectors including mining, media, agribusiness and energy. Peter is currently Chairman of Ora Banda Mining Ltd, Energy Resources of Australia, Cancer Research Fund and Foodbank of Western Australia. Peter is also a director of Foodbank of Australia.
Other current directorships:	Chairman of Ora Banda Mining Ltd Chairman of Energy Resources of Australia Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Chairman Member of Audit and Risk Committee Member of Remuneration and Nomination Committee
Interests in shares:	No shares in DRA Global Ltd
Interests in options:	25% of remuneration from commencement to 30 June 2021

Name:	Andrew Naude (Chief Executive Officer)
Title:	Executive director
Qualifications:	BCom (Finance), BCom (Honours), CA (ANZ&SA), GAICD
Experience and expertise:	Andrew was appointed as the CEO of DRA Global Ltd on 15 July 2019. Andrew is a Chartered Accountant who worked in financial services and corporate finance for 20 years, with a decade of his experience earned at executive and director level, as well as holding several non-executive directorships. Andrew joined the Group in 2013 with responsibility for development and oversight of the Group'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 the Group'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.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Executive Officer Member of Sustainability Health, Safety and Environment Committee Member of Remuneration and Nomination Committee
Interests in shares:	Ordinary shares in DRA Global Ltd: 1,421,241 Other: Potential future participation in shares via the VMF Investment Trust *
Interests in options:	No options in DRA Global Ltd

Name:	Greg McRostie
Title:	Executive director (Appointed 1 August 2019)
Qualifications:	Bachelor of Engineering (Mechanical), Member Institute of Engineers Australia
Experience and expertise:	Greg is the Executive Vice President and Managing Director the Asia Pacific Business Unit. 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 Minnovo Pty Ltd.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Sustainability Health, Safety and Environment Committee
Interests in shares:	Ordinary shares in DRA Global Ltd: 461,650
Interests in options:	No options in DRA Global Ltd

Name:	Jean Nel
Title:	Non-executive director (Appointed 18 December 2019)
Qualifications:	B. Acc. (Hons), CA (SA), CFA (AIMR)
Experience and expertise:	Jean Nel is a non-executive director of DRA Global Ltd. Jean held numerous executive level positions for major players in the South African mining industry. Jean currently co-owns and manages a number of investments in South Africa, Namibia and the United Kingdom and also serves as non-executive director of public companies. Jean is a qualified Chartered Accountant and holds a Bachelor of Accountancy (Honours) from the University of Stellenbosch. Jean obtained the CFA qualification administered by the AIMR (Association for Investment Management and Research) in the United States and became a CFA charter holder. Jean also completed the Advanced Management Programme (AMP) at Insead in Fontainebleau, France.
Other current directorships:	Non-Executive Director Northam Platinum Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Member of Audit and Risk Committee Member of Sustainability Health, Safety and Environment Committee Member of Remuneration and Nomination Committee
Interests in shares:	No shares in DRA Global Ltd
Interests in options:	No options in DRA Global Ltd

Name:	Kathleen Bozanic
Title:	Independent non-executive director (Appointed 2 January 2020)
Qualifications:	BCom, CA (CAANZ), GAICD
Experience and expertise:	Kathleen Bozanic was appointed as a non-executive director of DRA Global Ltd in January 2020. Kathleen has over 25 years of experience as a finance professional as Chief Financial Officer/ General Manager of listed and private mining and contracting companies, including BGC Contracting, Atlas Iron and Mt Gibson. Kathleen was previously a partner of professional services firm, Deloitte and is currently non-executive director of IGO Ltd, Great Southern Mining Ltd, Rugby WA, Future Force Foundation and Child and Adolescent Health Service as part of the Western Australian Department of Health. Kathleen is also a non-executive member of the KUFPEC Australia Pty Ltd Audit and Risk Committee. Kathleen holds a Bachelor of Commerce from the University of Western Australia, is a member of the Institute of Chartered Accountants and a graduate and member of the Institute of Company Directors.
Other current directorships:	Non-Executive Director IGO Limited Non-Executive Director Great Southern Mining Limited
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Audit and Risk Committee Member of Remuneration and Nomination Committee
Interests in shares:	No shares in DRA Global Ltd
Interests in options:	25% of remuneration from commencement to 30 June 2021

Name:	Kenneth Thomas
Title:	Independent non-executive director (Appointed 1 February 2020)
Qualifications:	Doctor in Technical Sciences, BSc (Honours), Master of Science (Business)
Experience and expertise:	Dr. Thomas has over 45 years in the mining industry with experience in project development, construction and operations. Until July 2012 he was Senior Vice President, Projects, Kinross Gold Corporation and previously, for 6 years, a Global Managing Director and Board Director at Hatch Ltd, a leading international engineering and construction firm. From 1987 to 2001 he served in progressively senior roles at Barrick Gold Corporation, to Senior Vice President, Technical Services. In addition, he served as Chief Operating Officer for Crystallex International Corporation, for 2 years, with operations and projects in Venezuela and Uruguay. Accordingly, Kenneth’s knowledge of the Americas is extensive, related to operations and mine building for Barrick, Crystallex and Hatch. In addition to a doctorate in Technical Sciences (project implementation) from Delft University of Technology (Netherlands,1994), Kenneth holds several industry awards including, Mill Man of the Year in 1991, Airey Award in 1999 and the Selwyn G. Blaylock Medal in 2001, awarded by the Canadian Institute of Mining, Metallurgy and Petroleum (C.I.M.) for advances internationally in the mining and metallurgical industry. Kenneth also holds a Bachelor of Science (Honours) in Metallurgy from the University College Cardiff and a Master of Science (Business) from Imperial College, both in the United Kingdom. In addition, he is the Past President, CIM.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Sustainability Health, Safety and Environment Committee Member of Audit and Risk Committee Member of Remuneration and Nomination Committee
Interests in shares:	No shares in DRA Global Ltd
Interests in options:	25% of remuneration from commencement to 30 June 2021

Name:	Leon Uys
Title:	Non-executive director
Qualifications:	Pr Eng, HNTD, MDP (University of Pretoria)
Experience and expertise:	Leon worked for the Group 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 the Group 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 registers as a Professional Engineer with ECSA (Engineering Council of South Africa). Leon holds a MDP Project Management from the University of Pretoria.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Member of Sustainability Health, Safety and Environment Committee Member of Remuneration and Nomination Committee
Interests in shares:	Ordinary shares in DRA Global Ltd: 4,123,340
Interests in options:	No options in DRA Global Ltd

Name:	Les Guthrie
Title:	Independent non-executive director (Appointed 2 January 2020)
Qualifications:	BSc Eng
Experience and expertise:	Les Guthrie has over 40 years of experience in the project delivery space having held corporate executive and project management roles, across the UK, Australia, North America and Asia. Les is currently a non-executive board member at Neometals Pty Ltd and Australian Mines Pty Ltd as well as Principal and Managing Director of Bedford Road Associates, where he has provided advice and delivery support to clients such as Rio Tinto, in Mongolia, Hyundai Engineering and Samsung Engineering in S.Korea, Otakaro and CERA in New Zealand as well as Melbourne Water, the State Government of Victoria and NBN Co in Australia. Les was also one of the founding contributors to the John Grill Centre for Project Leadership at The University of Sydney. Les holds a Bachelor of Science in Engineering and Marketing from the University of West of Scotland, Paisley.
Other current directorships:	Non-Executive Director Neomatels Pty Ltd Non-Executive Director Australian Mines Pty Ltd
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Remuneration and Nomination Committee Member of Audit and Risk Committee Member of Sustainability Health, Safety and Environment Committee
Interests in shares:	No shares in DRA Global Ltd
Interests in options:	25% of remuneration from commencement to 30 June 2021

Name:	Paul Salomon (Resigned as non-executive director 11 March 2020)
Title:	Non-executive director
Qualifications:	CA (CAANZ), CFA, BBusSci (Honours)
Experience and expertise:	Paul joined Stockdale Street South Africa (formerly Southern Cross Capital) in 2011. 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.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	No shares in DRA Global Ltd
Interests in options:	No options in DRA Global Ltd

Name:	Tim Netscher
Title:	Independent non-executive director (Appointed 31 October 2017; Resigned 22 March 2019)
Qualifications:	BSc (Eng) (Chemical), BCom, MBA
Experience and expertise:	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.
Other current directorships:	Chairman of Gold Road Resources Ltd Chairman of St Barbara Ltd Non-executive Director at Western Areas Ltd
Former directorships (last 3 years):	Chairman of Toro Energy Limited (November 2015 to September 2016)
Special responsibilities:	Chairman
Interests in shares:	No shares in DRA Global Ltd
Interests in options:	No options in DRA Global Ltd

Name:	Clive Hart
Title:	Non-executive director (Appointed 16 July 2018 and Resigned 1 June 2019)
Qualifications:	BSc (Eng) (Metallurgy), BCom, SAIMM, SACPS
Experience and expertise:	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.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chair of Remuneration and Nomination Committee (Resigned 1 June 2019)
Interests in shares:	Ordinary shares in DRA Global Ltd: 6,642,339
Interests in options:	No options in DRA Global Ltd

Name:	Peter Maw
Title:	Non-executive director (Appointed 16 July 2018 and Resigned 28 October 2019)
Qualifications:	B.Com. (Hons), CA(SA), HDip Tax Law
Experience and expertise:	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.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	No shares in DRA Global Ltd
Interests in options:	No options in DRA Global Ltd

Name:	Wray Carvelas
Title:	Executive director (Appointed 16 July 2018, Resigned 1 July 2019)
Qualifications:	MBA
Experience and expertise:	Wray was the DRA Global Ltd CEO from 1 October 2016 until 15 July 2019.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Executive Officer
Interests in shares:	Ordinary shares in DRA Global Ltd: 989,809 Other: Potential future participation in shares via the VMF Investment Trust *
Interests in options:	No options in DRA Global Ltd

Name:	Sharon Warburton
Title:	Non-executive director (Appointed 30 July 2018; Resigned 21 March 2019)
Qualifications:	BBus, AICD, FCA (CAANZ), FAIB
Experience and expertise:	Sharon served as a non-executive director of DRA Global Ltd from 30 July 2018 until 21 March 2019.
Other current directorships:	Co-Deputy Chairman Fortescue Metals Group Ltd (ASX:FMG) Non-executive Director of NEXTDC Ltd (ASX: NXT) Non-executive Director of Worley Parsons Ltd (ASX: WPL) Non-Executive Director of Gold Road Resources Ltd (ASX: GOR)
Former directorships (last 3 years):	Non-executive Director of Wellard Ltd (November 2015 to August 2016)
Special responsibilities:	Chair of the Audit and Risk Committee
Interests in shares:	No shares in DRA Global Ltd
Interests in options:	No options in DRA Global Ltd

Name:	Cliff Lawrenson
Title:	Non-executive director (Appointed 16 April 2019; Resigned 31 May 2019)
Qualifications:	BCom (Finance), BCom (Honours) (Finance and Strategy)
Experience and expertise:	Cliff served as a non-executive director of DRA Global Ltd from 16 April to 31 May 2019.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	No shares in DRA Global Ltd
Interests in options:	No options in DRA Global Ltd

Paul Salomon and Peter Maw were and Jean Nel is 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 the Group. VMF Investments is managed by 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 the Group employees. The shares in VMF Investments were acquired with capital contributed by the beneficiaries and a loan from the Group, on the same terms as extended to other employee shareholders at the time. Family entities associated with Andrew Naude, Chief Executive Officer of the Company, and Wray Carvelas, former DRA Global Ltd director, are named beneficiaries of the VMF Investment Trust. Neither Andrew Naude nor Wray Carvelas are trustees of the VMF Investment Trust nor exercise control over VMF Investments or the VMF Investment Trust. Distributions are at the discretion of the trustee and contingent on factors determined by the trustee. Final attributable interests in DRA shares by beneficiaries of the VMF Trust cannot be quantified as long as these shares are owned by VMF Investments. The shareholdings disclosed for Andrew Naude and Wray Carvelas thus exclude any shares held by VMF Investments Ltd.

Company secretary
Carol Marinkovich is the Company Secretary. Carol has over 25 years experience in the mining industry. She has extensive experience in Company Secretary and Corporate Governance Practices both within Australia and internationally, including Gold Road Resources Ltd and Sundance Resources Ltd in Western Australia and has worked for other junior mining companies, both listed and unlisted. Carol is a Member of the Governance Institute of Australia and the Institute of Chartered Secretaries and Administrators.

Greg McRostie acted as joint secretary from 31 October 2017 to 9 April 2019.

Andrew Naude acted as joint secretary from 9 April 2019. He resigned as joint secretary on 13 March 2020.

Principal activities
The Group is a multi-disciplinary engineering group that delivers consulting, project execution and operations management services in mining, minerals processing and related infrastructure. During 2019 the Group acquired New Senet Pty Ltd ("Senet") to strengthen its service offering in Africa across mining, project delivery (EPC and EPCM) and process plant operations and maintenance.

Review of operations
Main business and operations

The Group 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 Ltd is an unlisted public entity. The organisation 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 expanded to include projects across Africa and the rest of the world.
- The Group has completed over 4,500 projects and studies, in 26 countries, across 6 continents.
- The Group provides a comprehensive list of engineering services required to advance a mineral project from concept to commissioning:
  - 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 associated with the development of mines across the globe.
- Employs over 4,300 people with 18 offices around the world.
- Headquarters in Perth, Australia.
- The Group has extensive expertise in various commodities, including but not limited to: Coal, Platinum (PGMs), Uranium, Chrome, Diamonds, Iron Ore, Gold, Copper, Cobalt, Nickel, Zinc, Lead, Lithium, Graphite and Rare Earths.

The Group's business is divided into two broad services, being Projects and Operations:

Projects
- Undertakes studies and projects in Asia-Pacific, Europe Middle East and Africa and the Americas;
- Services each phase in a minerals project lifecycle, from concept studies, 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;
- The Group 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
- Mineral process plant 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 including maintenance and shutdown services, and sustaining capital projects; and
- Services include long and short term contract operation and maintenance of plants and associated infrastructure, maintenance-only ad hoc projects, operations development, management and support as well as a full operations consultancy service.

Corporate matters
Mergers and acquisitions
On 1 April 2019, the Group acquired 72.7% in New Senet Pty Ltd. New Senet Pty Ltd is an African project management and engineering firm.

The business combination is accounted for as an acquisition of 100% interest in New Senet Pty Ltd due to the existence of a call and put option agreements which was entered at the same time to acquire the remaining interest in New Senet Pty Ltd.

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.

DRA Group Holdings Pty Ltd was 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 Ltd and its controlled entities.

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
	73,313,908

With the Capital reorganisation in 2018, 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 $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 Ltd issued 8,888,889 shares to the value of $64,711,112 pursuant to the acquisition of New Senet Pty Ltd. A further 33,784 DRA Global Ltd shares to the value of $250,000 were issued to Azure Capital Investments Pty Ltd on 29 May 2019 for advisory services.

In July 2019, the Company bought back 185,796 shares based on approval at the 2018 Annual General Meeting.

At the date of this report, the Company had 84,589,860 ordinary shares in issue.

Financial Review
The Group revenue for the year was $1,033.2M (2018: $956.7M).

The Group recorded a net profit after tax of $36.0M (2018: a net loss after tax of $42.1M) for the financial year ended 31 December 2019.

The Group's net assets increased by 45% to $332.1M as at 31 December 2019 (2018: $229.1M).

Total consolidated cash and cash equivalents at the end of the financial year was $126.7M (2018: $125.6M). The cash balance includes issued cash-backed bank guarantees to the value of $9.3M (2018:$12.5M). These cash balances are restricted and not available for general use by the Group.

Significant changes in the 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 and expected results of operations
The Group plans to continue to provide diversified engineering and operation and maintenance services globally.

Distributions
Dividends paid during the financial year were as follows:

	Consolidated	
	2019	**2018**
	$'000	**$'000**
No dividends for the year ended 31 December 2019 (2018: 2.88 cents) per ordinary share	-	2,187

During the prior year, dividends declared and paid to shareholders of DRA Group Holdings Pty Ltd prior to the reorganisation was $2,186,947. There was a further $5,831,561 return of capital made to the shareholders of DRA Global Ltd.

No recommendation of payment of dividends has been made to the shareholders of DRA Global Ltd as at the date of this report.

Meetings of directors
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):

	Board Held	Board Attended	Audit & Risk Committee Held	Audit & Risk Committee Attended	Social & Ethics Committee Held	Social & Ethics Committee Attended	Remuneration and Nomination Held	Remuneration and Nomination Attended
Executives								
Wray Carvelas	3	3	2	2	1	1	2	2
Andrew Naude	12	12	4	4	2	2	4	4
Greg McRostie	5	5	-	-	-	-	-	-
Non Executive Directors								
Clive Hart	4	4	1	1	-	-	1	1
Leon Uys	12	11	-	-	3	3	4	4
Peter Maw	11	11	3	3	2	2	-	-
Paul Salomon	12	12	4	4	2	2	4	4
Independent Non Executive Directors								
Tim Netscher	3	3	1	1	-	-	-	-
Sharon Warburton	1	1	-	-	-	-	-	-
Cliff Lawrenson	3	3	-	-	-	-	-	-
Peter Mansell	3	3	2	2	1	1	2	2

The Social and Ethics Committee has been discontinued and replaced by the Sustainability Health, Safety and Environment Committee from 1 January 2020.

Environmental regulation
The Group is subject to environmental regulation in respect of its Projects and Operations business activities. The Group 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.

Matters subsequent to the end of the financial year
Capital Gain Tax (CGT loans)
The Group granted CGT loans to shareholders to fund capital gains tax liabilities incurred by the Company's shareholders who were South African exchange control residents in July 2018 when a Scheme of Arrangement was concluded between DRA Group Holdings Pty Ltd and Minnovo Global Ltd (subsequently DRA Global Ltd). Loans to the value of $1.5 million were granted and paid in 2020. The loans accrue interest at the South African official prime lending rate (currently 9.75% p.a) and have a 3 year repayment term.

Changes to the board of directors
In January 2020, the Group appointed Kathleen Bozanic and Les Guthrie as independent non-executive directors of DRA Global Ltd.

In February 2020, the Group appointed Kenneth Thomas as an independent non-executive director.

COVID-19
The World Health Organisation announced that the new coronavirus disease (COVID-19) had become a pandemic on 11 March 2020. The Group has developed policies and procedures to address the health and wellbeing of employees. The timing, extent of the impact and recovery from COVID-19 on our employees, customers and suppliers is unknown. At the date of this report, it is uncertain what the post balance date impact will be on the Group.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Indemnity and insurance of officers
In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer 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 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.

Indemnity and insurance of auditor
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 Ltd'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.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the Corporations Act 2001 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 purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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:

	Consolidated 2019 $	Consolidated 2018 $
Related entities of BDO Audit (WA) Pty Ltd		
Tax advice	155,246	35,094
Corporate advisory	205,552	400,702
Remuneration advisory	108,399	98,286
	469,197	534,082
Network firms of BDO Audit (WA) Pty Ltd		
Tax advice	206,377	17,509
Corporate advisory	64,711	33,500
	271,088	51,009

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor
BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Rounding of amounts
The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Remuneration report (audited)
The remuneration report for the year ended 31 December 2019 details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

For the purpose of this report, key management personnel are those persons having authority and responsibility for planning, directing and controlling the major activities of the entity, directly or indirectly, including all Group directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for the directors and executives.

The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below), the Remuneration and Nomination Committee has commenced a review of the Group executive remuneration framework to ensure that it is market competitive and complementary to the reward strategy of the Group.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives
- reflecting good corporate governance which is aligned to the Group’s values and risk appetite aligning executive and other key employee interests with that of shareholders through fair and substantial incentives for delivery against agreed and measurable long and short term objectives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

The aggregate non-executive directors' remuneration is determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 31 May 2019, where the shareholders approved a maximum annual aggregate remuneration of $700,000.

In addition to base fees, non-executive directors are entitled to a lump sum payment equivalent to 25% of their remuneration from appointment to 30 June 2021. On the achievement of strategic objectives the 25% lump sum payment will be replaced with share options to the value of 25% of the remuneration from commencement to the achievement of these objectives.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has five components:

- base pay and non-monetary benefits
- cash and non-cash allowances
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration and Nomination Committee based on comparable market remuneration and cost of living indicators with the executive's level of proficiency in the role as well as the sustained performance of the individual and the Group.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Group and provides additional value to the executive.

For the year ending 31 December 2019, at risk bonuses were awarded at Board discretion, and considered the performance of the executive and the Group.

The new short-term incentives ('STI') program, for 2020 implementation, is designed to align the targets of the business units with the performance hurdles of executives. STI payments shall be granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's have been developed on the pillars of safety and operational delivery, people and growth, financial and fiscal discipline and customer reputation.

The Remuneration and Nomination Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 December 2019, and no new awards were made to key management personnel.

The new long-term incentives ('LTI') program, for 2020 implementation post board approval, has been designed to include share-based payments. Share options are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the Group's direct competitors.

Consolidated entity performance and link to remuneration
Remuneration for certain individuals is directly linked to the performance of the Group. A portion of cash bonus and incentive payments are dependent on defined targets being met. The remaining portion of the cash bonus and incentive payments are at the recommendation of the Remuneration and Nomination Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the last two years. Due to the capital reorganisation, only two years are disclosed.

The Remuneration and Nomination Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Use of remuneration consultants
During the financial year ended 31 December 2019, the Group, through the Remuneration and Nomination Committee, engaged BDO Reward, remuneration consultants, to review its existing executive pay structures and remuneration policies in comparison to a relevant peer and competitor group, and provide recommendations on how to improve both the STI and LTI programs. BDO Reward Pty Ltd was paid $108,399 (2018: $98,286) for these services.

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. These protocols include requiring that the consultant not communicate with affected key management personnel without a member of the Remuneration and Nomination Committee being present, and that the consultant not provide any information relating to the outcome of the engagement with the affected key management personnel. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

Voting and comments made at the Company's May 2019 Annual General Meeting ('AGM')
At the 2019 AGM, 95.08% of the votes received supported the adoption of the Incentive Plan.
The Company did not receive any further feedback at the AGM regarding its remuneration practices.

Details of remuneration

The key management personnel of the Group consisted of the following directors of DRA Global Ltd:

- Peter Mansell - Non-Executive Chairman (appointed 16 September 2019)
- Andrew Naude - Chief Executive Officer (appointed 19 July 2019, previously CFO)
- Greg McRostie - Executive Director (appointed 1 August 2019)
- Jean Nel - Non-Executive Director(appointed 18 December 2019)
- Kathleen Bozanic - Non-Executive Director (appointed 2 January 2020)
- Kenneth Thomas - Non-Executive Director (appointed 1 February 2020)
- Leon Uys - Non-Executive Director
- Les Guthrie - Non-Executive Director (appointed 2 January 2020)
- Paul Salomon - Non-Executive Director (resigned 11 March 2020)
- Tim Netscher - Non-Executive Chairman (resigned 22 March 2019)
- Clive Hart - Non-Executive Director (resigned 1 June 2019)
- Peter Maw - Non-Executive Director (resigned 28 October 2019)
- Wray Carvelas - Chief Executive Officer (resigned 1 July 2019)
- Sharon Warburton - Non-Executive Director (resigned 21 March 2019)
- Cliff Lawrenson - Non-Executive Director (resigned 31 May 2019)

And the following persons:

- Adam Buckler - Chief Financial Officer (appointed 2 January 2020)
- Alistair Hodgkinson - Executive Vice President (EMEA Business Unit)
- Pierre Julien - Executive Vice President (Americas Business Unit)
- James Smith - Executive Vice President (Minopex Business Unit)
- Darren Naylor - Executive Vice President (Senet Business Unit) (appointed 1 April 2019)

The following changes to directors and key management personnel during the period from the end of the reporting period, 31 December 2019 up to the date of financial statements being signed are set out below:

- Adam Buckler – Chief Financial Officer (appointed 2 January 2020)
- Kathleen Bozanic – Non-Executive Director (appointed 2 January 2020)
- Les Guthrie – Non-Executive Director (appointed 2 January 2020)
- Paul Salomon – Non-Executive Director (resigned 11 March 2020)
- Kenneth Thomas – Non-Executive Director (appointed 1 February 2020)
- Wray Carvelas – President (resigned 10 January 2020)

Amounts of remuneration
Details of the remuneration of directors and key management personnel of the Group are set out in the following tables:

	Short-term benefits				Post-employment benefits		Share-based payments	
2019	**Cash salary and fees $**	**Cash bonus $**	**Cash allowance $**	**Non-cash allowance $**	**Super-annuation $**	**Termination benefits $**	**Equity-settled $**	**Total $**
Non-Executive Directors:								
Peter Mansell	56,000	-	-	14,000	5,251	-	-	75,251
Leon Uys	15,165	-	-	-	-	-	-	15,165
Paul Salomon	-	-	-	-	-	-	-	-
Tim Netscher	40,333	-	-	-	-	-	-	40,333
Clive Hart	15,165	-	-	-	-	-	-	15,165
Peter Maw	-	-	-	-	-	-	-	-
Sharon Warburton	25,000	-	-	-	2,375	-	-	27,375
Cliff Lawrenson	33,000	-	-	-	-	-	-	33,000
Jean Nel	-	-	-	-	-	-	-	-
Executive Directors:								
Andrew Naude	654,338	209,510	-	123,942	52,227	-	1,153,305	2,193,322
Greg McRostie	382,249	49,093	-	-	23,538	-	-	454,880
Wray Carvelas	570,527	114,542	-	2,175	-	884,863	1,153,305	2,725,412
Other Key Management Personnel:								
Adam Buckler	-	-	-	-	-	-	-	-
Alistair Hodgkinson	328,502	-	-	5,089	-	-	362,465	696,056
Pierre Julien	406,531	81,325	-	2,175	10,098	-	223,470	723,599
James Smith	321,094	80,399	-	-	-	-	-	401,493
Darren Naylor*	345,829	28,819	16,129	7,583	-	-	-	398,360
	3,193,733	563,688	16,129	154,964	93,489	884,863	2,892,545	7,799,411

* Remuneration reflected from 1 April 2019, the date of acquisition of New Senet Pty Ltd.

2018	Short-term benefits				Post-employment benefits		Share-based payments	
	Cash salary and fees $	**Cash bonus $**	**Cash allowance $**	**Non-cash allowance $**	**Super-annuation $**	**Termination benefits $**	**Equity-settled $**	**Total $**
Non-Executive Directors:								
Peter Mansell	-	-	-	-	-	-	-	-
Leon Uys	29,460	-	-	-	-	-	-	29,460
Paul Salomon	-	-	-	-	-	-	-	-
Tim Netscher	110,516	-	-	-	-	-	-	110,516
Clive Hart	35,352	-	-	-	-	-	-	35,352
Peter Maw	-	-	-	-	-	-	-	-
Sharon Warburton	41,667	-	-	-	3,958	-	-	45,625
Executive Directors:								
Andrew Naude	542,962	268,124	40,108	2,350	-	-	1,013,913	1,867,457
	-	-	-	-	-	-	-	-
Wray Carvelas	524,090	119,171	-	6,305	-	-	1,028,071	1,677,637
Other Key Management Personnel:								
Greg McRostie*	125,000	-	-	-	9,500	-	-	134,500
Alistair Hodgkinson*	134,886	-	-	3,277	-	-	318,661	456,824
Pierre Julien*	181,447	-	-	1,484	-	-	-	182,931
James Smith*	122,750	-	-	-	-	-	-	122,750
	1,848,130	387,295	40,108	13,416	13,458	-	2,360,645	4,663,052

* Remuneration reflected from 13 July 2018 when appointed with effect of Scheme of Arrangement.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Non-Executive Directors:						
Peter Mansell	100%	-	-	-	-	-
Leon Uys	100%	100%	-	-	-	-
Paul Salomon	-	-	-	-	-	-
Tim Netscher	100%	100%	-	-	-	-
Clive Hart	100%	100%	-	-	-	-
Peter Maw	-	-	-	-	-	-
Sharon Warburton	100%	100%	-	-	-	-
Cliff Lawrenson	100%	-	-	-	-	-
Jean Nel	-	-	-	-	-	-
Executive Directors:						
Andrew Naude	38%	31%	10%	14%	52%	55%
Greg McRostie	89%	100%	11%	-	-	-
Wray Carvelas	53%	32%	4%	7%	43%	61%
Other Key Management Personnel:						
Adam Buckler	-	-	-	-	-	-
Alistair Hodgkinson	48%	30%	-	-	52%	70%
Pierre Julien	58%	100%	11%	-	31%	-
James Smith	80%	100%	20%	-	-	-
Darren Naylor	93%	-	7%	-	-	-

The proportion of the cash bonus paid/payable or forfeited is as follows:

	Cash bonus paid/payable		Cash bonus forfeited	
Name	**2019**	**2018**	**2019**	**2018**
Non-Executive Directors:				
Peter Mansell	-	-	-	-
Leon Uys	-	-	-	-
Paul Salomon	-	-	-	-
Tim Netscher	-	-	-	-
Clive Hart	-	-	-	-
Peter Maw	-	-	-	-
Sharon Warburton	-	-	-	-
Cliff Lawrenson	-	-	-	-
Jean Nel	-	-	-	-
Executive Directors:				
Andrew Naude	100%	100%	-	-
Greg McRostie	100%	-	-	-
Wray Carvelas	100%	100%	-	-
Other Key Management Personnel:				
Adam Buckler	-	-	-	-
Alistair Hodgkinson	-	100%	-	-
Pierre Julien	100%	-	-	-
James Smith	100%	-	-	-
Darren Naylor	100%	-	-	-

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in employment contracts. The following outlines the details of contracts with executives:

CEO
The CEO is employed under a contract which can be terminated with notice by either the Group or the CEO.
Under the terms of the present contract:
- The CEO receives fixed remuneration of $750,000 per annum.
- The CEO's target STI opportunity is 60% of fixed remuneration and maximum STI opportunity is 120% of fixed remuneration.
- The CEO is eligible to participate in the LTI plan on terms determined by the Board, subject to receiving any required or appropriate shareholder approval.

All other executives are employed on individual open-ended employment contracts that set out the terms of their employment.

Termination provisions
The CEO and executives’ termination provisions are as follows:

	Resignation	Termination with cause	Termination without cause
CEO	6 months’ notice	No notice	16 months
Executive Director (Greg McRostie)	3 months’ notice	No notice	6 - 12 months depending on certain conditions
Executive Vice President – Projects (Darren Naylor)	3 months’ notice	No notice	12 months' notice if before 15 February 2021, thereafter 6 months' notice
Executive Vice President – Projects (Pierre Julien)	3 months’ notice	No notice	12 months’ notice
Other executives notice period	3 months’ notice	No notice	3 months’ notice

Should executives not provide sufficient notice, they will forfeit the monetary equivalent (calculated based on Total Fixed Remuneration) of any shortfall in the notice period. Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 31 December 2019.

Effective 1 July 2016, a group of management members (Participants) were issued 10,000,000 share appreciation rights (SARs). The rights to acquire shares at ZAR 30 each 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 the options to acquire shares at ZAR 30 would remain exercisable for a period of 5 years thereafter.

Prior to the Scheme of Arrangement in July 2018, whereby DRA Group Holdings Pty Ltd (DRAGH) was acquired by DRA Global Ltd, DRAGH restructured the SARs arrangement and replaced the remaining SARs with an issue of 5,076,620 ordinary DRAGH shares at a ratio of approx. 0.6 shares per SAR and this removed any ability for participants to acquire any further shares. These ordinary DRAGH shares participated in the Scheme of Arrangement as ordinary shareholders in DRAGH and were replaced by ordinary shares in DRA Global Ltd. The Participants agreed to restrictions on the sale of the shares received pursuant to this restructure, specifically restrictions on the sale of these shares prior to specific dates replicating the original vesting profile of the SARs - i.e. sale of 1/3rd restricted until after each of 30 June 2018, 2019, 2020, and further agreed to sell these shares back to the Company at nominal value if they leave the employment of the Group before these dates. At 31 December 2019, 1,317,366 shares remain subject to such restriction.

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

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

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 31 December 2019.

Additional information
The earnings of the Group for the two years to 31 December 2019 are summarised below:

	2019 **$'000**	**2018** **$'000**
Sales revenue	1,033,219	956,655
EBIT	65,407	(39,168)
Profit/(loss) after income tax	36,009	(42,129)

The factors that are considered to affect total shareholders return are summarised below:

	2019	**2018**
Total dividends declared (cents per share)	-	2.88
Basic earnings per share (cents per share)	43.78	(57.22)
Diluted earnings per share (cents per share)	43.78	(57.22)

Additional disclosures relating to key management personnel

Shareholding
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Share buy-back	Balance at the end of the year
Ordinary shares					
Peter Mansell	-	-	-	-	-
Andrew Naude*	1,421,241	-	-	-	1,421,241
Greg McRostie	461,650	-	-	-	461,650
Jean Nel	-	-	-	-	-
Leon Uys	4,123,340	-	-	-	4,123,340
Paul Salomon	-	-	-	-	-
Tim Netscher	-	-	-	-	-
Clive Hart	6,642,339	-	-	-	6,642,339
Peter Maw	-	-	-	-	-
Sharon Warburton	-	-	-	-	-
Cliff Lawrenson	-	-	-	-	-
Wray Carvelas*	1,064,710	-	-	(74,901)	989,809
Alistair Hodgkinson	1,015,760	-	-	-	1,015,760
Pierre Julien	101,650	-	-	-	101,650
James Smith	800,000	-	-	-	800,000
Darren Naylor	442,667	-	-	-	442,667
	16,073,357	-	-	(74,901)	15,998,456

* VMF Investments Ltd owns 7,286,011 shares in DRA Global Ltd. This entity is owned and controlled by the VMF Investment Trust. Family entities associated with Andrew Naude, Chief Executive Officer of the Company, and Wray Carvelas, former DRA Global Ltd director, are named beneficiaries of the VMF Investment Trust. Neither Andrew Naude nor Wray Carvelas are trustees of the VMF Investment Trust nor exercise control over VMF Investments or the VMF Investment Trust. Final attributable interests in DRA shares by beneficiaries of the VMF Trust cannot be quantified as long as these shares are owned by VMF Investments. The shareholdings disclosed for Andrew Naude and Wray Carvelas exclude any shares held by VMF Investments Ltd.

Loans to key management personnel and their related parties
The majority of the loans were advanced to key management to enable the purchase of shares in the Group, or to settle tax liabilities incurred by management as a result of the Company electing to settle legacy SARs by issuing shares in DRA Global Ltd to management in June 2018. Under the SARs terms participants had a right, if the SARS were equity-settled, to compel the Company to acquire sufficient shares back from management for cash to settle employees tax liabilities arising on the settlement. In May 2019, DRA Global Ltd shareholders approved a buy-back of sufficient shares from management to settle the tax liabilities arising due to the SARs settlement. At year-end the buy-back had only been partially implemented. The loans accrue interest at the South African official prime interest rate less 2.5%, currently 7.25% (2018: 7.5%) and do not have fixed terms of repayment. Dividends that accrue to the underlying shares are applied to service the loans.

	Balance at the start of the year $	Interest paid and payable for the year $	Settlement of loan with share buy-back $	Interest not charged $	Balance at the end of the year $	Highest indebtedness during the year $
Andrew Naude	456,261	70,195	-	-	526,456	526,456
Wray Carvelas	732,307	74,121	(629,084)	-	177,344	806,428
Alistair Hodgkinson	2,470,228	82,343	-	-	2,552,571	2,552,571
James Smith	3,283,320	364,129	-	-	3,647,449	3,647,449
	6,942,116	590,788	(629,084)	-	6,903,820	7,532,904

This concludes the remuneration report, which has been audited.

DRA Global Limited
Directors' report
31 December 2019

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Peter Mansell	Andrew Naude
Chairman	Chief Executive Officer

2 April 2020

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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 2019, 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, 2 April 2020

DRA Global Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2019

	Note	Consolidated 2019 $'000	2018 $'000
Revenue	4	1,033,219	956,655
Cost of sales		(829,785)	(883,451)
Gross profit		203,434	73,204
Other income	5	2,849	2,870
Operating income/costs	6	(147,859)	(128,225)
Share of net profit of associates accounted for using the equity method		580	307
Operating profit/(loss)		59,004	(51,844)
Finance income	7	5,555	6,702
Finance costs	8	(3,361)	(1,834)
Profit/(loss) before income tax (expense)/benefit		61,198	(46,976)
Income tax (expense)/benefit	9	(25,189)	4,847
Profit/(loss) after income tax (expense)/benefit for the year		36,009	(42,129)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		3,219	1,091
Other comprehensive income for the year, net of tax		3,219	1,091
Total comprehensive income/(loss) for the year		39,228	(41,038)
Profit/(loss) for the year is attributable to:			
Non-controlling interest		160	(545)
Owners of DRA Global Limited		35,849	(41,584)
		36,009	(42,129)
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interest		161	(542)
Owners of DRA Global Limited		39,067	(40,496)
		39,228	(41,038)
		Cents	Cents
Earnings per share for profit/(loss) attributable to the owners of DRA Global Limited			
Basic earnings per share	43	43.78	(57.22)
Diluted earnings per share	43	43.78	(57.22)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

DRA Global Limited
Statement of financial position
As at 31 December 2019

	Note	Consolidated 2019 $'000	2018 $'000
Assets			
Current assets			
Cash and cash equivalents	10	126,735	125,626
Trade and other receivables	11	145,503	182,926
Contract assets	12	21,982	17,437
Inventories	13	4,916	3,877
Current income tax asset		10,912	4,428
Other financial assets	14	11,368	15,451
Finance lease receivable	15	-	1,668
		321,416	351,413
Assets of disposal groups classified as held for sale	16	302	951
Total current assets		321,718	352,364
Non-current assets			
Trade and other receivables	11	8,234	-
Investments accounted for using the equity method	17	2,318	2,403
Property, plant and equipment	18	40,436	45,555
Intangibles and goodwill	19	138,822	63,374
Deferred tax assets	20	62,912	59,529
Other financial assets	14	11,919	10,038
Total non-current assets		264,641	180,899
Total assets		586,359	533,263
Liabilities			
Current liabilities			
Trade and other payables	21	113,630	122,865
Contract liabilities	22	45,289	50,404
Interest-bearing borrowings	23	1,111	858
Leases liability	24	6,909	6,107
Current income tax liability		3,343	1,122
Provisions	25	56,395	101,418
Shareholders for dividends		-	1
Total current liabilities		226,677	282,775
Non-current liabilities			
Interest-bearing borrowings	23	1,230	1,706
Leases liability	24	14,179	13,750
Deferred tax liabilities	26	12,200	5,893
Total non-current liabilities		27,609	21,349
Total liabilities		254,286	304,124
Net assets		332,073	229,139
Equity			
Issued capital	27	162,788	99,548
Reserves	28	55,322	51,637
Retained earnings		110,790	74,942
Equity attributable to the owners of DRA Global Limited		328,900	226,127
Non-controlling interest		3,173	3,012
Total equity		332,073	229,139

The above statement of financial position should be read in conjunction with the accompanying notes

DRA Global Limited
Statement of changes in equity
For the year ended 31 December 2019

Consolidated	**Issued capital $'000**	**Treasury shares $'000**	**Other reserves $'000**	**Retained profits $'000**	**Non-controlling interest $'000**	**Total equity $'000**
Balance at 1 January 2018	86,504	19,501	49,799	95,132	(57)	250,879
Adjustment for change in accounting policy	-	-	-	(3,418)	-	(3,418)
Balance at 1 January 2018 - restated	86,504	19,501	49,799	91,714	(57)	247,461
Loss after income tax benefit for the year	-	-	-	(41,584)	(545)	(42,129)
Other comprehensive income for the year, net of tax	-	-	1,088	-	3	1,091
Total comprehensive income/(loss) for the year	-	-	1,088	(41,584)	(542)	(41,038)
Business Combinations	18,875	2,362	-	-	3,611	24,848
Treasury share issued and bought back	-	5,136	-	-	-	5,136
Capital reorganisation	-	(26,999)	-	26,999	-	-
Arising through joint operations	-	-	224	-	-	224
Share based payments expense	-	-	526	-	-	526
Return of capital	(5,831)	-	-	-	-	(5,831)
Transactions with owners in their capacity as owners:						
Dividends paid (note 29)	-	-	-	(2,187)	-	(2,187)
Balance at 31 December 2018	99,548	-	51,637	74,942	3,012	229,139
Note	27	27	28	-	-	-

Consolidated	**Issued capital $'000**	**Treasury shares $'000**	**Other reserves $'000**	**Retained profits $'000**	**Non-controlling interest $'000**	**Total equity $'000**
Balance at 1 January 2019	99,548	-	51,637	74,942	3,012	229,139
Profit after income tax expense for the year	-	-	-	35,849	160	36,009
Other comprehensive income for the year, net of tax	-	-	3,218	-	1	3,219
Total comprehensive income for the year	-	-	3,218	35,849	161	39,228
Business Combinations	64,548	-	-	-	-	64,548
Reallocation from Retained Earnings to Non-distributable reserve	-	-	1	(1)	-	-
Realisation of revaluation reserve	-	-	165	-	-	165
Issue of ordinary shares	250	-	-	-	-	250
Buy-back of shares	(1,558)	-	-	-	-	(1,558)
Share based payments expense	-	-	301	-	-	301
Balance at 31 December 2019	162,788	-	55,322	110,790	3,173	332,073
Note	27	27	28	-	-	-

The above statement of changes in equity should be read in conjunction with the accompanying notes

DRA Global Limited
Statement of cash flows
For the year ended 31 December 2019

	Note	Consolidated 2019 $'000	Consolidated 2018 $'000
Cash flows from operating activities			
Receipts from customers		1,070,929	911,079
Payments to suppliers and employees		(1,013,418)	(949,521)
		57,511	(38,442)
Finance income		5,555	6,702
Finance cost		(3,361)	(1,834)
Income taxes paid		(31,121)	(22,687)
Net cash from/(used in) operating activities	42	28,584	(56,261)
Cash flows from investing activities			
Purchase of property, plant and equipment		(7,493)	(12,522)
Sale of property, plant and equipment		2,681	3,287
Finance lease	15	1,668	-
Purchase of intangible assets		(3,074)	(1,886)
Net sale of intangible assets		(2,283)	166
Business combinations, net of cash acquired	37	(81,394)	(8,878)
Advancement of financial assets		3,649	(87)
Net cash used in investing activities		(86,246)	(19,920)
Cash flows from financing activities			
Interest-bearing borrowings raised		15,491	2,008
Interest-bearing borrowings repaid		(16,078)	(15,160)
Lease liability repaid		(5,189)	(8,634)
Proceeds on issue of treasury shares	27	-	5,137
Issue of shares		64,548	-
Dividends paid		(1)	(2,192)
Net cash from/(used in) financing activities		58,771	(18,841)
Net increase/(decrease) in cash and cash equivalents		1,109	(95,022)
Cash and cash equivalents at the beginning of the financial year		125,626	220,648
Cash and cash equivalents at the end of the financial year	10	126,735	125,626

The above statement of cash flows should be read in conjunction with the accompanying notes

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Note 1. 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.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- Interpretation 23 Uncertainty over Income Tax Treatments.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Basis of preparation
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 Group also complies with International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board (IASB).

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for financial instruments, property, plant and equipment that have been measured at fair value in initial accounting of a business combination.

Critical accounting estimates
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.

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.

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 Group 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.

Note 1. Significant accounting policies (continued)

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.

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.

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.

Note 1. Significant accounting policies (continued)

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.

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.

<u>Joint operations</u>
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.

Operating segments
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 (Chief Operating Decision Maker), consists of the Chief Executive Officer as well as the remainder of the executive committee consisting of the lead decision maker in each region.

Translation of foreign currencies
The financial statements are presented in Australian dollars, which is DRA Global Ltd's functional and presentation currency.

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.

Note 1. Significant accounting policies (continued)

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.

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.

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

Contracting Revenue
The Group 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 or reimbursable contracts whereby the Group 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 Group carries the risk on the supply of the relevant equipment and kit required to deliver the plant to site. The Group 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 Group will be principally responsible for the design and procurement activities associated with the plant on a reimbursable basis. The Group 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 total value of the contract will be allocated to the individual performance obligations.

EPCM contracts delivers a service 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 Group 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.

Note 1. Significant accounting policies (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, the Group'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 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 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 Group 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 Group 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 AASB 137: 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 Group's transaction price where the forecast costs are greater than the forecast revenue.

Operation and maintenance revenue
The Group mainly derives revenue from fixed term contracts involving the operation and maintenance of mineral process plants, which includes associated services relating to metallurgical quality management, control and analysis as well as process optimisation.

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 recognised 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 recognised 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 mobilisation or site setup costs. Where these costs are expected to be recovered, they are capitalised and amortised over the course of the contract consistent with the transfer of service to the customer.

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

Note 1. Significant accounting policies (continued)

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

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.

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 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 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.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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.

Note 1. Significant accounting policies (continued)

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.

Derivative financial instruments
Hedges of a net investment
Hedges of a net investment in a foreign operation include monetary items that are considered part of the net investment. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised directly in equity whilst gains or losses relating to the ineffective portion are recognised in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to profit or loss.

Investments and financial assets
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 three categories:
- Financial assets at amortised cost
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments at fair value through the statement of other comprehensive income (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 (Solely Payments of Principal and Interest) 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 SPPI 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.

Financial assets at amortised cost
A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

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

Note 1. Significant accounting policies (continued)

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.

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 Group; 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.

Certain classes of 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:

Buildings	20 - 40 years
Right of use asset	2 - 10 years
Furniture and fixtures	4 - 10 years
Motor vehicles	4 - 5 years
Plant and equipment	3 - 6 years
Leasehold improvements	4 - 10 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.

Note 1. Significant accounting policies (continued)

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.

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 basis.

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.

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.

Note 1. Significant accounting policies (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:

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

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, irrespective of whether other assets and liabilities of the acquiree are assigned to those units or groups of units.

The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being operating segments.

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.

Note 1. Significant accounting policies (continued)

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.

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.

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 AASB 123.

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.

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.

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.

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.

Note 1. Significant accounting policies (continued)

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.

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 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 movement in equity (share based payment reserve).

Limited Recourse Loans
The Group has in the past provided limited recourse loans to employees (including some key management personnel) 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 ordinary paid up shares in DRA Global Ltd. The loan shares were in substance accounted for as a share-based payments expense with a corresponding movement in equity. The fair value is measured at grant date, using a Black-Scholes valuation model.

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.

Share capital
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.

Earnings per share

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

Diluted earnings per share
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.

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.

Rounding of amounts
The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2019. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 1. Significant accounting policies (continued)

- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material (AASB 101 and AASB 108)
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business (AASB 3)
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2014-10 Amendments to Australian Accounting Standards: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture
- AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

Note 2. Critical accounting judgements, estimates and assumptions

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 the Group's 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.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Joint arrangements
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 obligations 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.

Allocation of goodwill to cash-generating units
Management allocates goodwill acquired in a business combination to cash-generating units or a group of cash-generating units in a non-arbitrary way which is expected to benefit from the synergies of the combination. Goodwill affected by reorganisation of reporting structure in the Group is reallocated using a relative value approach or approach that better reflects the goodwill associated with the reorganised units.

Estimation of contingent consideration and option liabilities
The Group entered into a business acquisition agreement which required additional payments based on meeting certain earnings targets and net working capital position. The Group estimated these amounts payable based on its forecasts. It is reasonably possible that these forecasts may change which may then impact management's estimations and may then require a material adjustment in contingent consideration and option liabilities. Refer to note 37.

Note 3. Operating segments

Identification of reportable operating segments
During the period, the Group has appointed a new Chief Executive Officer (CODM). The CODM has restructured the executive management team and reporting structures into 4 reportable segments representing 5 business units/operating segments for management, reporting and allocation of resources purposes. Operating segments have been identified based on financial information that is regularly reviewed by the CODM.

The Group aggregate two or more operating segments into a single reportable operating segment when the Group has assessed and determined the aggregated operating segments that share similar economic and geographical characteristics.

The Group has the following reportable segments:
- Europe, Middle East and Africa (EMEA) representing Senet Business Unit, EMEA Business Unit and Minopex Business Unit
- Americas
- Asia Pacific
- Group (unallocated)

The Group (unallocated) 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. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

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.

DRA Global Limited
Notes to the financial statements
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Note 3. Operating segments (continued)

Operating segment information

Consolidated - 2019	Europe, Middle East and Africa $'000	Americas $'000	Asia Pacific $'000	Group (unallocated) $'000	Total $'000
Revenue					
Revenue recognition	661,401	78,883	290,284	2,651	1,033,219
Total revenue	661,401	78,883	290,284	2,651	1,033,219
EBIT	57,437	15,204	2,522	(9,756)	65,407
Bad debts provision	(7,262)	(530)	(305)	1,694	(6,403)
Finance income	3,652	922	391	590	5,555
Finance expense	(1,874)	(231)	(1,627)	371	(3,361)
Profit/(loss) before income tax expense	51,953	15,365	981	(7,101)	61,198
Income tax expense					(25,189)
Profit after income tax expense					36,009
Assets					
Segment assets	305,896	30,044	107,361	143,058	586,359
Total assets					586,359
Liabilities					
Segment liabilities	176,566	13,904	104,110	(40,294)	254,286
Total liabilities					254,286

Consolidated - 2018	Europe, Middle East and Africa $'000	Americas $'000	Asia Pacific $'000	Group (unallocated) $'000	Total $'000
Revenue					
Revenue recognition	714,827	82,038	149,759	10,031	956,655
Total revenue	714,827	82,038	149,759	10,031	956,655
EBIT	(34,597)	11,805	(2,857)	(13,519)	(39,168)
Bad debts provision	(10,636)	(794)	(843)	(403)	(12,676)
Finance income	4,350	54	399	1,899	6,702
Finance costs	(1,937)	(115)	(665)	883	(1,834)
Profit/(loss) before income tax benefit	(42,820)	10,950	(3,966)	(11,140)	(46,976)
Income tax benefit					4,847
Loss after income tax benefit					(42,129)
Assets					
Segment assets	318,562	61,692	109,118	43,891	533,263
Total assets					533,263
Liabilities					
Segment liabilities	211,353	14,389	106,244	(27,862)	304,124
Total liabilities					304,124

Note 4. Revenue

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Projects business	469,903	550,556
Operations business	560,666	396,068
Other revenue	2,650	10,031
	1,033,219	956,655

Note 5. Other income

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Fair value adjustments	1,031	866
Government grants	797	993
Other	1,021	1,011
Other income	2,849	2,870

Note 6. Operating income/costs

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Employee benefits expense	72,937	35,983
Professional and secretarial fees	10,952	11,942
Legal fees	1,135	2,801
Operating lease charges	2,035	1,474
Property expenses	3,997	4,021
(Profit)/loss on sale of property, plant and equipment	(378)	707
Impairment on goodwill and intangibles	-	18,444
Trade receivables – impairment charge for bad and doubtful debts	5,424	5,429
Foreign exchange loss/(gain)	3,168	(2,203)
(Profit)/loss on foreign currency contracts	(1,637)	-
(Profit)/loss on disposals - other financial assets	(932)	346
Impairment - other financial assets	866	3,513
Non-recoverable expenses	3,125	8,823
Advertising and marketing expenses	1,122	864
Computer, phone and printing expenses	7,363	10,052
Insurance	4,487	3,104
Licenses	2,393	2,267
Recruitment and training	2,413	2,273
Share based payment expense	301	526
Depreciation on property, plant and equipment	17,811	11,793
Amortisation on intangible assets	8,545	4,886
Other operating expenses	2,732	1,180
	147,859	128,225

Note 7. Finance income

	Consolidated	
	2019	2018
	$'000	$'000
Bank	2,413	2,665
Other	3,142	4,037
	5,555	6,702

Note 8. Finance costs

	Consolidated	
	2019	2018
	$'000	$'000
Bank	1,739	956
Other	1,622	878
	3,361	1,834

Note 9. Income tax expense/(benefit)

	Consolidated 2019 $'000	Consolidated 2018 $'000
Income tax expense/(benefit)		
Local income tax - current period	25,571	18,443
Local income tax - recognised in current tax for prior periods	(1,657)	(931)
Dividend withholding tax	-	163
Foreign income tax or withholding tax - current period	4,628	1,792
Deferred tax - Originating and reversing temporary differences	(4,671)	(24,529)
Deferred tax - Arising from prior period adjustments	1,318	215
Aggregate income tax expense/(benefit)	25,189	(4,847)
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
Profit/(loss) before income tax (expense)/benefit	61,198	(46,976)
Tax at the statutory tax rate of 30%	18,359	(14,093)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Difference in overseas tax rates	44	1,535
Assessable tax loss not recognised	(405)	5,076
Capital Gains Tax	-	762
Non-deductible expenses	2,993	(180)
Exempt income	722	4,414
Prior year (over)/under provision	(29)	(2,922)
Foreign income tax	(969)	(392)
Withholding tax	4,628	1,347
Temporary differences	738	(550)
Dividend withholding tax	-	163
Branch Taxes Paid	(892)	(7)
Income tax expense/(benefit)	25,189	(4,847)

Note 10. Cash and cash equivalents

	Consolidated 2019 $'000	Consolidated 2018 $'000
Current assets		
Cash at bank	117,087	116,656
Cash on deposit	9,648	8,970
	126,735	125,626

Restricted cash
The cash balance above includes issued cash-backed bank guarantees to the value of $9,320,205 (2018:$12,522,006). These cash balances are restricted and not available for general use by the Group.

Note 11. Trade and other receivables

	Consolidated 2019 $'000	Consolidated 2018 $'000
Current assets		
Trade receivables	177,400	203,823
Less: Allowance for expected credit losses	(41,947)	(32,974)
Net trade receivables	135,453	170,849
Prepayments	3,656	3,742
Deposits	1,134	1,341
VAT/GST	-	71
Withholding taxes	4,976	6,784
Other receivables	284	139
	145,503	182,926
Non-current assets		
Retention debtors	8,234	-
	153,737	182,926

Allowance for expected credit losses
The Group has recognised a net loss of $5.4M (2018: $5.4M) in respect of the impairment of receivables for the year ended 31 December.

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2019 $'000	Consolidated 2018 $'000
Opening balance	32,974	6,306
Additional provisions recognised	9,252	27,252
Additions through business combinations (note 37)	344	344
Receivables written off during the year as uncollectable	(623)	(928)
Closing balance	41,947	32,974

Note 12. Contract assets

	Consolidated 2019 $'000	Consolidated 2018 $'000
Current assets		
Contract assets	21,982	17,437

Note 12. Contract assets (continued)

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Analysis of contracts in progress:		
Contract costs incurred to date	1,601,367	668,740
Plus: Recognised profits to date	241,385	128,213
Less: Progress billings	(1,866,059)	(829,920)
Contracts in progress at 31 December	(23,307)	(32,967)
Less: Contract assets	(21,982)	(17,437)
Contract liabilities*	(45,289)	(50,404)

* Refer to note 22.

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) and Engineering, Procurement and Construction Management (EPCM) contracts during the year.

Remaining performance obligations (Work in hand)

Contracts which have remaining performance obligations as at 31 December 2019 are set out below.

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Projects business	233,298	252,882
Operations business	365,342	401,488
	598,640	654,370

Contracts in different segments have different lengths. Revenue is typically earned over these varying time frames. 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.

Projects business	1 - 4 years
Operations business	3 - 5 years

Revenue recognised in relation to contract liabilities

Revenue recognised in the current period that relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Revenue recognised that was included in the contract liability balance at the beginning of the year	50,404	46,395
Revenue recognised from performance obligation satisfied in previous periods	-	-

Note 13. Inventories

	Consolidated	
	2019	2018
	$'000	$'000
Current assets		
Components - at cost	4,916	3,877

Note 14. Other financial assets

	Consolidated	
	2019	2018
	$'000	$'000
Current assets		
Loan receivable	7,914	9,687
Foreign exchange contracts - at FVTPL	1,518	-
Listed shares - at FVTPL	1,327	4,658
Shares in non listed entities - at FVTPL	609	1,106
	11,368	15,451
Non-current assets		
Loan receivable	11,919	10,038
	23,287	25,489

	Consolidated	
	2019	2018
	$'000	$'000
Listed shares - at FVTPL		
Steppe Gold Ltd	242	220
Nouveau Monde Graphite Inc.	144	193
Peninsula Energy Ltd	269	257
Alphamin Resources Corporation Inc.	672	652
Nkwe Platinum Ltd	-	2,263
CCP 12J Fund Pty Ltd	-	1,073
	1,327	4,658
Shares in non listed entities - at FVTPL		
Arete Capital Partners Pty Ltd	-	515
Pering Base Metals Pty Ltd	202	196
Caracle Creek International Consultants	405	393
CCP 12J Managers Pty Ltd	2	-
CCP Early Opportunity Investment Holding Pty Ltd	-	2
	609	1,106

Loans receivable

A loan of $10.0M 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.

At 31 December, loans receivable of $1.5M (2018: $3.4M) were impaired and provided for.

Note 14. Other financial assets (continued)

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.

Note 15. Finance lease receivable

In 2018 a subsidiary in the Group entered into an arrangement to sell a water treatment plant.

	Consolidated	
	2019	2018
	$'000	$'000
Current assets		
Finance lease receivable	-	1,668

	Consolidated	
	2019	2018
Opening balance 1 January	1,668	-
Business combinations	-	1,668
Repayment of borrowings	(1,668)	-
Closing balance 31 December - total finance lease receivable	-	1,668
Less: Portion included in current receivables	-	(1,668)
Closing balance 31 December - non-current interest bearing borrowings	-	-

Repayment terms:
During 2019, The finance lease has been settled in 12 equal installments of $65,000 plus a final settlement amount payable together with the last installment, of $1,030,000. The lease accrued interest at 10.5% p.a.

	Consolidated	
	2019	2018
	$'000	$'000
Minimum future finance lease payments:		
Not later than 1 year	-	1,810
Future finance charges on lease payments	-	(142)
Present value of the finance lease receivable	-	1,668

	Consolidated	
	2019	2018
	$'000	$'000
The present value of the future finance lease receivable is as follows:		
Not later than 1 year	-	1,668

Note 16. Assets of disposal groups classified as held for sale

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Current assets		
Property, plant and equipment	302	951

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.

Note 17. Investments accounted for using the equity method

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Non-current assets		
LSL Consulting Pty Ltd	2,195	2,161
Tekpro Projects Pty Ltd	123	242
	2,318	2,403

Refer to note 39 for further information on interests in associates.

Note 18. Property, plant and equipment

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Non-current assets		
Buildings - at fair value	3,918	3,884
Less: Accumulated depreciation	(557)	(417)
	3,361	3,467
Leasehold improvements - at cost	2,704	1,366
Less: Accumulated depreciation	(1,227)	(698)
	1,477	668
Plant and equipment - at cost	22,250	17,438
Less: Accumulated depreciation	(17,632)	(13,570)
	4,618	3,868
Furniture and fixtures - at cost	7,249	6,190
Less: Accumulated depreciation	(4,205)	(1,938)
	3,044	4,252
Motor vehicles - at cost	18,725	20,055
Less: Accumulated depreciation	(14,026)	(13,368)
	4,699	6,687
Right of use asset under lease - at cost	39,637	29,293
Less: Accumulated depreciation	(21,047)	(9,860)
	18,590	19,433
Site establishment - at cost	31,947	32,518
Less: Accumulated depreciation	(27,300)	(25,338)
	4,647	7,180
	40,436	45,555

Note 18. Property, plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings $'000	Leasehold improve-ments $'000	Plant and equipment $'000	Furniture and fixtures $'000	Motor vehicles* $'000	Right-of-use assets $'000	Site establish-ment $'000	Total $'000
Balance at 1 January 2018	3,236	161	2,509	392	4,034	9,288	1,017	20,637
Additions	-	269	3,630	115	4,896	4,392	1,985	15,287
Additions through business combinations (note 37)	43	401	437	4,362	2,354	11,439	5,705	24,741
Disposals	-	(36)	(533)	-	(2,628)	(740)	(57)	(3,994)
Exchange differences	206	-	(12)	40	174	314	(45)	677
Transfers in/(out)	101	-	(368)	169	98	-	-	-
Depreciation expense	(119)	(127)	(1,795)	(826)	(2,241)	(5,260)	(1,425)	(11,793)
Balance at 31 December 2018	3,467	668	3,868	4,252	6,687	19,433	7,180	45,555
Additions	93	1,004	3,405	436	2,705	6,420	924	14,987
Additions through business combinations (note 37)	-	35	114	63	-	224	-	436
Disposals	(42)	-	(37)	(48)	(1,928)	(37)	(213)	(2,305)
Exchange differences	(13)	1	85	5	106	259	73	516
Transfer to intangible assets	-	-	(5)	-	-	-	(937)	(942)
Transfers in/(out)	-	-	(43)	-	-	-	43	-
Depreciation expense	(144)	(231)	(2,769)	(1,664)	(2,871)	(7,709)	(2,423)	(17,811)
Balance at 31 December 2019	3,361	1,477	4,618	3,044	4,699	18,590	4,647	40,436

* Motor vehicles with a carrying amount of $2.7M (2018: $3.9M) secure the lease liability of $2.0M (2018: $2.6M).

Land and buildings stated under the historical cost convention
If land and buildings were stated under the historical cost convention, the amounts would be as follows:

	Consolidated 2019 $'000	Consolidated 2018 $'000
Land and buildings - at cost	3,918	3,884
Less: Accumulated depreciation	(557)	(417)
	3,361	3,467

Note 19. Intangibles and goodwill

	Consolidated 2019 $'000	2018 $'000
Non-current assets		
Goodwill - at fair value	127,019	64,620
Less: Accumulated impairment	(16,738)	(16,944)
	110,281	47,676
Brand name - at cost	7,567	3,946
Less: Accumulated amortisation and impairment	(2,032)	(2,010)
	5,535	1,936
Software - at cost	9,869	5,314
Less: Accumulated amortisation and impairment	(6,091)	(3,397)
	3,778	1,917
Customer relationships - at cost	40,538	27,772
Less: Accumulated amortisation and impairment	(21,310)	(15,927)
	19,228	11,845
	138,822	63,374

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill* $'000	Brand names $'000	Computer software $'000	Customer relations $'000	Total $'000
Balance at 1 January 2018	5,943	-	1,778	3,111	10,832
Additions	-	-	1,678	208	1,886
Additions through business combinations (note 37)	58,677	3,851	-	11,625	74,153
Disposals	-	-	(270)	-	(270)
Exchange differences	1	-	103	-	104
Impairment of assets	(16,944)	(1,376)	-	(125)	(18,445)
Amortisation expense	-	(540)	(1,372)	(2,974)	(4,886)
Balance at 31 December 2018	47,677	1,935	1,917	11,845	63,374
Additions	-	-	3,074	-	3,074
Additions through business combinations (note 37)	60,535	5,145	-	12,953	78,633
Disposals	-	-	(763)	-	(763)
Exchange differences	2,069	-	36	-	2,105
Transfers in/(out)	-	-	944	-	944
Amortisation expense	-	(1,545)	(1,430)	(5,570)	(8,545)
Balance at 31 December 2019	110,281	5,535	3,778	19,228	138,822

* 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 Group acquired New Senet Pty Ltd (Senet) during the year recognising goodwill of $62.6M (refer to note 37 for more details). On initial recognition of goodwill, the Group has allocated the goodwill to CGU's that are expected to benefit from the synergies of the acquisition based on fair value differential method of allocation. The amount of goodwill allocated to the respective CGU is as follows: Senet Business Unit $30.3M, EMEA Business Unit $13.9M and Minopex Business Unit $18.4M.

Impairment testing
The Group monitors goodwill on a CGU level.

Note 19. Intangibles and goodwill (continued)

During the period, the Group has appointed a new Chief Executive Officer (CODM), the CODM has restructured its executive management team and reporting structures into 5 business units for management, reporting and allocation of resources purposes (refer to note 3). Consequently, goodwill arising from the acquisition of G&S Engineering Services Pty Ltd and Minnovo Pty Ltd in the prior year has been combined and assessed for impairment under the Asia Pacific Business Unit which is the lowest level within the Group at which the goodwill is monitored for internal management purposes going forward.

Goodwill is attributed to: CGU	**Segment it forms part of**	**Consolidated 2019 $'000**	**Consolidated 2018 $'000**
Americas Business Unit	Americas	5,714	5,714
Asia Pacific Business Unit	Asia Pacific	41,962	41,962
Senet Business Unit	EMEA	30,289	-
EMEA Business Unit	EMEA	13,894	-
Minopex Business Unit	EMEA	18,422	-
		110,281	47,676

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	**Approach used to determining values**
Discount rate (Pre-tax):	Risk in the industry and country in which each CGU operates
Revenue growth rate:	Relevant to the market conditions and business plan
Budgeted gross profit rate:	Based on past performance and management's expectations for the future
Long term growth rate:	Typically consistent with the long term growth rate of the economic environment or country within which the CGU operates

The following key assumptions were used in the discounted cash flow model for the Americas Business Unit:
- 22% (2018: 34%) pre-tax discount rate;
- 42% (2018: 25%) budgeted gross profit margin;
- 3% - 5% (2018: 3% - 5%) revenue growth rate.

The following key assumptions were used in the discounted cash flow model for the Asia Pacific Business Unit:
- 16% (2018: 16%) pre-tax discount rate;
- 5% (2018: 3% - 10%) revenue growth rate;
- 17% (2018: 16% - 17%) budgeted gross profit margin;
- 3% (2018: 2%) long term growth rate.

The following key assumptions were used in the discounted cash flow model for the Senet Business Unit:
- 21.1% pre-tax discount rate;
- 5% - 63% revenue growth rate;
- 7% - 8% budgeted gross profit margin;
- 4% long term growth rate.

The following key assumptions were used in the discounted cash flow model for the EMEA Business Unit:
- 26% pre-tax discount rate;
- 5% revenue growth rate;
- 25% budget gross profit margin;
- 4% long term growth rate.

Note 19. Intangibles and goodwill (continued)

The following key assumptions were used in the discounted cash flow model for the Minopex Business Unit:

- 19% pre-tax discount rate;
- 5% - 7% revenue growth rate;
- 14% - 15% budget gross profit margin;
- 4% long term growth rate.

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
Senet Business Unit
The recoverable amount of the Senet Business Unit is estimated to exceed the carrying amount of the CGU at 31 December 2019 by $44.9M. The recoverable amount of this CGU would equal its carrying amount if the key assumption was to change as follows:

2019	**From**	**To**
Sales growth rate for FY2020 and FY2021	50% to 63%	29.7% to 37%

Other than the above, the Group have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of the other CGUs to exceed its recoverable amount.

Note 20. Deferred tax assets

The Group and its wholly-owned Australian subsidiaries have applied the tax consolidation legislation which means that these entities are taxed as a single entity. As a consequence, the deferred tax assets and deferred tax liabilities of these entities have been offset in the consolidated financial statements.

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Non-current assets		
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	62,912	59,529
Deferred tax liabilities	(12,200)	(5,893)
	50,712	53,636

Note 20. Deferred tax assets (continued)

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Deferred tax comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Assessable losses	6,826	2,602
Unrealised gain and losses	(248)	(293)
Accrued leave pay	5,261	4,489
Accrued bonus	7,324	2,816
Corporate and social investment	337	325
Doubtful debt allowance	3,742	1,866
Prepayments	(4)	(9)
Revenue accrual	37	314
Contracts in progress	7,964	6,622
Lease liability - AASB 16	3,054	3,015
Accelerated capital allowances (including Right of Use Asset AASB 16)	(9,783)	(7,867)
Provision for loss making contracts	27,124	38,046
Fair value adjustments	(922)	1,710
Net deferred tax	50,712	53,636
Movements:		
Opening	53,636	15,636
Credited to profit or loss (note 9)	3,353	24,314
Additions through business combination (note 37)	(5,047)	15,115
Foreign currency exchange adjustment	(1,230)	(1,429)
	50,712	53,636

Note 21. Trade and other payables

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Current liabilities		
Trade payables	40,756	69,217
Accrued leave pay	18,860	16,869
Accrued bonuses	17,725	6,362
Accrued cost to contracts	7,115	5,555
Other payroll accruals	12,476	11,570
Other payables	16,150	11,107
VAT/GST payable	548	2,185
	113,630	122,865

Refer to note 30 for further information on financial instruments.

Note 22. Contract liabilities

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Current liabilities		
Contract liabilities	45,289	50,404

Refer note 12 Contract Assets.

Note 23. Interest-bearing borrowings

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Current liabilities		
Instalment sale agreements - motor vehicles	790	858
Term loans	321	-
	1,111	858
Non-current liabilities		
Instalment sale agreements - motor vehicles	1,230	1,706
	2,341	2,564

Refer to note 30 for further information on financial instruments.

	Consolidated	
	2019	**2018**
	$'000	**$'000**
The maturity of the total borrowings is as follows:		
Within one year	1,111	858
Between one and five years	1,203	1,706
Over five years	27	-
	2,341	2,564
Term loans		
Opening balance 1 January	-	900
Additional loans raised	15,022	-
Interest capitalised	24	-
Repayment of borrowings	(14,725)	(900)
Closing balance - total interest bearing borrowings 31 December	321	-

Repayment terms
During the financial year, the Group utilised and repaid $14.7M of their available facility which carried interest at 3 month JIBAR (Johannesburg Interbank Average Rate) + 2.25%.
A subsidiary holds a loan to the value of $0.3M which carries interests at the prime lending rate in South Africa of 10.25%.

Note 23. Interest-bearing borrowings (continued)

Total secured liabilities
The total secured liabilities are as follows:

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Instalment sale agreements - motor vehicles	2,020	2,564

Financing arrangements

Borrowing facilities at the reporting date:

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Credit Card Facilities	627	277
Derivative Products Trading Facility	16,325	1,516
Vehicle and Asset Finance	7,318	8,953
Fleet Management Services	210	165
Revolving Credit Facility	45,495	45,495
	69,975	56,406

Note 24. Leases liability

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Current liabilities		
Lease liability	6,909	6,107
Non-current liabilities		
Lease liability	14,179	13,750
	21,088	19,857

Refer to note 30 for further information on financial instruments.

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Opening balance 1 January	19,857	11,289
Business combinations	364	11,540
New leases negotiated during the year	8,732	1,774
Repayment of borrowings	(7,865)	(4,746)
Closing balance 31 December	21,088	19,857
Less: Portion included in current liabilities	(6,909)	(6,107)
Non-current lease liabilities	14,179	13,750

Note 24. Leases liability (continued)

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

	Consolidated	
	2019 $'000	2018 $'000
Minimum future lease payments:		
Not later than 1 year	8,477	7,734
Later than 1 year, not later than 5 years	14,578	15,030
Later than 5 years	971	633
	24,026	23,397
Future finance charges on lease payments	(2,938)	(3,540)
Present value of lease liabilities	21,088	19,857

	Consolidated	
	2019 $'000	2018 $'000
The present value of lease liabilities is as follows:		
Not later than 1 year	6,909	6,107
Later than 1 year, not later than 5 years	12,713	13,117
Later than 5 years	1,466	633
	21,088	19,857

Note 25. Provisions

	Consolidated	
	2019 $'000	2018 $'000
Current liabilities		
Employee taxes	-	15
Loss making contracts	51,181	99,553
Claims	193	1,078
Warranty provision	4,307	-
Closure of offices	714	772
	56,395	101,418

Note 25. Provisions (continued)

Movements in provisions
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

Consolidated - 2019	Employee taxes $'000	Loss making contracts $'000	Claims $'000	Warranty provision $'000	Closure of offices $'000
Carrying amount at the start of the year	15	99,553	1,078	-	772
Additional provisions recognised	-	11,609	-	4,307	160
Amounts utilised	(15)	(59,981)	(885)	-	(218)
Carrying amount at the end of the year	-	51,181	193	4,307	714

Claims
The provision for claims relates to a claim against a subsidiary in the United States of America. In terms of the Black Lung Benefits Act, the provision raised is $0.2M (2018: $1.1M).

Loss making contracts
The provision for loss making contracts relates to expected losses on projects. The calculation of the provision is based on additional costs expected to be incurred to complete the contracts per the agreed scope.

The total carrying amount of provisions in respect of loss-making contracts is $51.2M (2018: $99.6M). Further details on material individual loss-making contracts are provided below.

The Group has made various claims in respect of certain contracts below. Should the Group be successful in recovering amounts, this may result in a reduction in the loss previously recorded.

Mt Pleasant CHPP project - New South Wales, Australia
G&S Engineering Services Pty Ltd ("G&S"), previously owned by the Calibre Group (“Calibre”), was the Group's joint venture construction partner in the execution of the Mt Pleasant CHPP project in New South Wales, Australia. In May 2018 it became likely that G&S and/or Calibre may be placed into administration prior to the Mt Pleasant project having been completed. In order to complete the project, the Group acquired G&S in August 2018 and completed work on the project in 2019. The Group has made claims for payments under the contract and has received counter-claims from the client. At the date of this report it is not possible to fully estimate the financial effect of these claims.

Nokeng Fluorspar Project - Limpopo, South Africa
The Group entered into a joint venture with Group Five Ltd ("Group 5") for the delivery of the Nokeng Fluorspar project in Limpopo, South Africa on a fixed cost basis. The project is forecasted to incur a total loss of $35.7M as a result of commissioning challenges and construction delays. Group 5 filed for Business Rescue protection on 11 March 2019 prior to completion of works in October 2019, forcing the Group to take over construction. The Group is jointly and severally liable for the completion of the project and on this basis has recorded sufficient provisions for the full expected loss on the project of $35.7M.

Elikhulu Gold Tailings Retreat Project - Mpumalanga , South Africa
The Group executed the Elikhulu Gold Tailings Retreat project on a fixed cost basis, completed in 2019. The project is forecast to make a loss of $11.7M (2018: $11.7M) and has included sufficient provisions for this full expected loss.

Limpopo Iron Ore Project - Limpopo, South Africa
In May 2018, the Group 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 LIO owners. The funder was unable to advance further funding to LIO to compete the project, which resulted in non-payment to the Group. In March 2019, the Group 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.

Note 26. Deferred tax liabilities

	Consolidated	
	2019	2018
	$'000	$'000
Non-current liabilities		
Deferred tax liabilities	12,200	5,893

Refer note 20 for Deferred tax assets.

Note 27. Issued capital

	Number	Consolidated $'000
Balance at 1 January 2018 - DRA Group Holdings Pty Ltd		
Ordinary no par value shares	43,438,675	1,364
Treasury Shares	(6,500,307)	-
Class B no par value shares	30,000,000	85,140
	66,938,368	86,504
Movements in fully paid share capital		
Treasury Shares	1,298,922	-
Shares issued in terms of the Share Based Payments	5,076,620	-
	6,375,542	-
Balance at 16 July 2018		
Ordinary no par value shares	48,515,293	1,364
Treasury Shares	(5,201,385)	-
Class B no par value shares	30,000,000	85,140
	73,313,908	86,504
Capital reorganisation		
Ordinary no par value shares	(48,515,293)	(1,364)
Treasury Shares	5,201,385	-
Class B no par value shares	(30,000,000)	(85,140)
Fully paid share capital 31 December 2018	(73,313,908)	(86,504)
Balance at 31 December 2018 - DRA Global Ltd		
Ordinary shares (capital reorganisation)	73,313,908	86,504
Ordinary shares (acquisition of Minnovo)	2,539,075	18,875
Return of capital	-	(5,831)
	75,852,983	99,548
Balance at 1 January 2019 - DRA Global Ltd		
Ordinary shares	75,852,983	99,548
Movements in fully paid share capital		
Ordinary shares (acquisition of New Senet Pty Ltd)	8,888,889	64,548
Issue of ordinary shares for services provided	33,784	250
Buy-back of shares	(185,796)	(1,558)
	8,736,877	63,240
Balance at 31 December 2019 - DRA Global Ltd		
Ordinary shares	84,589,860	162,788

Note 27. Issued capital (continued)

DRA Group Holdings Pty Ltd (DRAGH) was acquired by DRA Global Ltd (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 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 the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. Certain ordinary shares have restrictions (refer note 44).

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 $1,557,709, at an average rate of $8.25 ranging from $7.99 to $8.40.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum 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.

The capital risk management policy remains unchanged from the 31 December 2018 Annual Report.

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’ and 'current and non-current lease liabilities' as shown in the consolidated balance sheet. Total equity is the total equity as shown in the consolidated balance sheet.

The gearing ratio at the reporting date was as follows:

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Total borrowings	23,429	22,420
Total equity	332,073	229,139
Gearing ratio	7%	10%

Note 28. Reserves

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Foreign currency reserve	50,082	46,698
Share-based payment reserve - Broad Based Black Economic Empowerment Structure	3,214	3,214
Share-based payment reserve	2,026	1,725
	55,322	51,637

Foreign currency 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.

Note 28. Reserves (continued)

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.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve $'000	Broad Based Black Economic Empower-ment Structure $'000	Share based payments reserve $'000	Total $'000
Balance at 1 January 2018	45,386	3,214	1,199	49,799
Foreign currency translation	1,088	-	-	1,088
Arising through joint operations	224	-	-	224
Share based payments expense	-	-	526	526
Balance at 31 December 2018	46,698	3,214	1,725	51,637
Foreign currency translation	3,218	-	-	3,218
Reallocation from Retained Earnings to Non-distributable reserve	1	-	-	1
Arising through joint operations	165	-	-	165
Share based payments expense	-	-	301	301
Balance at 31 December 2019	50,082	3,214	2,026	55,322

Note 29. Dividends

Dividends paid during the financial year were as follows:

	Consolidated 2019 $'000	Consolidated 2018 $'000
No dividends for the year ended 31 December 2019 (2018: 2.88 cents) per ordinary share	-	2,187

Return of capital
In December 2018, DRA Group Holdings Pty Ltd (DRAGH) transferred all of the shares held in DRA Research and Development Pty Ltd (DRA R&D), to DRA Global Ltd as a dividend in specie.
DRA Global Ltd in turn distributed the shares held in DRA R&D as a return of capital to its shareholders. There was no cash outflow for this transaction and was measured at the fair value of the investment held ($5,831,561).

Note 30. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Note 30. Financial instruments (continued)

The Board are responsible for the governance framework and oversight of the risk management within the Group. The Audit and Risk Committee are responsible for reviewing the governance framework and risk management within the Group. The day to day responsibility for risk management is carried out by the senior management of subsidiaries.

Market risk

Foreign currency 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, 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.

The average exchange rates and reporting date exchange rates applied to correct foreign dominated balances into Australian dollars were as follows:

	Average exchange rates		**Reporting date exchange rates**	
	2019	**2018**	**2019**	**2018**
US Dollar	1.4387	1.3391	1.4279	1.4164
Mozambique Metical	0.0230	0.0222	0.0229	0.0230
Botswana Pula	0.1337	0.1314	0.1339	0.1321
Canadian Dollar	1.0843	1.0331	1.0940	1.0398
South African Rand	0.1021	0.1015	0.1011	0.0982
Great British Pound	1.8365	1.7859	1.8744	1.7974

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	South African Rand	**US Dollar**	**Botswana Pula**	**Australian Dollar**	**Canadian Dollar**	**Mozambique Metical**	**Saudi Riyal**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
31 December 2019							
Cash	37,937	42,010	2,654	28,075	2,723	3,104	5,260
Trade and other receivables	91,340	14,128	3,278	26,946	5,317	3,377	2,345
Trade and other payables	61,933	6,480	4,687	25,448	5,899	2,228	1,226
31 December 2018							
Cash	35,367	37,976	1,100	16,832	4,688	10,565	4,068
Trade and other receivable	146,242	16,142	5,632	5,994	4,977	7,391	-
Trade and other payables	83,661	5,292	6,775	6,642	5,339	1,885	1,934

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% as at 31 December for the major currencies or material foreign operations. Increase/(decrease) in profit before tax:

Note 30. Financial instruments (continued)

	Increase 10% 2019	Increase 10% 2018	Decrease 10% 2019	Decrease 10% 2018
US Dollar	1,890	2,262	(1,890)	(2,262)
Mozambique Metical	(203)	324	203	(324)
Botswana Pula	109	151	(109)	(151)
Canadian Dollar	(280)	(418)	280	418
South African Rand	13,072	(3,344)	(13,072)	3,344
Great British Pound	702	440	(702)	(440)
	15,290	(585)	(15,290)	585

Interest rate risk
The Group's main interest rate risk arises from long-term borrowings. Cash, cash equivalents and borrowings issued at variable rates expose the Group to cash flow interest rate risk. As at the end of the reporting period, the Group had no variable interest borrowings.

Credit risk
Credit risk is the 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 2019 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 meets its obligations within the short term.

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

	Consolidated 2019 $'000	Consolidated 2018 $'000
Contract assets	21,982	17,437
Trade and other receivables (excluding prepayments)	150,081	179,184
Cash and cash equivalents	126,735	125,626
Other financial assets - loans receivable	19,833	19,725
	318,631	341,972

Expected credit loss rates used for trade and other receivables and contract assets

Current	0.8% - 2.8%
More than 30 days past due	0.9% - 3.41%
More than 60 days past due	1.0% - 3.66%
More than 90 days past due	1.1% - 4.16%

Note 30. Financial instruments (continued)

Allowance for expected credit losses
The Group has recognised a net loss of $5.4M (2018: $5.4M) in respect of the impairment of receivable for the year ended 31 December.

Trade and other receivables past due but which are not considered to be impaired at 31 December:

	Consolidated	
	2019 $'000	2018 $'000
60 - 90 days past due	9,083	12,071
90 days and over past due	25,378	37,774
	34,461	49,845

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, term deposits and money market deposits. The Group has sufficient cash funds to meet its identified ongoing operating expenses and commitments.

Remaining contractual maturities
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.

	Carrying amount $'000	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Consolidated - 31 December 2019					
Interest-bearing borrowings	(23,429)	(9,308)	(16,092)	(971)	(26,371)
Trade and other payables	(113,630)	(113,630)	-	-	(113,630)
	(137,059)	(122,938)	(16,092)	(971)	(140,001)

	Carrying amount $'000	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Consolidated - 31 December 2018					
Interest-bearing borrowings	(22,421)	(8,811)	(16,964)	(633)	(26,408)
Trade and other payables	(117,310)	(117,310)	-	-	(117,310)
	(139,731)	(126,121)	(16,964)	(633)	(143,718)

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 31. Fair value measurement

Fair value hierarchy
The following tables detail the Group's financial assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2019	Level 1* $'000	Level 2 $'000	Level 3** $'000	Total $'000
Assets				
Equity securities	1,327	-	609	1,936
Foreign exchange contracts	1,518	-	-	1,518
Total assets	2,845	-	609	3,454

Consolidated - 2018	Level 1* $'000	Level 2 $'000	Level 3** $'000	Total $'000
Assets				
Equity securities	4,658	-	1,106	5,764
Total assets	4,658	-	1,106	5,764

* 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.

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

There were no transfers between levels during the financial year.

Note 32. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated	
	2019	**2018**
	$	**$**
Audit services - BDO Audit WA Pty Ltd		
Audit or review of the financial statements	686,655	158,659
Other services - BDO Audit WA Pty Ltd		
Tax advice services	155,246	35,094
Corporate advisory services	205,552	400,702
Remuneration advisory services	108,399	98,286
	469,197	534,082
	1,155,852	692,741
Audit services - network firms		
Audit or review of the financial statements	979,885	1,254,706
Other services - network firms		
Tax advice services	206,377	17,509
Corporate advisory services	64,711	33,500
	271,088	51,009
	1,250,973	1,305,715

Note 33. Contingencies

The Group has guarantee facilities of $181,161,520 (2018: $242,846,175) available for utilisation.

The Group has issued financial guarantees as security to various landlords and clients for leases and construction projects, to the value of $59,323,843 (2018: $69,227,875). There are no guarantees included in provisions for bonds (2018: $4,822,577).

The Group has a Revolving Credit Facility ("RCF") of $45,495,000. The Group utilised and repaid $14,724,505 to partly fund the New Senet Pty Ltd acquisition. See note 23.

With effect from 1 April 2019, the Group acquired a 72.7% interest in New Senet Pty Ltd (”Senet”). The business combination is accounted for as an acquisition of 100% interest in New Senet Pty Ltd due to the existence of a call and put option agreement which was entered at the same time to acquire the remaining interest in New Senet Pty Ltd. In the event that Senet meets certain earnings targets in the next three years, additional consideration of up to $60M may be payable in cash. The Group has estimated this liability as nil based on the earnings forecasts (note 37).

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

Note 34. Commitments

The Group is a lessee of various office properties as well as office equipment items under non-cancellable lease agreements. Leases are accounted for as lease liabilities under AASB 16. Refer to note 23.

The Group has entered into a new office lease agreement on 1 November 2019 for the EMEA Business Unit 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 $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.

Note 35. Related party transactions

Parent entity
DRA Global Limited is the parent entity. Parent entity information is set out in note 36.

Subsidiaries
Interests in subsidiaries are set out in note 38.

Associates
Interests in associates are set out in note 39.

Joint operations
Interests in joint operations are set out in note 40.

Key management personnel compensation

Note 35. Related party transactions (continued)

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Short-term employee benefits	3,929	2,289
Post-employment benefits	93	13
Long-term benefits	-	-
Termination benefits	885	-
Share-based payments	2,892	2,361
	7,799	4,663

Loans to related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2019	**2018**
	$	**$**
Loans to key management personnel	6,903,820	6,942,116

The loans were advanced to key management personnel (KMP) to enable the purchase of ordinary shares in the Group between 2014 and 2017. 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 are South African Rand denominated and accrue interest at the South African official prime interest rate less 2.5%, currently 7.25% (2018: 7.5%) 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 based payments in equity.

Note 36. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2019	**2018**
	$'000	**$'000**
Profit after income tax	52,831	4,820
Total comprehensive income	52,831	4,820

Note 36. Parent entity information (continued)

Statement of financial position

	Parent 2019 $'000	Parent 2018 $'000
Total current assets	9,279	18,566
Total assets	668,447	563,566
Total current liabilities	(4,269)	390
Total liabilities	(5,627)	390
Equity		
Issued capital	617,147	558,356
Non-distributable reserve	(723)	-
Retained profits	57,650	4,820
Total equity	674,074	563,176

Set out below is the supplementary information about the parent entity.

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2019 (2018: nil).

Capital commitments
The parent entity leases office property under a non-cancellable lease agreement. The lease is accounted for as lease liability under AASB 16.

Contingent liabilities
The entity issued a guarantee as security.
DRA Global Ltd has provided certain parent company undertakings and indemnities in respect of contract performance by members of the Group.
DRA Global Ltd is not party to a Deed of Cross Guarantee but has provided Letters of Support to certain members of the Group.

Tax consolidation legislation
DRA Global Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The parent entity, DRA Global Ltd, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate DRA Global Limited for any current tax payable assumed and are compensated by DRA Global Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to DRA Global Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

Note 37. Business combinations

Senet
With effect from 1 April 2019, the Group acquired a 72.7% interest in New Senet Pty Ltd ("Senet") for a net consideration of $81.4M, comprising net cash ($16.9M) and shares ($64.5M) in DRA Global Ltd. The Group also entered into a reciprocal call and put option arrangement whereby the Group will acquire the remaining 27.3% in Senet between 24 to 36 months from the date of the subscription.

Note 37. Business combinations (continued)

The business combination is accounted for as an acquisition of 100% interest in New Senet Pty Ltd due to the existence of a call and put option agreements which was entered at the same time to acquire the remaining interest in New Senet Pty Ltd.

Senet contributed revenue of $46.2M and profit of $3.4M to the Group for the period from 1 April to 31 December 2019. Had the acquisition occurred on 1 January 2019, Senet's contribution to Group revenue and profit for the year ended 31 December 2019, would have been $56.7M and $6.1M respectively.

Details of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	20,070
Property, plant & equipment	436
Other financial assets (FEC)	331
Trade and other receivables	10,668
Inventories	91
Net contract liabilities	(32)
Income tax	455
Deferred tax	(5,047)
Interest-bearing borrowings	(364)
Trade and other payables	(3,778)
Intangible assets	18,098
Net assets acquired	40,928
Goodwill	60,536
Acquisition-date fair value of the total consideration transferred	101,464
Representing:	
Cash paid or payable to vendor	102,646
Option liability	-
Working capital	(1,182)
	101,464
Cash used to acquire business, net of cash acquired:	
Cash consideration	101,464
Less: cash and cash equivalents acquired	(20,070)
Net cash used	81,394
Investment in DRA Global Ltd shares	64,711

In the event that Senet meets certain earnings targets in the next three years, additional consideration of up to $60m may be payable in cash. The Company has estimated this liability as nil based on the earnings forecasts.

Contingent consideration relates to excess net working capital adjustment which is an estimation based on net working capital of Senet as at 31 December 2019 less the actual net working capital at acquisition date and earnings before interest and tax of Senet for the year ended 31 December 2019.

The fair value of other financial assets was translated at the exchange rate on acquisition date.

Goodwill represents the value of management, assembled workforce, pipeline, certain skills and relationships of Senet and any premium from synergies and future growth opportunities and expansion in the Africa projects and operations business units that cannot be recognised separately. Except as indicated, the carrying value equals the fair value of the net assets acquired.

The fair value of the gross trade receivables is $10.3M and there were amounts provided for was $0.3M.

Note 37. Business combinations (continued)

Acquisition related costs of $1.7M are included in other expenses in profit or loss and in operating cash flows in the statement of cash flows.

Note 38. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
Calibre-DRA Joint Venture (Unincorporated)	Australia	100.00%	100.00%
DRA Australia Holdings Pty Ltd	Australia	100.00%	100.00%
DRA Group Investments Pty Ltd	Australia	100.00%	-
DRA International Holdings Pty Ltd	Australia	100.00%	100.00%
DRA Operations (APAC) Pty Ltd	Australia	100.00%	100.00%
DRA Pacific Pty Ltd	Australia	100.00%	100.00%
G&S Engineering Services Pty Ltd	Australia	100.00%	100.00%
G&S Services Electrical Pty Ltd	Australia	100.00%	100.00%
G&S Support Services Pty Ltd	Australia	100.00%	100.00%
Minnovo Pty Ltd	Australia	100.00%	100.00%
Resources Risk Solutions Pty Ltd	Australia	100.00%	100.00%
DRA Botswana Pty Ltd	Botswana	100.00%	100.00%
Lazenby Holdings Pty Ltd	Botswana	100.00%	100.00%
Minopex Botswana Pty Ltd	Botswana	100.00%	100.00%
DRA Americas Inc. (Canada)	Canada	100.00%	100.00%
DRA Taggart Global Sourcing (Beijing) Ltd	China	100.00%	100.00%
CuCo SAS	DRC	100.00%	-
DRA Congo SARL	DRC	100.00%	100.00%
DRC Mineral Projects SARLU	DRC	-	100.00%
Greenstone DRC SARL	DRC	100.00%	-
DRA Ghana Ltd	Ghana	80.00%	80.00%
DRA Guinea SARL	Guinea	100.00%	100.00%
SENET Guinea SARL	Guinea	100.00%	-
DRA (India) Ltd	India	100.00%	100.00%
DRA Minerals LLP	India	100.00%	100.00%
PT. DRA Asia Indonesia	Indonesia	100.00%	100.00%
Minopex Lesotho Pty Ltd	Lesotho	100.00%	100.00%
DRA Madagascar SARL	Madagascar	100.00%	100.00%
DRA Mali SARL	Mali	100.00%	100.00%
DRA International Services	Mauritius	100.00%	100.00%
Minopex International	Mauritius	100.00%	100.00%
DRA Mozambique Ltd	Mozambique	100.00%	100.00%
Ensermo Ltd	Mozambique	100.00%	100.00%
Minopex Mozambique Ltd	Mozambique	100.00%	100.00%
DRA Mineral Projects Pty Ltd - Namibia	Namibia	100.00%	100.00%
DRA Americas Peru S.A.C.	Peru	100.00%	-
Branch office of DRA Projects Pty Ltd in Moscow	Russia	100.00%	-
DRA Saudi Arabia LLC	Saudi Arabia	100.00%	100.00%
DRA Sierra Leone Ltd	Sierra Leone	100.00%	100.00%
CCP SA Investment Holdings Pty Ltd	South-Africa	100.00%	100.00%
CCP Technical Pty Ltd	South-Africa	100.00%	100.00%
Concentrate Capital Partners Pty Ltd	South-Africa	100.00%	100.00%
DRA Africa Holdings Pty Ltd	South-Africa	100.00%	100.00%
DRA Agriculture Pty Ltd	South-Africa	100.00%	100.00%
DRA Group Holdings Pty Ltd	South-Africa	100.00%	100.00%

Note 38. Interests in subsidiaries (continued)

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
DRA Nexus Pty Ltd	South-Africa	100.00%	100.00%
DRA Projects Pty Ltd	South-Africa	100.00%	100.00%
DRA Projects South Africa Pty Ltd	South-Africa	100.00%	100.00%
DRA Share Purchase Company Pty Ltd	South-Africa	100.00%	100.00%
DRA South Africa Pty Ltd	South-Africa	100.00%	100.00%
DRA Water Pty Ltd	South-Africa	100.00%	100.00%
Earthstone Africa Investments Pty Ltd	South-Africa	100.00%	-
Ensersa Pty Ltd	South-Africa	100.00%	100.00%
HCD Centre of Excellence Pty Ltd	South-Africa	100.00%	100.00%
Main Street 798 Pty Ltd	South-Africa	100.00%	100.00%
Minerals Operations Executive Pty Ltd	South-Africa	100.00%	100.00%
Minopex Mining Operations Pty Ltd	South-Africa	100.00%	100.00%
Minopex Operations Management Pty Ltd	South-Africa	100.00%	-
Minopex Technical Systems Pty Ltd	South-Africa	100.00%	100.00%
New SENET Pty Ltd	South-Africa	100.00%	-
Northern Cape Metallurgical Operations Pty Ltd	South-Africa	100.00%	100.00%
Northern Cape Plant Operations Pty Ltd	South-Africa	100.00%	100.00%
Prentec Pty Ltd	South-Africa	51.00%	51.00%
Prentec Technical Services Pty Ltd	South-Africa	51.00%	51.00%
Quality Laboratory Services Pty Ltd	South-Africa	100.00%	100.00%
Senergy Africa Pty Ltd	South-Africa	100.00%	-
Specialized Work and Training Team Pty Ltd	South-Africa	100.00%	-
The DRA Group Holdings Share Purchase Trust	South-Africa	100.00%	100.00%
WAH Engineering Pty Ltd	South-Africa	100.00%	100.00%
West Coast Plant Operations Pty Ltd	South-Africa	100.00%	100.00%
CCP Technical Ltd	United Kingdom	100.00%	30.00%
Concentrate Capital Partners Ltd	United Kingdom	100.00%	30.00%
DRA Global Ltd	United Kingdom	100.00%	100.00%
DRA International Ltd	United Kingdom	100.00%	100.00%
Miller Metallurgical International Ltd	United Kingdom	100.00%	30.00%
DRA Americas Inc. (USA)	United States	100.00%	100.00%
DRA Energy Operations LLC	United States	100.00%	100.00%
DRA Taggart China LLC	United States	100.00%	100.00%
DRA Taggart LLC	United States	100.00%	100.00%
DRA Taggart Site Services LLC	United States	100.00%	100.00%
Nova Constructors Inc.	United States	51.00%	51.00%
DRA Zambia Ltd	Zambia	100.00%	100.00%
Minopex Zambia Ltd	Zambia	100.00%	100.00%
SENET Zambia Ltd	Zambia	100.00%	-
DRA Africa Holdings Zimbabwe Branch Pty Ltd	Zimbabwe	100.00%	100.00%

Note 39. Interests in associates

Interests in associates are accounted for using the equity method of accounting. No individual associates is material to the Group.

Name	Principal place of business / Country of incorporation	Ownership interest 2019 %	Ownership interest 2018 %
LSL Consulting (Pty) Ltd	South-Africa	25.00%	25.00%
Tekpro Projects (Pty) Ltd	South-Africa	25.00%	25.00%

Note 39. Interests in associates (continued)

Summarised 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.

	2019 $'000	2018 $'000
Summarised statement of financial position		
Current assets	5,169	5,368
Non-current assets	4,208	5,120
Total assets	9,377	10,488
Current liabilities	991	1,806
Non-current liabilities	-	36
Total liabilities	991	1,842
Net assets	8,386	8,646
Summarised statement of profit or loss and other comprehensive income		
Revenue	13,427	13,091
Cost of sales	(9,228)	(8,312)
Other operating income	628	642
Other operating gains	49	38
Other operating expenses	(2,123)	(1,919)
Investment income	492	620
Finance costs	(30)	(72)
Profit before income tax	3,215	4,088
Income tax expense	(897)	(1,143)
Profit after income tax	2,318	2,945
Other comprehensive income	-	-
Total comprehensive income	2,318	2,945
Reconciliation of the Group's carrying amount		
Opening carrying amount	2,402	2,095
Share of profit after income tax	580	307
Share of dividends paid	(730)	-
Exchange difference	66	-
Closing carrying amount	2,318	2,402

There were no impairments of equity accounted associates recognised during the reporting period (2018: nil).

Note 40. Interests in joint operations

The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. No individual joint operation is material to the Group.

		Ownership interest	
	Principal place of business /	2019	2018
Name	**Country of incorporation**	**%**	**%**
Nokeng Joint Venture (Unincorporated)	South-Africa	50.00%	50.00%
Yaramoko Joint Venture (Unincorporated)*	South-Africa	-	50.00%
Calibre-DRA Joint Venture (Unincorporated)**	Australia	100.00%	100.00%

* The Yaramoko Joint Venture concluded in 2019.

** 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.

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.

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Statement of Comprehensive Income		
Revenue	3,073	29,796
Cost of sales	(14,435)	(71,775)
Gross profit	(11,362)	(41,979)
Other operating income/(expense)	(2)	232
Finance income	16	104
Finance costs	(13)	(13)
	1	323
Taxation	-	-
Loss after tax	(11,361)	(41,656)

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Statement of Financial Position		
Current Assets	4,317	5,399
Total Assets	4,317	5,399
Current Liabilities	22,111	41,170
Total Liabilities	22,111	41,170
Deficiency of Equity	(17,794)	(35,771)

Note 41. Events after the reporting period

Capital Gain Tax (CGT loans)
The Group granted CGT loans to shareholders to fund capital gains tax liabilities incurred by the Company's shareholders who were South African exchange control residents in July 2018 when a Scheme of Arrangement was concluded between DRA Group Holdings Pty Ltd and Minnovo Global Ltd (subsequently DRA Global Ltd). Loans to the value of $1.5 million were granted and paid in 2020. The loans accrue interest at the South African official prime lending rate (currently 9.75% p.a) and have a 3 year repayment term.

Changes to the board of directors
In January 2020, the Group appointed Kathleen Bozanic and Les Guthrie as independent non-executive directors of DRA Global Ltd.

In February 2020, the Group appointed Kenneth Thomas as an independent non-executive director.

COVID-19
The World Health Organisation announced that the new coronavirus disease (COVID-19) had become a pandemic on 11 March 2020. The Group has developed policies and procedures to address the health and wellbeing of employees. The timing, extent of the impact and recovery from COVID-19 on our employees, customers and suppliers is unknown. At the date of this report, it is uncertain what the post balance date impact will be on the Group.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 42. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	Consolidated	
	2019	**2018**
	$'000	**$'000**
Profit/(loss) after income tax (expense)/benefit for the year	36,009	(42,129)
Adjustments for:		
Impairment of goodwill	-	16,944
Impairment of intangibles	-	1,500
Net loss/(gain) on disposal of property, plant and equipment	(378)	707
Net fair value gain on other financial assets	(1,031)	(866)
Foreign exchange differences	3,383	1,875
Depreciation	17,811	11,793
Amortisation	8,545	4,886
Non-cash issue of shares	(1,308)	-
Non-cash movement on share based payments	301	526
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	39,858	(54,986)
Decrease/(increase) in contract assets	(4,545)	7,098
Decrease/(increase) in inventories	(947)	505
Decrease in trade and other payables	(20,127)	(65,653)
Increase/(decrease) in contract liabilities	1,968	(1,946)
Increase/(decrease) in other provisions	(45,023)	91,019
Decrease in tax	(5,932)	(27,534)
Net cash from/(used in) operating activities	28,584	(56,261)

Note 43. Earnings per share

	Consolidated 2019 $'000	2018 $'000
Profit/(loss) after income tax	36,009	(42,129)
Non-controlling interest	(160)	545
Profit/(loss) after income tax attributable to the owners of DRA Global Limited	35,849	(41,584)

	Cents	Cents
Basic earnings per share	43.78	(57.22)
Diluted earnings per share	43.78	(57.22)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	81,882,380	72,679,058
Weighted average number of ordinary shares used in calculating diluted earnings per share	81,882,380	72,679,058

Note 44. Share-based payments

Effective 1 July 2016, a group of management members (Participants) were issued 10,000,000 share appreciation rights (SARs). The rights to acquire shares at ZAR 30 each 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 the options to acquire shares at ZAR 30 would remain exercisable for a period of 5 years thereafter.

Prior to the Scheme of Arrangement in July 2018, whereby DRA Group Holdings Pty Ltd (DRAGH) was acquired by DRA Global Ltd, DRAGH restructured the SARs arrangement and replaced the remaining SARs with an issue of 5,076,620 ordinary DRAGH shares at a ratio of approx. 0.6 shares per SAR and this removed any ability for participants to acquire any further shares. These ordinary DRAGH shares participated in the Scheme of Arrangement as ordinary shareholders in DRAGH and were replaced by ordinary shares in DRA Global Ltd. The Participants agreed to restrictions on the sale of the shares received pursuant to this restructure, specifically restrictions on the sale of these shares prior to specific dates replicating the original vesting profile of the SARs - i.e. sale of 1/3rd restricted until after each of 30 June 2018, 2019, 2020, and further agreed to sell these shares back to the Company at nominal value if they leave the employment of the Group before these dates. At 31 December 2019, 1,317,366 shares remain subject to such restriction.

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

	Consolidated 2019 $'000	2018 $'000
Carrying amount of liability – included in share based payment reserve	2,026	1,725
Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:	301	526

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.

Note 44. Share-based payments (continued)

The clawback and sale restriction over 1,664,900 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.
185,756 shares were acquired from participants and cancelled by DRA Global in 2019 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.

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 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 ordinary shares in DRA Global Ltd. The loan shares are in substance accounted for as a share-based payments expense with a corresponding movement in equity. The fair value is measured at grant date, using a Black-Scholes valuation model.

DRA Global Limited
Directors' declaration
31 December 2019

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the directors

Peter Mansell	Andrew Naude
Chairman	Chief Executive Officer

2 April 2020

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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 2019, the consolidated statement of profit or loss and other 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 DRA Global Limited, 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 2019 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

We draw attention to Note 41 of the financial report, which describes the non-adjusting subsequent event on the impact of the COVID-19 outbreak on the entity. Our opinion is not modified with respect to 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

Key audit matter	*How the matter was addressed in our audit*
During the year, the Group acquired New Senet Pty Ltd ('Senet') as disclosed in Note 37 of the financial report. In addition, the Group also entered into a reciprocal call and put option arrangement whereby the Group will acquire the remaining interest in Senet between 24 to 36 months from the date of the acquisition. The business combination is accounted for as an acquisition of 100% interest in Senet due to the existence of the call and put option arrangement. Accounting for business acquisitions can be complex and accounting standards require the Group to recognise all the assets and liabilities acquired at fair value. This is a key audit matter given the size and complexity of business combinations and requires significant management judgement in relation to the identification and measurement of fair value of assets and liabilities and determination of the amount of purchase consideration for the acquisition, including contingent consideration and put option liabilities. The Group's disclosures in relation to significant judgements applied in the business combination are disclosed in 2 and 37.	Our procedures included, but were not limited to the following: • Reviewing acquisition agreements to understand the key terms and conditions, and confirming our understanding of the transaction with management; • Agreeing the purchase price to the acquisition agreement and agreeing to external valuation reports for share capital issued; • Reviewing and assessing the accounting treatment in relation to the reciprocal call and put option arrangement in conjunction with the business acquisition; • Assessing management's estimation of contingent consideration including put option liabilities by challenging the key assumptions including discount rate and the probability of achievement of future profit targets. This included comparing the actual performance since acquisition against forecast performance; • Agreeing and substantiating acquired assets and liabilities to supporting documentation; • Challenging and assessing management's methodology and assumptions utilised to identify and determine the fair value of the assets and liabilities acquired; • 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 and holding discussions with management to assess the fair value of any onerous contract losses to be recognised at acquisition date. We also assessed the appropriateness of related disclosures in note 37 of the financial report

Revenue from Contracts with Customers

Key audit matter	*How the matter was addressed in our audit*
The Group generates a significant portion of its revenue from long-term customer contracts for the design, procurement, construction and the operation and maintenance of mineral process plants in the form of EPC and EPCM contracts (“construction contract”) as disclosed in note 4 and note 12. 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 *Revenue from Contracts with Customers* (AASB 15) is met, estimates related to future costs and the outcome of contracts. The Group’s disclosures in relation to its revenue accounting policy and significant judgements applied in revenue recognition as disclosed in note 1 and 2.	Our procedures included, but were not limited to the following: • Evaluating 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 the calculation in relation to revenue recognised;; • 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 discussion 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 the constraining estimates of variable consideration in revenue recognition; • Evaluating contract performance in the period since year end to date to confirm management’s year end revenue recognition judgements and estimates; and • Assessing contractual entitlement relating to contract modifications, variations and claims recognised by reference against underlying contracts.

Key audit matter	*How the matter was addressed in our audit*
	We assessed the ongoing application of AASB 15 by selecting a sample of significant ongoing construction contracts and performed the following procedures: • Reviewing 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 the 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. We also checked the adequacy of disclosures in notes 1, 2, 4 and 12 to the financial report.

Impairment testing of Goodwill

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
Note 19 to the financial report discloses goodwill and the assumptions used by the Group in testing the goodwill for impairment.
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 2019.
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.
These include significant judgements when estimating future cash flows particularly in respect to determining the appropriate:

Future growth rates;
Discount rates;
Terminal growth rates; and
Forecast gross profit margins.

</td><td>
Our procedures included, but were not limited to the following:

Evaluating management’s determination of the Group’s Cash Generating Units ("CGU's") to ensure they are appropriate, including being at a level no higher than the operating segments of the entity;
Evaluating management’s allocation of goodwill on initial recognition of the Senet business combination;
Obtaining an understanding of the business processes undertaken by management in assessing for impairment;
Holding discussions with management about performance 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;
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.

We also assessed the appropriateness of the disclosures in notes 3 and 19 to the financial report.
</td></tr>
</table>

Onerous Contract Provisions and Contingent Liabilities

Key audit matter	*How the matter was addressed in our audit*
At 31 December 2019, the Group's statement of financial position includes a provision for loss making contracts of $51.8 million. There is a significant level of judgement, calculation and estimation applied to the calculation of the provision and further contingent liabilities arising. We focused on this area as a key audit matter due to the nature of the provision and its material impact on the financial report. Disclosures relating to the provision and contingent liabilities are included in Note 25 and Note 33.	Our procedures included, but were not limited to the following: • Reviewing position papers prepared by management on key EPC contracts, including the updated assessment for provisions and contingent liabilities related to the contracts; • 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 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. We also assessed the appropriateness of the disclosures in notes 25 and 33 to the financial report.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Group's annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 on the other information obtained prior to the date of this auditor's report, 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.

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/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 11 to 19 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of DRA Global Limited, for the year ended 31 December 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Neil Smith

Director

Perth, 02 April 2020