

Group			Company	
2003 R'000	2004 R'000		2004 R'000	2003 R'000
		<b>7. (LOSS)/PROFIT PER ORDINARY SHARE (continued)</b>		
		<i>Reconciliation of weighted average ordinary shares to diluted weighted average ordinary shares</i>		
<b>Number</b>	<b>Number</b>			
183 300 665	<b>216 509 843</b>	Weighted number of average issued ordinary shares		
2 943 230	<b>621 713</b>	Number of staff options allocated		
14 827 839	<b>17 600 000</b>	Convertible loan notes		
201 071 734	<b>234 731 556</b>	Diluted weighted average number of ordinary shares		
202	<b>(331)</b>	Basic (loss)/profit per ordinary share (cents)		
171	<b>(328)</b>	Headline (loss)/profit per ordinary share (cents)		
198	<b>(331)</b>	Diluted basic (loss)/profit per ordinary share (cents)		
170	<b>(328)</b>	Diluted headline (loss)/profit per ordinary share (cents)		
		There is no dilution in loss per share for 2004 as the effect of dilutive securities in issue would be anti-dilutive, as the Group recorded a loss for the year.		
		<b>8. MINING ASSETS</b>		
		<i>Mining properties, mineral rights, mine development and mine plant facilities</i>		
1 650 865	<b>2 032 368</b>	Cost	<b>426 994</b>	426 964
1 907 371	<b>1 650 865</b>	Opening balance	<b>426 964</b>	426 781
–	<b>422 716</b>	Acquired through purchase of subsidiaries	–	–
121 483	<b>185 732</b>	Additions	<b>30</b>	186
(16 887)	<b>(24 013)</b>	Disposals	–	(3)
(312 796)	–	Disposed through sale of subsidiary	–	–
(48 306)	<b>(202 932)</b>	Foreign exchange movement	–	–
1 077 126	<b>1 115 383</b>	Accumulated depreciation and amortisation	<b>385 384</b>	374 120
1 141 844	<b>1 077 126</b>	Opening balance	<b>374 120</b>	362 705
–	–	Acquired through purchase of subsidiaries	–	–
48 029	<b>(1 818)</b>	Impairment of assets	–	–
104 929	<b>199 427</b>	Current depreciation and amortisation	<b>11 264</b>	11 415
–	<b>(626)</b>	Disposals	–	–
(183 929)	–	Disposed through sale of subsidiary	–	–
(33 747)	<b>(158 726)</b>	Foreign exchange movement	–	–
573 739	<b>916 985</b>	Net book value	<b>41 610</b>	52 844

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2004

Group			Company	
2003 R'000	2004 R'000		2004 R'000	2003 R'000
		<b>8. MINING ASSETS (continued)</b>		
		<i>Decommissioning asset</i>		
93 742	132 412	Cost	7 951	7 951
99 218	93 742	Opening balance	7 951	7 951
–	25 888	Acquired through purchase of subsidiaries	–	–
–	17 512	Additions	–	–
(4 996)	–	Disposed through sale of subsidiary	–	–
(480)	(4 730)	Foreign exchange movement	–	–
88 953	93 346	Accumulated amortisation	7 951	7 951
92 858	88 953	Opening balance	7 951	7 951
746	5 163	Current amortisation	–	–
(4 322)	–	Disposed through sale of subsidiary	–	–
(329)	(771)	Foreign exchange movement	–	–
4 789	39 066	Net book value	–	–
578 528	956 051	Total assets net book value	41 610	52 844

Included in net book value is an amount of R22 million (2003: R33 million) in respect of Argonaut's mineral rights not yet in use acquired from Randgold & Exploration Company Limited in 1997. The value of the mineral rights is being written off over a five-year period and the remaining value of the mineral rights will be written down in full over the next two years.

Certain assets have been encumbered as security for specified liabilities (refer Note 19).

In assessing the recoverability of the assets where possible impairment is indicated, the estimated cash flows have been calculated using the following estimates:

- recoverable proven and probable reserves;
- sales price estimates are based on a sales price estimate of R83 370 per kilogram of gold (US\$400 per ounce) and a base exchange rate of R6.48 = US\$1.00, with the rand weakening in future years based on the expected differential between the local South African interest rate over the United States interest rate in those years;
- working cost estimates are based on current working costs per kilogram at 30 June 2004, escalated for expected South African inflationary increases of approximately 6% per annum; and
- capital cost estimates are based on current estimates of future development costs to mine the current proven and probable reserves, escalated for expected South African inflationary increases of approximately 6% per annum.

Group			Company	
2003 R'000	2004 R'000		2004 R'000	2003 R'000
		<b>9. NON-CURRENT INVESTMENTS AND OTHER ASSETS</b>		
59 213	<b>77 387</b>	<i>Listed investments (see below)</i>	–	–
1 063	<b>59 213</b>	Opening balance	–	–
2 688	<b>(12 209)</b>	Exchange differences	–	–
71 792	–	Additions	–	–
(401)	–	Disposals	–	–
(15 929)	<b>30 383</b>	Mark-to-market adjustment	–	–
12 889	<b>15 006</b>	<i>Unlisted investments</i>	<b>1 107</b>	1 138
133 736	<b>143 330</b>	<i>Investments in environmental rehabilitation trust funds</i>	<b>12 975</b>	9 836
125 928	<b>133 736</b>	Opening balance	<b>9 836</b>	8 619
(4 695)	–	Disposed through sale of subsidiary	–	–
1 704	<b>2 000</b>	Contributions	<b>2 000</b>	–
10 858	<b>7 594</b>	Growth in environmental rehabilitation trust funds	–	1 217
(59)	–	Rehabilitation payments from fund	<b>1 139</b>	–
205 838	<b>235 723</b>	Total non-current investments and other assets	<b>14 082</b>	10 974
12 889	<b>15 006</b>	Directors' valuation of the unlisted investments	<b>1 107</b>	1 451

Listed investments consist of:

Detail	% held	Number of shares	Market value 2004 R'000	Carrying value 2004 R'000	Carrying value 2003 R'000
Drillsearch Energy Limited	#	1 820 000	<b>433</b>	<b>433</b>	499
Emperor Mines Limited <sup>(1)</sup>	19.78%	22 208 038	<b>76 901</b>	<b>76 901</b>	58 654
Startrack Communications Limited	#	1 125 000	<b>44</b>	<b>44</b>	50
Cape Tel Limited	#	100 000	<b>9</b>	<b>9</b>	10
			<b>77 387</b>	<b>77 387</b>	59 213

# Represents a less than 1% shareholding.

<sup>(1)</sup> Shareholding increased to 45.33% on 30 July 2004.

The monies in the environmental rehabilitation trust funds are invested primarily in interest-bearing securities and equity-limited unit trusts and may be used only for environmental rehabilitation purposes.

Unlisted investments comprise investments in various unlisted companies in South Africa for which a fair value is not readily determinable.

The directors of the Company perform independent valuations of these unlisted investments on an annual basis to ensure that no significant decline, other than of a temporary nature, in value of the investments has occurred.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### for the year ended 30 June 2004

Group			Company	
2003	2004		2004	2003
R000	R000		R000	R000
		<b>10. INVESTMENTS IN SUBSIDIARIES</b>		
		Shares at cost, less provisions for diminution	488 747	543 541
		Amounts owing by subsidiaries, less provision for diminution	651 082	282 905
			<b>1 139 829</b>	826 446
		Amounts owing to subsidiaries	223 507	237 411
			<b>916 322</b>	589 035
		Net investment in subsidiaries		
		The interest of the Company in the (loss)/profit after taxation of its subsidiaries is:		
		Aggregate losses	(141 601)	(42 721)
		Aggregate profits	222 241	658 557
		A schedule showing the Company's financial interest in each subsidiary is given in the Directors Report on page 54		
		<b>11. INVESTMENT IN ASSOCIATE</b>		
		Opening carrying amount	–	–
		Acquired during year through the sale of a subsidiary company	–	–
		Net share of loss in associate	–	–
		Share of results before tax	–	–
		Share of tax (refer to Note 6)	–	–
		Closing carrying amount	–	–
		Directors' valuation of shares	–	–

Group			Company	
2003 R000	2004 R000		2004 R000	2003 R000
		<b>11. INVESTMENT IN ASSOCIATE (continued)</b>		
		The Group's effective share of income, expenses, assets, liabilities and cash flows of the associate, is as follows:		
		<b>Income statement</b>		
		Revenue	257 444	228 758
		Cost of sales	(260 114)	(233 123)
		Operating profit from gold	(2 670)	(4 365)
		Other income, administration and general costs	(97 248)	(54 513)
		Loss before taxation	(99 918)	(58 878)
		<b>Balance sheet</b>		
		Non-current assets	43 430	89 156
		Current assets	21 369	32 434
		Total assets	64 799	121 590
		Shareholders' equity	(238 798)	(138 815)
		Non-current liabilities	215 550	162 891
		Current liabilities	88 047	97 514
		Total equity and liabilities	64 799	121 590
			<b>Country of incorporation</b>	<b>% interest held</b>
		The principal associates are:		
		Crown Gold Recoveries (Pty) Limited	South Africa	40%
		On 1 July 2002 the Company sold 60% of its wholly owned subsidiary company, Crown Gold Recoveries (Pty) Limited (CGR) to Khumo Bathong Holdings (Pty) Limited (KBH) in a deal consistent with its black economic empowerment strategy. Previously, the results of CGR had been consolidated into the results of the Group. Effective 1 July 2002 DRD's remaining 40% interest has been treated as an investment in an associate and has been equity accounted for. In 2004 the Company impaired loans to Crown Gold Recoveries (Pty) Limited totalling R79.6 million (R88.9 million at Group level).		