

Durban Roodepoort Deep, Limited (DRDGOLD) provides as part of this annual report, to all shareholders, condensed financial statements derived from and presented in the manner detailed below.

**Basis of preparation**

The condensed consolidated financial statements have been derived from the Group's consolidated financial statements as prepared in accordance with accounting principles generally accepted in the United States (US GAAP). US GAAP differs in certain material respects from South African Generally Accepted Accounting Principles (SA GAAP). The condensed consolidated

financial statements do not include notes in support of the financial information presented therein. The Group's consolidated financial statements, prepared in accordance with US GAAP, from which the condensed consolidated financial statements have been derived, contain detailed notes prepared in accordance with US GAAP. The consolidated financial statements prepared in accordance with US GAAP, together with related notes, are included under Item 18 in DRDGOLD's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission on or about 30 September 2004. The DRDGOLD Annual Report on Form 20-F for the year ended 30 June 2004 as filed with

the United States Securities and Exchange Commission on or about 30 September 2004 is available free of charge on EDGAR at [www.sec.gov](http://www.sec.gov) and [www.drdgold.com](http://www.drdgold.com).

The condensed consolidated financial statements set forth below for the three years ended 30 June 2004, and as at 30 June 2004 and 2003 have been derived from and should be read in conjunction with the US GAAP financial statements included under Item 18 in DRDGOLD's Annual Report on Form 20-F as filed with the United States Securities and Exchange Commission on or about 30 September 2004.

# CONDENSED CONSOLIDATED Statements of operations

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(Derived from financial statements prepared in accordance with US GAAP)

	2004	2003	2002
	\$'000	\$'000	\$'000
<b>Revenues</b>			
Product sales	317 696	265 944	303 858
<b>Costs and expenses</b>	(284 352)	(242 626)	(217 571)
Production costs	(281 897)	(239 961)	(218 056)
Movement in gold in process	1 000	(1 251)	(289)
Movement in rehabilitation provision, reclamation and closure cost	(3 455)	(1 414)	774
<b>Gross profit</b>	33 344	23 318	86 287
<b>Other operating expenses</b>			
Depreciation and amortization	(30 135)	(10 602)	(13 933)
Employment termination costs	(7 963)	(1 501)	(388)
Impairment of assets	(3 501)	–	(2 167)
Management and consulting fees	(2 448)	(1 650)	(1 888)
Post retirement medical benefits	–	–	(1 786)
(Loss)/profit on derivative instruments	(1 166)	43 821	(147 153)
Profit/(loss) on sale of mining assets	(55)	1 729	331
Profit on disposal of subsidiary	–	5 302	–
Write off of investments and loans	–	–	(86)
<b>Selling, administration and general charges</b> (including stock based compensation costs of \$2 309 546 (2003: \$ 4 312 759 and 2002: \$2 503 271))	(24 575)	(10 828)	(13 254)
<b>Net operating (loss)/income</b>	(36 499)	49 589	(94 037)
<b>Non-operating income</b>			
Interest and dividends	990	8 703	2 219
Unrealized foreign exchange gains	10 672	11 229	567
Profit/(loss) on sale of other assets and listed investments	63	152	(937)
<b>Finance costs</b>			
Interest expense	(7 912)	(6 909)	(2 385)
<b>(Loss)/profit before tax and other items</b>	(32 686)	62 764	(94 573)
<b>Income and mining tax (expense)/benefit</b>	(14 230)	(41 765)	42 864
Equity in loss from associates	(8 827)	(9 452)	–
<b>Net (loss)/profit after tax</b>	(55 743)	11 547	(51 709)
Minority interest	(7)	–	–
<b>Net (loss)/profit before cumulative effect of accounting change</b>	(55 750)	11 547	(51 709)
Cumulative effect of accounting change (net of income taxes of \$ Nil in 2003)	–	(173)	–
<b>Net (loss)/profit applicable to common stockholders</b>	(55 750)	11 374	(51 709)
<b>Basic (loss)/profit per share (cents) before cumulative effect of change in accounting policy</b>	(26)	6	(32)
<b>Cumulative effect of change in accounting policy (cents)</b>	–	–	–
<b>Basic (loss)/profit per share (cents)</b>	(26)	6	(32)
<b>Weighted average number of shares used in computation</b>	216 509 843	183 300 665	161 664 648
<b>Diluted (loss)/profit per share (cents) before cumulative effect of change in accounting policy</b>	(26)	4	(32)
<b>Cumulative effect of change in accounting policy (cents)</b>	–	–	–
<b>Diluted (loss)/profit per share (cents)</b>	(26)	4	(32)
<b>Diluted weighted average number of shares used in computation</b>	234 731 556	201 071 734	168 214 804

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 30 September 2004.

# CONDENSED CONSOLIDATED Balance Sheet at 30 June 2004

(Derived from financial statements prepared in accordance with US GAAP)

	2004	2003
	\$'000	\$'000
<b>ASSETS</b>		
<b>Current assets</b>	<b>63 871</b>	<b>91 604</b>
Cash and cash equivalents	22 453	44 423
Derivative instruments	822	6 563
Receivables	19 193	21 844
Receivables owing by related parties	321	1 255
Inventories	16 493	7 912
Deferred income and mining tax	4 589	9 607
<b>Mining assets</b>	<b>156 943</b>	<b>83 257</b>
Cost	327 115	219 969
Accumulated depreciation and amortization	(170 172)	(136 712)
<b>Other assets</b>		
Non-current related party receivables	–	706
Deferred income and mining tax	28 529	25 296
Derivative instruments	7 396	–
Non-current inventories	32 006	–
Non-current assets	37 566	27 555
<b>Total assets</b>	<b>326 311</b>	<b>228 418</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>	<b>86 003</b>	<b>89 185</b>
Bank overdraft	1 828	3 897
Accounts payable and accrued liabilities	61 153	49 964
Derivative instruments	1 131	15 552
Short-term portion of long-term loans	9 315	19 068
Income and mining taxes payable	2 744	(37)
Deferred income and mining tax	9 832	741
<b>Non-current liabilities</b>	<b>155 527</b>	<b>133 997</b>
Long-term loans	59 865	63 149
Deferred income and mining tax	44 394	29 052
Derivative instruments	12 161	17 169
Provision for environmental rehabilitation, reclamation and closure cost	39 107	24 627
<b>Total liabilities</b>	<b>241 530</b>	<b>223 182</b>
Minority interest	929	–
<b>Stockholders' equity</b>	<b>83 852</b>	<b>5 236</b>
<i>Authorised</i>		
300 000 000 (2003: 300 000 000) ordinary no par value shares and 5 000 000 (2003: 5 000 000) cumulative preference shares		
<i>Issued</i>		
233 307 667 (2003: 184 222 073) ordinary no par value shares and 5 000 000 (2003: 5 000 000) cumulative preference shares		
Cumulative preference shares	107	107
Stated capital and share premium	484 772	360 351
Additional paid in capital	40 015	37 705
Accumulated loss	(396 154)	(340 404)
Other comprehensive loss	(44 888)	(52 523)
<b>Total liabilities and stockholders' equity</b>	<b>326 311</b>	<b>228 418</b>

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 30 September 2004.

# CONDENSED CONSOLIDATED STATEMENTS of Stockholders' (Deficit)/Equity

## for the year ended 30 June 2004

(Derived from financial statements prepared in accordance with US GAAP)

	Number of common Shares	Number of preferred Shares	Preferred stock \$'000	Stated capital and share premium \$'000	Additional paid-in capital \$'000	Accumulated loss \$'000	Other com- prehensive (loss)/ income \$'000	Total Stock- holders' (deficit)/ equity \$'000	Compre- hensive (loss)/ income \$'000
<b>Balance – 1 July 2001</b>	154 529 578	5 000 000	107	302 959	30 889	(300 069)	(54 453)	(20 567)	
Exercise of employee stock options	10 643 907			7 634				7 634	
Issue of shares for cash	12 000 000			43 503				43 503	
Share issue expenses				(2 559)				(2 559)	
Net loss for the year						(51 709)		(51 709)	(51 709)
Stock based compensation					2 503			2 503	
Other comprehensive income, net of tax of nil									
Reclassification adjustment for net gain included in net income							(2 683)	(2 683)	(2 683)
Decrease in mark-to-market on listed investments							(719)	(719)	(719)
Foreign currency translation adjustments							9 126	9 126	9 126
<b>Balance – 30 June 2002</b>	177 173 485	5 000 000	107	351 537	33 392	(351 778)	(48 729)	(15 471)	(45 985)
Exercise of employee stock options	2 253 699			2 244				2 244	
Issue of shares for cash	4 794 889			6 783				6 783	
Share issue expenses				(213)				(213)	
Net profit for the year						11 374		11 374	11 374
Stock based compensation					4 313			4 313	
Other comprehensive income, net of tax of nil									
Decrease in mark-to-market on listed investments							(1 759)	(1 759)	(1 759)
Foreign currency translation adjustments							(2 035)	(2 035)	(2 035)
<b>Balance – 30 June 2003</b>	184 222 073	5 000 000	107	360 351	37 705	(340 404)	(52 523)	5 236	7 580
Exercise of employee stock options	978 053			1 298				1 298	
Issue of shares for cash	41 463 639			107 367				107 367	
Share issue expenses				(992)				(992)	
Acquisition of subsidiaries	6 643 902			16 748				16 748	
Net loss for the year						(55 750)		(55 750)	(55 750)
Stock based compensation					2 310			2 310	
Other comprehensive income net of tax of nil									
Decrease in mark-to-market on listed investments							4 403	4 403	4 403
Foreign currency translation adjustments							3 232	3 232	3 232
<b>Balance – 30 June 2004</b>	233 307 667	5 000 000	107	484 772	40 015	(396 154)	(44 888)	83 852	(48 115)
<b>Analysis of accumulated other comprehensive loss:</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>					
Mark-to-market on listed investments	3 447	45	(1 714)	2 689					
Foreign currency translation adjustments	(57 900)	(48 774)	(50 809)	(47 577)					
	(54 453)	(48 729)	(52 523)	(44 888)					

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 30 September 2004.

# CONDENSED CONSOLIDATED STATEMENTS of Cash Flows

## for the years ended 30 June 2004

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(Derived from financial statements prepared in accordance with US GAAP)

	2004	2003	2002
	\$'000	\$'000	\$'000
<b>Net cash utilised by operating activities</b>	<b>(25 092)</b>	<b>(23 878)</b>	<b>(64 170)</b>
Net (loss)/profit applicable to common stockholders	(55 750)	11 374	(51 709)
Reconciliation to net cash provided by operations:			
Net increase in provision for rehabilitation	9 528	1 414	445
Depreciation and amortisation	30 135	10 759	13 933
Amortisation of restraint of trade payments	–	70	124
Debt issuance costs amortised and non-cash interest movements	3 615	–	–
Impairment of assets	3 501	–	2 167
Loss/(profit) of sale of mining assets	55	(1 729)	(331)
(Profit)/loss on sale of other assets and listed investments	(63)	(152)	937
Stock based compensation expenses	2 310	4 313	2 503
Share of results of associate including tax thereon	8 827	9 452	–
Increase/(decrease) on deferred tax provision	6 842	41 765	(42 085)
Change in accounting policy	–	173	–
Movement in derivative instruments	(35 078)	(72 985)	12 403
Profit on disposal of subsidiary	–	(5 302)	–
Write down of investments and loans	–	–	86
Movement in minority interest	7	–	–
Effect of changes in operating working capital items:			
Receivables	7 114	(19 224)	3 328
Inventories	5 014	97	698
Movement in gold in process	(1 000)	1 251	358
Accounts payable and accrued liabilities (excluding short-term loans)	(13 462)	(4 683)	(7 335)
Movement in net taxation liability	3 313	(471)	308
<b>Net cash (utilised in)/realised from investing activities</b>	<b>(94 074)</b>	<b>(9 818)</b>	<b>2 854</b>
Additions to investments	(10 828)	(9 108)	(1 961)
Proceeds on sale of other assets and listed investments	63	196	11 070
Additions to mining assets	(26 917)	(13 414)	(8 188)
Proceeds on disposal of mining assets	3 397	3 594	1 662
Decrease in restricted cash	–	–	271
Cash paid for subsidiaries, net of cash acquired	(59 789)	–	–
Proceeds on disposal of subsidiary, net of cash disposed of	–	8 914	–
<b>Net cash generated in financing activities</b>	<b>88 626</b>	<b>55 449</b>	<b>67 561</b>
Expenses paid/(proceeds) from the issue of the convertible loan note	(636)	63 605	–
Net proceeds from issue of shares	108 665	9 027	51 137
Share issue expenses	(992)	(213)	(2 559)
(Decrease)/increase in bank overdraft	(2 069)	3 365	487
Long-term loans (repaid)/received	(16 342)	(20 335)	18 496
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(30 540)</b>	<b>21 753</b>	<b>6 245</b>
<b>Effect of exchange rate changes on cash</b>	<b>8 570</b>	<b>(1 182)</b>	<b>3 718</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>44 423</b>	<b>23 852</b>	<b>13 889</b>
<b>Cash and cash equivalents at end of year</b>	<b>22 453</b>	<b>44 423</b>	<b>23 852</b>

These condensed financial statements should be read in conjunction with the Company's financial statements and footnotes filed on Form 20-F with the United States Securities and Exchange Commission on or about 30 September 2004.

# CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – US GAAP

## for the year ended 30 June 2004

Supplemental to the condensed consolidated financial statements, a reconciliation from SA GAAP to US GAAP results. This reconciliation is provided for illustrative purposes only, as we prepare consolidated financial statements prepared in accordance with US GAAP, together with related notes, which are included under Item 18 in Durban Roodepoort Deep, Limited's Annual Report on Form 20-F filed with the United States Securities and Exchange Commission on or about 30 September 2004.

### Statements of operations information for the years ended 30 June

	Notes	2004 R'000	2003 R'000	2002 R'000
(Loss)/profit after taxation determined under SA GAAP		<b>(716 430)</b>	370 905	(510 534)
<i>Adjusted for:</i>				
Convertible debt instruments	A	<b>16 587</b>	72 387	–
Derivative instruments	B	–	–	(211 134)
Financial instruments – listed investments	C	<b>(30 383)</b>	15 929	(27 245)
Accounting for business combinations	D	<b>(1 917)</b>	13 033	(33 636)
Stock based compensation costs	E	<b>(15 936)</b>	(39 060)	(25 372)
Impairment of assets	F	<b>(23,819)</b>	35 503	–
Argonaut ore reserves	G	<b>11 100</b>	11 100	11 100
Other		–	(3 352)	7 407
Deferred taxation		<b>376 121</b>	(375 220)	253 456
Effect of US GAAP Adjustments		<b>331 753</b>	(269 680)	(25 424)
Net (loss)/profit determined under US GAAP		<b>(384 677)</b>	101 225	(535 958)
Net (loss)/profit determined under US GAAP (\$'000)		<b>(55 750)</b>	11 374	(51 709)
<b>Balance Sheet information as at 30 June</b>				
Stockholders' equity determined under SA GAAP		<b>564 057</b>	456 066	438 022
<i>Adjusted for:</i>				
Convertible debt instruments	A	<b>(66 656)</b>	(84 262)	–
Derivative instruments	B	–	–	(831 399)
Financial instruments – listed investments	C	–	–	469
Accounting for business combinations	D	<b>41 487</b>	56 707	(12 639)
Impairment of assets	F	<b>(23 819)</b>	(35 503)	–
Argonaut ore reserves	G	<b>11 100</b>	22 200	33 300
Other		<b>2</b>	2	7 258
Deferred taxation		–	(376 121)	248 519
Effect of US GAAP Adjustments		<b>(37 886)</b>	(416 977)	(554 492)
Stockholders' equity/(deficit) determined under US GAAP		<b>526 171</b>	39 089	(116 470)
Stockholders' equity/(deficit) determined under US GAAP (\$'000)		<b>83 852</b>	5 236	(15 471)

**Notes**

**A Accounting for convertible debt instruments**

Under SA GAAP, on the issue of convertible debt instruments, the issuer of the financial instrument is required to classify the instrument's component parts as a liability or as equity in accordance with the substance of the contractual arrangement. The fair value of the conversion option is determined accordingly and is recognised and presented separately in shareholders' equity. The obligation to make future payments of principle and interest to note holders is calculated by discounting the stream of future payments at the prevailing market rate for a similar liability that does not have an associated equity component as a long-term liability on the amortized cost basis until extinguished on conversion or maturity. Under US GAAP no separate value is attributed to the equity component and consequently the total face value of the loan notes is recognized as debt. The interest rate is calculated using the coupon rate and any premium/discount on redemption.

**B Accounting for financial instruments – derivatives**

Under SA GAAP, AC133 was adopted with effect from 1 July 2002, whereby certain financial instruments are recorded at fair value. This is consistent with US GAAP.

**C Accounting for listed investments**

Under SA GAAP, DRDGOLD has elected that listed investments are classified as held for trading investments and are recorded at fair value with unrealised gains and losses included in earnings for the relevant period. Under US GAAP, listed investments are carried at fair value with unrealised gains and losses reflected as a component of stockholders' equity.

**D Accounting for business combinations**

Under SA GAAP, the fair value of the purchase consideration given in a business combination is determined at the date of acquisition. Under US GAAP the fair value is determined in accordance with paragraph 74 of APB opinion 16, such that the market prices for a reasonable period before and after the date on which the terms of the acquisition are agreed to and announced are considered in determining the fair value of the securities issued.

**E Stock based compensation costs**

Under US GAAP, the cost of compensatory plans are recognised as an expense over the periods in which the employee performs the related services. SA GAAP does not require the recognition and

measurement of stock based compensation benefits.

**F Impairment of assets**

Under SA GAAP, mining assets are evaluated for impairment based on the latest available information. For US GAAP purposes only impairment indicators in existence at the balance sheet date, are considered. Accordingly there is a timing difference in impairments as recorded under SA GAAP and US GAAP.

**G Argonaut ore reserves**

In August 1997, DRDGOLD acquired the mineral rights represented by the Argonaut project. During 1998 exploration activities were suspended, however these were resumed in 2001. Since 2001 DRDGOLD has been depreciating these rights under SA GAAP, however, for US GAAP purposes the suspension of exploration activities in 1998 triggered an irreversible impairment of the mineral rights.