



## CFO's REVIEW

### ACCOUNTING POLICIES AND PRACTICES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) which the group has adopted for the year beginning on 1 July 2004. The transition to IFRS was implemented in accordance with First Time Adoption of International Financial Reporting Standards (IFRS 1) and since DRDGOLD's transition date is 1 July 2004, comparatives have been restated accordingly.

The main adjustments were to share-based payments (IFRS 2), property, plant and equipment depreciation (IAS 16), translation of a foreign operation (IAS 21) and the accounting for the convertible bond (IAS 32).

### CORPORATE ACTIVITIES

The group completed a major restructuring of its South African operations with the formation of DRDGOLD SA and the inclusion of Crown and ERPM, both being consolidated 100% from 1 December 2005. DRDGOLD is an 85% shareholder of DRDGOLD SA, with our BEE partner, Khumo Gold, holding the other 15%.

## The group has concluded an agreement with AngloGold Ashanti to purchase the Top Star Dump in Johannesburg

In Australasia, our interests in the Porgera and Tolukuma mines were reversed into Emperor Mines and Emperor Mines was consolidated 100% from 6 April 2006. This transaction gave rise to a number of accounting complexities under IFRS which have all been successfully resolved.

Also in Australasia, and as a consequence of the reversal of the group's assets into Emperor Mines, which was already listed on the Australian stock exchange, DRDGOLD delisted from the Australian stock exchange thus generating substantial savings in administration costs.

The group also made a Section 3(a)(9) of the Securities Act of 1933 exchange offer to existing convertible loan note holders to roll the convertible loan notes and, dependent on the outcome of that offer, the group will roll and/or repay the loan notes from existing cash, existing facilities and operational cash flows.

### GROUP REPORTING SYSTEMS

During the course of the year the group installed the Hyperion Enterprise Reporting and Consolidation System, a financial reporting system of great integrity and robustness.

The installation of this system means that the group can now move away from spreadsheets and their inherent weaknesses and risks to a controlled and integrated reporting and consolidation system of international standards.

### GROUP RESULTS

The group and its subsidiaries have received unqualified audit opinions from the independent auditors, KPMG Inc. Highlights of the results are shown on page 3.

### SUBSEQUENT EVENTS

The group has concluded an agreement with AngloGold Ashanti Limited to purchase the remaining extent of Erf 1 Park Central Township, better known as the Top Star Dump in central Johannesburg.

### FINANCE GOING FORWARD

The group finance team now have a world class reporting system in place. They have successfully converted to IFRS and they are to be congratulated on their achievements during the year and the effort required to get to where we are now should not be understated.



The group will continue to adopt new IFRS standards as and when they are issued and such adoptions may, dependent on the standard, require further changes in accounting bases and comparatives.

A handwritten signature in black ink, appearing to read 'John Sayers'.

**John Sayers**  
Chief Financial Officer  
17 October 2006