

Notes to the annual financial statements

for the year ended 30 June 2001

1 PRESENTATION OF FINANCIAL STATEMENTS

The financial statements are presented in Rands ('000) and cover the year ended 30 June 2001.

ACCOUNTING POLICIES

These financial statements have been prepared on the historical cost basis and incorporate the following principal accounting policies, which have been consistently applied, except for treatment of environmental rehabilitation (see note 2 below) and comply with South African Statements of Generally Accepted Accounting Practice.

CONSOLIDATION

The Group annual financial statements incorporate the annual financial statements of the Company, its wholly owned subsidiaries and their associated environmental rehabilitation trust funds. The results of the subsidiaries are included from the date on which effective control was acquired. All significant inter-company transactions and balances have been eliminated. The difference between the purchase price and the net asset value arising on the acquisition of a subsidiary is attributed to mining assets and is amortised in accordance with the Company's accounting policies.

Foreign entities' assets and liabilities are translated using the closing rates and income statement transactions are translated at the average exchange rates applicable. Shareholders' equity is translated at historic rates. The differences arising from the translation are taken directly to the shareholders' equity.

MINING ASSETS

Mining assets, which comprise mining properties, surface and mineral rights, development costs and mine plant facilities, are recorded at cost of acquisition less sales, recoupments and amounts written off.

Development costs consist primarily of expenditure to expand the capacity of the mines. Ordinary mine development costs to maintain production and exploration costs are expensed as incurred.

Depreciation of mining properties, development costs and mine plant facilities is computed primarily by the units-of-production method based on estimated proved and probable ore reserves. Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. Other fixed assets are depreciated using the straight-line method, principally over estimated useful lives of two to five years.

Recoverability of the long-term assets of the Group's operating mines, which include development costs, is reviewed periodically. Estimated future net cash flows for each mine are calculated using estimates of proved and probable ore reserves, estimated future sales prices (considering historical and current prices, price trends and related factors) and working capital and rehabilitation costs. Reductions in the carrying value of the long-term assets of the Group's mines are recorded to the extent that the remaining investment exceeds the estimate of future discounted net cash flows.

Management's estimates of future cash flows are subject to risks and uncertainties.

Therefore, it is reasonably possible that changes could occur which may affect the recoverability of the Group's mining assets.

INVESTMENTS

Investments are carried at cost less amounts written off and provisions for diminution in value, and comprise, inter alia, equity investments in both listed and various unlisted, mining-related companies. Realised gains and losses are included in the income statement. Unrealised losses are recorded as an expense where a significant decline in the value of the investment has occurred.

Investments in subsidiary companies are recorded at cost. Provision is made when there has been a permanent impairment in the carrying value of an interest in a subsidiary.

In the case of restraint of trade payments, the amount paid is amortised over the estimated period of the restraint, being four years.

INVENTORIES

Inventories include gold-in-process and consumable stores, and are stated at the lower of cost or net realisable value after appropriate provisions for redundant and slow-moving items. The cost of gold produced is determined principally by the weighted average cost method using related annual production costs.

DEFERRED MINING AND INCOME TAXATION

Deferred taxation is provided for by using the balance sheet liability method and represents the potential future liability for taxation at current statutory tax rates on the temporary

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differences between the financial statement amounts and the tax bases of certain assets and liabilities. Account is taken of potential deferred tax assets only to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Changes in deferred tax assets and liabilities include the impact of any tax rate changes enacted during the year.

The charge for taxation is based on the results for the year as adjusted for items which are exempt or disallowed.

ENVIRONMENTAL REHABILITATION

Long-term environmental obligations comprising decommissioning and restoration are based on the Group's environmental management plans, in compliance with the current environmental and regulatory requirements.

Decommissioning costs

Provision is made for the net present value of the estimated future decommissioning costs at the end of operating life of a mine. When this provision gives access to future economic benefits, an asset is recognised and included in mining assets. The unwinding of the decommissioning obligation is included in the

income statement. The estimated future costs of decommissioning obligations are regularly reviewed and adjusted as appropriate for new circumstances or changes in law or technology. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money.

Restoration costs

Estimated restoration costs are accrued and expensed over the operating life of each mine using the units-of-production method based on the estimated proved and probable ore reserves. Expenditure on ongoing rehabilitation costs is brought to account when incurred.

Environmental rehabilitation trust

Periodic contributions are made to the Rehabilitation Trust Fund for each mine, created in accordance with the South African statutory requirements, to fund the estimated cost of rehabilitation during and at the end of the life of each mine.

Environmental liabilities other than rehabilitation costs which relate to liabilities arising from specific events, are expensed when they are known, probable and reasonably estimable.

REVENUE

Revenue is recognised at the date gold bullion and by-products are delivered. Gains and losses on contracts, which are designated as hedges, are recognised in revenue when transactions are closed out.

RETIREMENT AND OTHER EMPLOYEE BENEFITS

Retirement plans, which are defined contribution plans, are funded through annual contributions. Liabilities to a multi-employer plan for medical benefits for certain retired employees are determined on an annual basis and expensed when incurred.

EARNINGS/(LOSS) PER SHARE

Earnings/(loss) per share is calculated based on the profit/(loss) for the year after taxation and the weighted average number of shares in issue during the year, while headline earnings/(loss) per share is calculated based on the profit/(loss) after taxation but before exceptional items. The resulting numbers are stated to the nearest cent.

*committed to
safety and
health*



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for the year ended 30 June 2001

HEDGING TRANSACTIONS

The Company may enter into financial transactions to ensure a degree of price certainty and to guarantee a minimum revenue on a portion of the planned gold production of its gold mines.

Generally, commodity forward sale and purchase contracts, purchases put options, call options sold and purchased, as well as forward currency contracts are accounted for as hedging transactions.

JOINT VENTURE RECOGNITION

The Group's interest in jointly controlled entities is accounted for by proportionate consolidation, which involves recognising a proportionate share of the joint venture's assets, liabilities, income and expenses and cash flows with similar items in the consolidated financial statements on a line-by-line basis.

SEGMENT REPORTING

All segment revenue and expenses are directly attributable to the segments. Segment assets include all operating assets used by a segment, and consist principally of mining assets, property, plant and equipment, as well as current assets. Segment liabilities include all operating liabilities and consist principally of trade creditors. These assets and liabilities are all directly attributable to the segments. Segment revenue, expenses and results include transfers between the geographical segments. These transfers are eliminated on consolidation.

FOREIGN CURRENCIES

Transactions in currencies other than Rands are recorded at the rates of exchange ruling on the dates of the transactions. Monetary

assets and liabilities denominated in such currencies are retranslated at the rates ruling on the balance sheet date. Profits and losses arising are dealt with in the income statement.

2 CHANGE IN ACCOUNTING POLICY

In terms of accounting standard AC 130 '*Provisions, contingent liabilities and contingent assets*', full provision has been made for the Group's estimated future decommissioning costs. Previously the provision for environmental rehabilitation had been built up on the units of production basis over the life of the mine.

A decommissioning asset has now been recognised in respect of the net present

value of future decommissioning costs and amortised using the production units of production over the life of a mine. The decommissioning obligation is unwound over the life of the mine and included in the income statement.

Estimated restoration costs are accrued and expensed over the operating life of mine using the units-of-production method.

The implementation had no unfavourable effect on the current year's income statement when compared to the rehabilitation provision raised in accordance with the previous policy and the prior year adjustment as disclosed below:

(R000)	Decommissioning assets	Accumulated amortisation	Decommissioning obligation	Restoration obligation	Environmental trust funds	Accumulated loss
As at 30 June 1999 previously reported	-	-	-	(73 641)	-	205 113
Adjustment in respect of change in accounting policy	56 063	(52 152)	(63 273)	27 207	37 016	(4 861)
As restated at 30 June 1999	56 063	(52 152)	(63 273)	(46 434)	37 016	200 252

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	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
3 REVENUE				
Gross revenue	2 215 499	2 137 106	1 395	66 375
Less: Hedging (loss)/profit	(73 750)	(93 472)	-	648
Net revenue	2 141 749	2 043 634	1 395	67 023
4 LOSS FROM OPERATIONS				
Loss from operations is arrived at after taking the following items into account:				
Auditors' remuneration	4 622	3 546	2 953	2 440
- audit fees - current year	1 762	1 685	510	831
- underprovision - prior year	612	550	555	343
- fees for other services	2 183	1 266	1 888	1 266
- expenses	65	45	-	-
Management, technical, administrative and secretarial service fees	14 438	40 457	5 893	8 351
Staff costs				
Included in staff costs are:				
- Salaries and wages	611 755	454 701	26 584	41 294
- Retrenchment and restructuring cost	22 470	15 750	6 534	6 110
- Pension fund contributions	43 804	53 263	-	6 945
Profit on sale of mining assets	(430)	-	-	-
Income from subsidiaries				
- administration and management fees	-	-	(27 790)	(35 126)

*we are
protecting the
environment*



Notes to the annual financial statements

for the year ended 30 June 2001

	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
4 LOSS FROM OPERATIONS (continued)				
EXCEPTIONAL ITEMS				
Changes in asset impairment and diminution in investments				
– mining assets	20 946	425 799	20 896	108 492
– reversal of Hargraves Resources NL provisions	(65 518)	–	–	–
– investments in non-South African subsidiaries	–	–	–	386 000
– investment in joint ventures	10 397	–	10 397	–
– accounts receivable – Rawas	–	122 574	–	30 508
– other	–	41 316	–	–
	(34 175)	589 689	31 293	525 000
5 DIRECTORS' EMOLUMENTS				
Executive directors				
<i>Services rendered as directors of the Company</i>				
Salaries to directors			13 092	9 621
Retrenchment payments			5 300	–
Restraint of trade payment amount amortised			1 741	2 997
Expenses			1 711	–
<i>Services rendered by directors as directors of subsidiaries</i>				
Salaries			319	1 194
Non-executive directors				
Directors' fees			295	920
Included in administration and general costs			22 458	14 732
Executive directors				
Share options – gains and bonuses for services rendered			13 127	166
Non-executive directors				
Share options – gains and bonuses for services rendered			494	–
Total emoluments			36 079	14 898
6 INVESTMENT INCOME				
Dividends from listed companies	217	406	208	406
Dividends from equity investments	1 537	–	–	–
Dividends from subsidiary	–	–	–	45 000
Royalties received	3 857	8 728	3 857	–
Sundry income	1 080	1 843	–	1 893
Interest received	8 272	11 735	4 064	3 989
Surplus/(loss) on realisation of listed and equity investments	1 764	(18 933)	1 468	10 827
Growth in Environmental Rehabilitation Trust Funds	6 630	10 448	47	–
Option fee receivable	14 170	–	14 170	–
Writedown of investments	(422)	–	–	–
	37 105	14 227	23 814	62 115

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for the year ended 30 June 2001

	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
7 INTEREST PAID				
Loans and other	(42 414)	(28 560)	(21 135)	(11 556)
8 TAXATION BENEFIT				
Mining tax	49 214	(12 348)	-	-
Non-mining tax	(796)	(372)	-	-
Foreign taxes	8 923	17 592	-	-
	57 341	4 872	-	-
<i>Comprising</i>				
South African				
Current tax - current year	(810)	(372)	-	-
- prior year	14	-	-	-
Deferred tax - current year	49 000	(12 348)	-	-
- prior year	214	-	-	-
Foreign				
Current tax - current year	4 072	6 036	-	-
Deferred tax - current year	4 851	11 556	-	-
	57 341	4 872	-	-

*recognition and
reward
commensurate
employees with
performance*



Notes to the annual financial statements

for the year ended 30 June 2001

	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
8 TAXATION BENEFIT (continued)				
Mining tax on mining income is determined on a formula which takes into account the profit and revenues from mining operations during the year. The statutory tax rate determined by the formula varies from mine to mine. It is therefore not possible to prepare a tax rate reconciliation. Non-mining income, which consists primarily of net interest, is taxed at the standard rate. South African deferred tax is provided at the estimated effective mining tax rate of 30% (2000: 30%) while the Australian deferred tax is provided at the Australian statutory rate of 36% (2000: 34%).				
Each company is taxed as a separate entity and no tax set-off is allowed between the companies.				
No provision has been made for mining income taxation in the Company as it did not earn any taxable income in the current year.				
Unredeemed Capex at the year-end, available for deduction against future mining income, amounts to:	673 986	680 400	153 449	155 223
Estimated tax losses at the year-end, which are available to reduce the future taxable income amount to:	347 174	216 787	216 773	191 453
Applied to reduce deferred tax	(173 720)	(120 959)	(78 045)	(95 671)
Tax losses carried forward	173 454	95 828	138 728	95 782
Estimated future tax relief at 30%	52 036	28 748	41 618	28 735

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for the year ended 30 June 2001

	GROUP		COMPANY	
	2001	2000	2001	2000
9 LOSS PER SHARE				
<i>Basic</i>				
The calculation of loss per ordinary share is based on loss after tax of (R000) and weighted average number of ordinary shares in issue:	(234 949)	(854 729)	(90 951)	(562 697)
	134 630 999	104 175 539	134 630 999	104 175 539
<i>Headline</i>				
The basic loss has been adjusted by the following to arrive at a headline loss:				
	R000	R000	R000	R000
Basic loss	(234 949)	(854 729)	(90 951)	(562 697)
Impairment of assets and investments	31 343	589 689	31 293	525 000
Reversal of Hargraves provisions	(65 518)	-	-	-
(Surplus)/loss on sale of investments	(1 764)	18 933	(1 468)	(10 827)
Headline loss	(270 888)	(246 107)	(61 126)	(48 524)
<i>Reconciliation of weighted average ordinary shares to diluted weighted average ordinary shares</i>				
	Number	Number	Number	Number
Weighted number of average issued ordinary shares	134 630 999	104 175 539	134 630 999	104 175 539
Number of share options in issue	8 937 607	8 937 607	8 937 607	8 937 607
Number of staff share options allocated	13 250 730	8 215 227	13 250 730	8 215 227
Diluted weighted average number of ordinary shares	156 819 336	121 328 373	156 819 336	121 328 373

*optimum use
of resources,
ensuring profits
and satisfactory
returns*



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for the year ended 30 June 2001

	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
10 MINING ASSETS				
Cost	1 808 792	1 802 126	435 055	436 836
Opening balance of mining properties, mineral rights, mine development and mine plant facilities	1 802 126	1 108 733	436 836	427 925
Acquired through purchase of subsidiaries	3 147	571 898	-	-
Additions	48 067	133 453	93	9 234
Disposals	(44 310)	(13 801)	(1 874)	(323)
Foreign exchange movement in opening balance	(238)	1 843	-	-
<i>Accumulated depreciation</i>	973 484	842 599	329 308	308 254
Opening balance	842 599	293 048	308 254	172 785
Impairment of assets	20 946	425 799	20 896	108 492
Current depreciation	109 939	123 752	158	26 977
Net book value	835 308	959 527	105 747	128 582
Decommissioning cost asset	98 784	98 784	7 951	7 951
Opening balance	98 784	56 063	7 951	7 951
Acquired through purchase of subsidiaries	-	42 721	-	-
Decommissioning cost amortisation	91 227	90 539	7 951	7 951
Opening balance	90 539	52 152	7 951	7 951
Acquired through purchase of subsidiaries	-	38 077	-	-
Depreciation	688	310	-	-
Net decommissioning asset value	7 557	8 245	-	-
Total assets net book value	842 865	967 772	105 747	128 582

Included in net book value is an amount of R55 million (2000: R55 million) in respect of mineral rights acquired from Randgold Et Exploration Company Limited which is not being depreciated.

Certain assets have been encumbered as security for specified liabilities (refer note 17).

In assessing the recoverability of the above assets, the estimated cash flows have been calculated using the following estimates:

- recoverable proved and probable reserves of 14.4 million ounces at 30 June 2001;
- sales price estimates are based on a sales price estimate of R65 874 per kg (US\$ 270 per ounce) and a base exchange rate of South African rand 8,04 to US dollar as at 30 June 2001, weakening in the future based on the differential between the local South African interest rate over the United States interest rate at an average difference of 4% per annum;
- working cost estimates are based on current working costs per kilogram at 30 June 2001, escalated for expected South African inflationary increases of approximately 5.5% per annum;
- 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 5.5% per annum; and
- mineral rights acquired from Randgold Et Exploration Company Limited are not anticipated to produce any cash flow in the near future.

Decommissioning asset:

The damage that occurs on the establishment of the mine creates an obligation to restore the environment to its original condition.

An asset, to be amortised over the life of the mine, has been created. As the date of decommissioning draws closer, the value of the asset decreases.

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	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
11 NON-CURRENT INVESTMENTS AND OTHER ASSETS				
Investments in listed companies	100 719	105 913	99 305	100 647
– at cost	100 846	114 734	99 305	109 468
– less: provision for diminution	127	8 821	–	8 821
Equity investments	17 000	17 055	1 824	922
Prepaid investment in subsidiary	–	–	120 547	103 770
Intangible asset	2 612	4 353	2 612	4 353
	120 331	127 321	224 288	209 692
Environmental Rehabilitation Trust Funds				
Balance at beginning of the year	100 654	37 016	2 925	3 208
Acquired through the purchase of subsidiaries	–	56 740	–	–
Contributions	3 666	–	–	–
Growth in Environmental Rehabilitation Trust Funds	6 630	10 448	47	–
Rehabilitation payments from fund	–	(3 550)	–	(283)
Balance at end of the year	110 950	100 654	2 972	2 925
	231 281	227 975	227 260	212 617
Less: Investment in listed companies shown under current assets	99 706	99 305	99 305	99 305
	131 575	128 670	127 955	113 312

A schedule of listed investments is available for inspection at the registered office of the Company upon request.

Certain listed investments have been pledged as security for the Western Areas Limited loan (refer to note 18).

The monies in the Trust Funds are invested primarily in interest-bearing debt securities and may be used only for environmental rehabilitation purposes.

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

*placing utmost
importance on the
interests of all
stakeholders*



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	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
11 NON-CURRENT INVESTMENTS AND OTHER ASSETS (continued)				
The directors of the Company perform independent valuations of these investments on an annual basis to ensure that no significant decline, other than a temporary nature, in value of the investments has occurred.				
The market values of listed investments are	121 175	101 101	119 761	97 195
The directors' valuation of the equity investments (including pre-paid investment in subsidiary) is	17 000	23 311	122 371	110 948
Intangible assets comprise restraint of trade payments to directors as follows:				
Opening balance	4 353	7 350	4 353	7 350
Less: amortisation	(1 741)	(2 997)	(1 741)	(2 997)
	2 612	4 353	2 612	4 353
12 INVESTMENTS IN SUBSIDIARIES				
Shares at cost, less provision			698 444	699 507
Amounts owing by subsidiaries, less provisions			360 223	886 660
			1 058 667	1 586 167
Amounts owing to subsidiaries			265 336	(947 203)
Net investment in subsidiaries			793 331	638 964
The interest of the Company in the (loss)/profit after taxation of its subsidiaries is:				
Aggregate losses			(175 134)	(320 349)
Aggregate profits			23 418	31 208
A schedule showing the Company's financial interest in each subsidiary is given in the Directors' Report on page 15.				
Shares in Buffelsfontein Gold Mines Ltd and Blyvooruitzicht Gold Mining Company Ltd have been ceded and pledged as security for a loan (refer note 17(b)).				
Shares in Stand 752 Parktown Extension (Pty) Ltd have been ceded and pledged as security for a loan (refer note 18(c)).				
13 INVENTORIES				
Gold in process	22 973	25 467	-	-
Consumable stores	52 710	57 201	220	1 936
	75 683	82 668	220	1 936

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	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
14 SHAREHOLDERS' EQUITY				
Details of the make-up of shareholders' equity are provided in the Statements of Shareholders' Equity on pages 21 and 22.				
Stated and share capital				
<i>Authorised</i>				
200 000 000 (2000: 200 000 000) ordinary shares of no par value		500	500	500
5 000 000 (2000: 5 000 000) cumulative preference shares of 10 cents each	500		500	
<i>Issued</i>				
154 529 578 (2000: 120 990 746) ordinary shares of no par value	1 717 724	1 527 014	1 717 724	1 527 014
Consideration for Rawas (see below)	(122 574)	(122 574)	(122 574)	(122 574)
5 000 000 (2000: 5 000 000) cumulative preference shares of 10 cents each	500	500	500	500
	1 595 650	1 404 940	1 595 650	1 404 940

Unissued shares

For the purpose of the Durban Roodepoort Deep (1996) Share Option Scheme, 15% of the issued ordinary shares have been reserved for participants and a further 8 937 607 unissued ordinary shares have been reserved for issue to the option investment holders when they exercise their option instruments.

In terms of an ordinary resolution passed at the previous Annual General Meeting, the remaining unissued ordinary shares in the Company are under the control of the directors until the next general meeting.

Cumulative preference shares

The terms of issue of the cumulative preference shares are that they carry the right, in priority to the Company's ordinary shares, to receive a dividend equal to 3% of the gross future revenue generated by the exploitation or the disposal of the mineral rights acquired from Randgold Et Exploration Company Limited in September 1997.

*ongoing
structured approach
to the identification,
assessment and
management of risk*



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14 SHAREHOLDERS' EQUITY (continued)

Option instruments

The Company currently has one class of options in issue, namely Durban Deep "B" options. There are 8 937 607 option instruments in issue at the year-end which are exercisable until 30 June 2002 at an exercise price of R60.00 per share.

Each option entitles the holder thereof to subscribe, at any time prior to the final exercise date, for one ordinary share of no par value in the share capital of the Company.

Consideration for Rawas

In July 1999 the Company allotted and issued 8 282 056 ordinary shares in respect of the "Rawas" transaction. The transaction was not completed as a result of certain legal requirements not being fulfilled. In September 2000 the Board made a decision to review its position with respect to this transaction and this review is ongoing.

The shares issued have been included in the annual financial statements and the allotment consideration in respect of the shares issued (R122.6 million), has been credited to a non-distributable reserve as the issue of shares will need to be validated by the Court.

Special resolution

The Company allotted and issued 8 000 000 ordinary shares on 31 October 2000 at a price which required shareholder approval in terms of section 82 of the Companies Act in South Africa. The shareholders ratified this allotment by means of a special resolution on 9 February 2001. The Registrar of Companies has refused to register this special resolution and, accordingly, this resolution needs to be validated by the Court.

	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
15 PROVISION FOR ENVIRONMENTAL REHABILITATION				
Environmental rehabilitation obligations				
Provision for decommissioning				
Balance at beginning of year	121 251	63 273	9 265	8 832
Acquired through purchase of subsidiaries		48 334	-	-
Reversal of Hargraves Resources NL	(6 554)	-	-	-
Charge to the income statement	7 506	9 644	603	433
Balance at end of year	122 203	121 251	9 868	9 265
Provision for restoration				
Balance at beginning of year	60 414	46 434	17 739	16 911
Acquired through purchase of subsidiaries	-	11 705	-	-
Charge to the income statement	3 927	2 275	1 153	828
Balance at end of the year	64 341	60 414	18 892	17 739
Provision for environmental rehabilitation	186 544	181 665	28 760	27 004
Future value of environmental rehabilitation obligations is estimated at:				
South African operations	188 400	184 170	28 760	27 004
Australian operations	9 197	8 826	-	-

Amounts have been contributed to irrevocable trusts (refer note 11).

The Company intends to fund the ultimate rehabilitation costs from the money invested with the trust funds as well as, at the time of mine closure, the proceeds on sale of remaining assets and gold from plant clean-up.

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16 DEFERRED MINING AND INCOME TAXES

The following is an analysis of the major categories of temporary difference included in the deferred tax balance:

Mining assets
Inventories
Provisions, including rehabilitation provision
Set off of estimated assessed loss
Other

Net deferred mining and income tax (liability tax)

Disclosed under non-current assets
Disclosed under non-current liabilities

Reconciliation between deferred taxation opening and closing balances

Balance at beginning of year
Deferred tax of subsidiaries acquired
Movement in current year
Reclassifications
Balance at end of year

	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
	(8 920)	(96 213)	-	-
	(3 416)	(3 303)	-	-
	32 314	27 498	-	-
	(69 013)	1 852	-	-
	34 377	(818)	-	-
	(14 658)	(70 984)	-	-
	15 871	-	-	-
	(30 529)	(70 984)	-	-
	(14 658)	(70 984)	-	-
	(70 984)	(53 538)	-	-
	-	(20 785)	-	-
	54 065	(792)	-	-
	2 261	4 131	-	-
	(14 658)	(70 984)	-	-

*transparent sharing
of information with
employees build
trust and
commitment*



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	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
17 LONG-TERM LIABILITIES				
These comprise loans from:				
<i>Secured</i>				
(a) First National Bank Limited	1 839	2 525	-	-
(b) FBCF Equipment Finance Limited	31 795	48 136	-	-
(c) Mineral Resources Development Company (Proprietary) Limited	11 205	10 748	-	-
(d) Newmont (Proprietary) Limited	22 349	13 602	-	-
(e) Financial Leases	1 839	-	-	-
- RMP Properties SA Limited	-	36 273	-	-
- NM Rothschild & Sons (Australia) Limited	-	41 288	-	-
- NM Rothschild & Sons (Australia) Limited	-	8 210	-	-
<i>Unsecured</i>				
(f) Industrial Development Corporation	17 187	23 437	-	-
	86 214	184 219	-	-
Less: payable within one year shown under current liabilities	(27 738)	(78 372)	-	-
	58 476	105 847	-	-
Long-term liability repayment schedule for capital amounts payable in the 12 months to:				
30 June 2001	-	78 372	-	-
30 June 2002	27 738	84 017	-	-
30 June 2003	35 452	16 500	-	-
30 June 2004	23 024	5 330	-	-
	86 214	184 219	-	-

- (a) The mortgage loan bears interest at 0.75% below prime lending rate offered by First National Bank on overdraft. The loan is repayable over 60 months which commenced on 1 July 1999 and is secured by first covering mortgage bond over Stand 752 Parktown Extension 1 and a deed of suretyship signed by the Company.
- (b) The loan facility, with a subsidiary, is subject to the following terms and conditions:
FBCF Equipment Finance (Pty) Ltd provided a loan to Buffelsfontein Gold Mine Limited on 17 November 1999. The capital amount is repayable in half-yearly instalments of R12.98 million which commenced on 17 November 1999 and termination on 17 November 2002. The Company ceded and pledged all its shares in Buffelsfontein Gold Mines Ltd and Blyvooruitzicht Gold Mining Company Ltd to BOE Merchant Bank. Joint and several guarantees have been given, by all South African-based companies within the Group, for the performance in full on the due date. Buffelsfontein Gold Mines Limited has provided R60 million of the gold lock-up contained in the Hartebeestfontein gold plant as security for the loan.
A general notarial bond over all movable assets of Buffelsfontein Gold Mines Ltd to the value of R60 million was registered in favour of BOE Merchant Bank.
The Company entered into a Interest Rate Swap and put and call agreement in respect of this loan. Refer to note 25.
- (c) On 20 November 1997 Dome Resources NL entered into a loan agreement with Mineral Resources Company (Proprietary) Limited ("MRDC") by which MRDC provided a loan to Tolukuma Gold Mine ("TGM") denominated in AUD\$. The loan is to be repayable in 4 equal half-yearly instalments, as per an amended agreement, with the first instalment payable on 30 June 2002 and the last payable on 31 December 2003. Interest is payable at 9% per annum. The loan is secured by a fixed and floating charge over the assets of the Tolukuma Gold Mine.
- (d) Dome Resources NL exercised its option to purchase tenements on 26 November 1993 from Newmont (Proprietary) Limited. As TGM achieved the production of 300 000 ounces of gold during the 2000 financial year, an amount of US\$3 million became payable over 3 years in 3 equal instalments. In terms of an amended arrangement the loan is repayable in 8 instalments with the last instalment payable on 31 August 2003. Interest is payable at 8% per annum, compounded monthly. The loan is secured by a fixed and floating charge over the assets of the Tolukuma Gold Mine.

Notes to the annual financial statements

for the year ended 30 June 2001

17 LONG-TERM LIABILITIES (continued)

- (e) Dome NL entered into a finance lease agreement with Volvo Truck Finance Australia (Pty) Ltd for a 36-month period. At the termination of the agreement the assets will be returned to the lessor. Interest is payable at current market rates.
- (f) The capital amount of R25 million is repayable in 47 equal monthly instalments which commenced on 1 May 2000. Interest on the loan is 2.5% below the prime overdraft rate per annum and is payable monthly in arrears commencing the last day of the month during which the first drawdown is made. A commitment fee of 1% on the loan amount plus 0.5% pa on the amount of each drawing is payable to IDC. The Company has guaranteed the loan.

	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
18 SHORT-TERM LIABILITIES				
Short-term portion of long-term liabilities	27 738	78 372	-	-
<i>Secured</i>				
(a) Western Areas Limited	139 784	119 858	139 784	119 858
(b) Hire purchase agreements	47	583	-	-
(c) RAR Kebble	5 318	-	5 318	-
<i>Unsecured</i>				
(d) Loan from directors	5 468	-	5 468	-
- Consolidated African Mining Limited	-	15 113	-	15 113
	178 355	213 926	150 570	134 971

- (a) The repayment agreement for an amount of R111 million was entered into on 21 February 2000 with Western Areas Limited. The repayment date is 31 December 2001. Repayment will be made by means of cash. Interest is payable at the overdraft rate. The Company has pledged certain of its listed investments as security for the repayment of the loan.
- (b) The Group entered into hire purchase agreements with financial institutions for the acquisition of various assets. The final payment will be made during the following financial year. The interest rates are as per various agreements. The loan is secured by means of the assets acquired.
- (c) A short-term loan bearing interest at prime ABSA overdraft rate. The loan is secured by a cession and pledge of the shares in Stand 752 Parktown Extension (Pty) Ltd.
- (d) Short-term loans from the executive Directors, repayable on 31 December 2001 bearing interest at the prime overdraft rate.

*productivity
improvement remains
an important aspect
of mining marginal
resources*



Notes to the annual financial statements

for the year ended 30 June 2001

19 PROVISIONS

Group (R000)	Opening balance	Additional provision made	Amounts used	Amounts unused reversed	Closing balance
			(incurred and charged to provision)		
Health care provision	(2 819)	(2 758)	-	-	(5 577)
Leave pay provision	(46 028)	(19 335)	15 313	-	(50 050)
Mining levy	(7 202)	-	-	6 469	(733)
Open hedge positions	-	(81 022)	-	-	(81 022)
Retrenchment provision	-	(9 725)	5 448	-	(4 277)
Other	(3 639)	(41 940)	30 267	13	(15 299)
	(59 688)	(154 780)	51 028	6 482	(156 958)

Company

In the current year a provision for leave pay of R3 594 000 was made.

	GROUP		COMPANY	
	2001 R000	2000 R000	2001 R000	2000 R000
20 ENVIRONMENTAL CONTINGENCIES OTHER THAN MINE REHABILITATION COSTS				
<i>Far West Rand Dolomitic Water Association</i>				
A subsidiary's share of the total estimated expenditure to be incurred by the Association on compensation and purchase of properties as a result of the dewatering of the Oberholtzer dolomitic water compartment has been expensed by the Group by depositing funds with the Association which at the year-end amounted to:	796	1 658	-	-
21 COMMITMENTS				
Capital expenditure commitments:				
(i) Contracted but not provided for in the annual financial statements	603	26 500	-	-
(ii) Authorised by the directors but not contracted for	27 936	24 300	-	-
	28 539	50 800	-	-

22 CONTINGENT LIABILITIES

The Company has:

- guaranteed the liabilities of certain subsidiaries as disclosed in note 17.
- bound itself as surety and co-principal debtor for an amount limited to the maximum of R4 million plus further interest and costs for the present and future indebtedness of Crown Consolidated Gold Recoveries Limited to the Standard Bank of South Africa Limited.
- guaranteed expenditure in the amount of R660 000 in respect of the Amanzi Water Project.

Notes to the annual financial statements

for the year ended 30 June 2001

23 EMPLOYEE BENEFIT PLANS

Retirement funds

The Group participates in a number of industry-based retirement plans. All plans are defined contribution plans and are governed by the Pension Funds Act, 1956. All the funds are actuarially valued at intervals of not more than three years using the projected benefit valuation basis. All pension funds have been valued during the last three years and were certified to be in a sound financial position. The provident funds are funded on the "money accumulative basis" with the members' and Company's contributions having been fixed in the constitutions of the funds. The majority of the Group's employees are covered by the above-mentioned retirement benefit plans.

Post retirement benefits other than pensions

Skilled workers participate in multi-employer plans, which pay certain medical costs. Employer contributions are determined on an annual basis by the funds. Qualifying dependants receive the same benefits as active employees other than discussed below. The Group has no legal obligations to retirees and their qualifying dependants for any contributions towards these medical funds.

No post-retirement benefits are available to other workers.

A subsidiary of the Company has an obligation to fund a portion of the medical aid contributions of its employees after they have retired. This obligation was valued at 1 January 2000 by an independent actuary.

Included in provisions is an amount of R5.6 million in respect of this obligation.

Long service awards

The Group companies participate in the Chamber of Mines of South Africa Long Service Award Scheme. In terms of the Scheme, bonus payments are made to certain employees upon attaining a certain qualifying age and level of service.

No provision has been made for this obligation as the amount of the liability cannot be determined with any accuracy. Long service awards are expensed as incurred.

Share option plan

The Company has an Employee Share Option Scheme in terms of which the aggregate number of unissued shares that may be reserved shall not exceed 15% of the issued ordinary share capital. Refer page 16 for a summary of the share option scheme movements in the current year.

*achieving good
employer/employee
relations through
effective sharing of
relevant information*



Notes to the annual financial statements

for the year ended 30 June 2001

24 RELATED PARTY TRANSACTIONS

- 24.1 An amount is owed to Western Areas Ltd in respect of loan advances from that company during the period December 1999 and January 2000 (Refer to notes 18(a) and 11). The proceeds of these loans were used to acquire listed shares. The Company has entered into an agreement with JCI Gold Ltd and Consolidated African Mines Ltd ("CAM"), whereby those companies have the option to purchase the remaining listed shares. The option fee received during the financial year in terms of this agreement amounted to R14 million, which is included in the CAM balance of R21 million included in accounts receivable.
- 24.2 The Company arranged with JCI Gold Ltd to place 8 000 000 ordinary DRD shares into the market. In return, JCI Gold Ltd received an arranging fee of R2.6 million. A portion of the proceeds from the issue of these shares was used to settle the loan of R38.2 million owing by Crown Consolidated Gold Recoveries Ltd to IProp (formerly RMP).
- 24.3 On 2 October 2000, the Company allotted and issued to CAM 800 000 ordinary shares at an issue price of R7.80 per share under the general authority granted to directors to issue shares for cash.
- 24.4 R15 million was received from RAR Kebble, which was partially used for the purchase at market price of the Company's investment in Rand Leases Properties Ltd shares and the settlement by him of an amount due by CAM. Interest payable on the remaining balance of R5.3 million during the year amounted to R0.5 million.
- 24.5 The Company makes use of FW Services CC and Neil Pretorius, related parties to Mr F Weideman, an executive director. The services provided by these parties are on an arm's length basis.
- 24.6 In the 2000 financial year, the Group allotted and issued 8 282 056 ordinary shares in respect of the "Rawas" transaction, but as the transaction had not been completed at that time, the Board undertook to review its position with respect to this transaction. Information has subsequently come to the Company's knowledge that 3 212 561 of these shares were received by companies in the CAM group and other CAM related companies.

25 FINANCIAL RISK MANAGEMENT

Cash and cash equivalents

The carrying value of cash and cash equivalents approximates their fair value due to the short-term maturity of these deposits. In addition, the Group minimises its credit risk by placing cash and cash equivalents with major banks and financial institutions located in South Africa, after evaluating the credit ratings of the respective financial institutions. The Group believes that no concentration of credit risk exists in respect of cash and cash equivalents.

Derivative financial instruments

In the normal course of its operations, the Group is exposed to commodity price, currency, interest, liquidity and credit risks.

In order to manage these risks, the Group may enter into transactions which make use of off-balance sheet financial instruments. These include gold forward sale, gold forward purchase and gold option contracts. These instruments are normally accounted for as hedges and, accordingly, in the circumstances, gains and losses are recognised as a component of revenue.

Concentration of credit risk

The Group's financial instruments do not represent a concentration of credit risk, because the Group deals with a variety of major banks and financial institutions, located in South Africa and Australia, after evaluating the credit ratings of the representative financial institutions. Furthermore, its debtors and loans are regularly monitored and assessed. An adequate level of provision is maintained.

Foreign currency risk

In the normal course of business, the Group enters into transactions denominated in foreign currencies (primarily United States Dollars ("US\$") and Australian Dollars ("A\$")). In addition, the Group has investments and liabilities in a number of different currencies (primarily US\$ and A\$). As a result, the Group is subject to transaction exposure from fluctuations in foreign currency exchange rates.

The Group has not hedged its exposure to Rand based foreign currency rate fluctuations and the risk to the Group is reviewed on a regular basis.

Notes to the annual financial statements

for the year ended 30 June 2001

25 FINANCIAL RISK MANAGEMENT (continued)

Interest rates and liquidity risk

Fluctuation in interest rates impacts on the value of short-term cash investments and financing activities, giving rise to interest rate risks. In the ordinary course of business, the Group receives cash from its operations and is required to fund working capital and capital expenditure requirements. This cash is managed to ensure surplus funds are invested in a manner to achieve maximum returns while minimising risks. Funding deficits for the Group's mining operations have been financed through the issue of additional shares and external borrowings. The Company has entered into an interest rate swap agreement converting the FBCF loan (see note 17 (b)) fixed rate to a variable market rate. The agreement was entered into on 17 November 1999 and expires on 17 November 2002. The variable interest for the period 17 May 2001 to 17 November 2001 is calculated on a notional amount of R33.4 million (2000: R17.8 million). The variable rate is based on the mid-market rate for deposits in South Africa plus 3%. The fair value of the interest rate swap agreement at 30 June 2001 is a benefit of R0.5 million (2000: R1.2 million). The Company entered into an agreement with BOE Merchant Bank on 17 November 2000 to provide either party with the opportunity to terminate the loan agreement on a date earlier than 17 November 2002. If the option in respect of the agreement was exercised on 30 June 2001, this would have resulted in a maximum cost to the Company of R35 million (2000: R55 million).

(i) Hedging instruments

The Company has entered into the following hedging transactions which mature in the years ended 30 June

South African operations

Forward sale

Ounces	486 250	350 000	330 000	180 000	45 000
Average price (R/ounce)	1 877.50	2 132.35	2 187.02	2 240.00	2 256.00

Ounces	14 000				
US\$/ounce	280.00				

Call options sold

Ounces	70 000	84 000	14 000		
Average price (R/ounce)	2 042.66	2 076.98	2 083.84		

Ounces	60 000				
Average price (\$/ounce)	333.23				

Puts bought

Ounces	70 000	84 000	14 000		
Average price (R/ounce)	1 900.00	1 967.50	1 990.00		

Ounces	60 000				
Average price (\$/ounce)	275.00				

*we intend to
benchmark our
achievements on an
annual basis*



Notes to the annual financial statements

for the year ended 30 June 2001

25 FINANCIAL RISK MANAGEMENT (continued)

	2002	2003	2004	2005	2006
<i>Call options sold</i>					
Ounces	100 000	120 000	20 000		
Average price (R/ounce)	2 042.66	2 076.98	2 083.84		
<i>Call options bought</i>					
Ounces	65 625	150 000	150 000		
(R/ounce)	2 300.00	2 999.93	2 999.93		
<i>Gold lease rate swaps</i>					
Volume	18 750		300 000		
Rate	2.00%		0.20%		

The fair value of the hedgebook at 30 June 2001 amounted to a loss of R713.6 million.

At the last practicable date – 31 August 2001 – the fair value of the hedgebook amounted to a loss of R806.5 million.

(ii) Non-hedging instruments

The Company has entered into the following transactions which have been accounted for in the financial statements and which mature in the years ended 30 June

2002

South African operations

Forward purchase

Ounces	151 548
Average price (\$/ounce)	337.84

An amount of R81 022 000 is included in provisions (refer note 19) in respect of the forward purchase contracts maturing within 1 year.

Fair value of financial instruments

The following table represents the carrying amounts and fair values of the Group's financial instruments outstanding at 30 June 2001.

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

	30 June 2001 R000 Carrying amount	30 June 2001 R000 Fair value	30 June 2000 R000 Carrying amount	30 June 2000 R000 Fair value
<i>Financial assets</i>				
Cash and cash equivalents	113 814	113 814	102 107	102 107
Accounts receivable	124 954	124 954	139 397	139 397
Listed investments	100 318	121 175	105 913	101 101
Investment in environmental trusts	110 950	110 950	100 654	100 654
<i>Financial liabilities</i>				
Accounts payable and other liabilities	510 215	510 215	461 646	461 646
Bank overdrafts	362	362	13 983	13 983
Long-term debt				
– long-term portion	58 476	59 478	105 847	105 953
– short-term portion	178 355	178 355	213 926	228 065

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and short-term borrowings approximates their fair values due to the short-term maturities of these assets and liabilities.

The fair value of listed investments has been determined by reference to the market value of the underlying investments. The investment in the environmental trusts is invested primarily in interest-bearing securities, which approximate their fair value.

Notes to the annual financial statements

for the year ended 30 June 2001

26 SEGMENT INFORMATION

The Group operates in one industry segment, being the extraction and production of gold and related by-products.

Revenue

	2001 R000 South African operations	2001 R000 Australasian operations	2001 R000 Total
Revenue	2 010 132	131 617	2 141 749
Result			
Loss from operations	(252 373)	(36 570)	(288 943)
Other operating income	35 042	2 063	37 105
Interest paid	(38 716)	(3 698)	(42 414)
Taxation	48 419	8 922	57 341
Loss after tax	(207 628)	(29 283)	(236 911)
Balance sheet			
Mining assets	661 826	181 039	842 865
Net current liabilities	(196 040)	(69 835)	(265 875)
Other information			
Capital expenditure	42 536	5 531	48 067
Change in asset impairment and diminution in investments	(31 343)	65 518	34 175
Total number of employees	18 653	463	19 116

Result

Loss from operations
Other operating income
Interest paid
Taxation

Loss after tax

Balance sheet

Mining assets
Net current liabilities

Other information

Capital expenditure
Change in asset impairment and diminution in investments
Total number of employees

*embracing the
challenges and
opportunities that
new developments
offer*



Notes to the annual financial statements

for the year ended 30 June 2001

26 SEGMENT INFORMATION (continued)

The Group operates in one industry segment, being the extraction and production of gold and related by-products.

Revenue

2000 R000	2000 R000	2000 R000
South African operations	Australasian operations	Total
1 950 140	93 494	2 043 634

Result

Loss from operations	(385 125)	(459 660)	(844 785)
Other operating income	31 693	(17 466)	14 227
Interest paid	(28 560)	-	(28 560)
Taxation	(12 720)	17 592	4 872

Loss after tax

(394 712)	(459 534)	(854 246)
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Balance sheet

Mining assets	721 505	246 267	967 772
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Net current assets/(liabilities)

(283 361)	12 863	270 498
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Other information

Capital expenditure	119 331	14 122	133 453
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Asset impairment and diminution in investments	(228 035)	(361 654)	(589 689)
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Total number of employees	19 826	354	20 180
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