GROUP STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

		CONTINUING OPERATIONS		DISCONTINUED OPERATIONS[1]		TOTAL OPERATIONS	
	Note	2013 R'000	2012 R'000	2013 R'000	2012 R'000	2013 R'000	2012 R'000
Revenue	3	**2 076 496**	1 764 191	–	1 240 073	**2 076 496**	3 004 264
Cost of sales		**(1 639 377)**	(1 400 268)	–	(1 101 594)	**(1 639 377)**	(2 501 862)
Operating costs		**(1 497 439)**	(1 231 020)	–	(1 061 770)	**(1 497 439)**	(2 292 790)
Depreciation	10	**(143 766)**	(119 189)	–	(1 661)	**(143 766)**	(120 850)
Retrenchment costs	4	**(565)**	–	–	(43 747)	**(565)**	(43 747)
Movement in provision for environmental rehabilitation	18	**(15 334)**	(59 486)	–	301	**(15 334)**	(59 185)
Movement in gold in process		**17 727**	9 427	–	5 283	**17 727**	14 710
Gross profit from operating activities		**437 119**	363 923	–	138 479	**437 119**	502 402
Impairments	4	**(238 001)**	(1 100)	–	–	**(238 001)**	(1 100)
Administration expenses and general costs		**(78 070)**	(110 619)	–	(10 918)	**(78 070)**	(121 537)
Results from operating activities	4	**121 048**	252 204	–	127 561	**121 048**	379 765
Finance income	6	**65 968**	24 446	–	8 994	**65 968**	33 440
Finance expenses	7	**(41 975)**	(15 678)	–	(2 028)	**(41 975)**	(17 706)
Profit before taxation		**145 041**	260 972	–	134 527	**145 041**	395 499
Income tax	8	**(44 941)**	(8 010)	–	–	**(44 941)**	(8 010)
Profit before loss on disposal of discontinued operations		**100 100**	252 962	–	134 527	**100 100**	387 489
Loss on disposal of discontinued operations		**–**	–	–	(10 532)	**–**	(10 532)
Profit for the year		**100 100**	252 962	–	123 995	**100 100**	376 957
Attributable to:							
Equity owners of the parent		**59 194**	217 301	–	91 374	**59 194**	308 675
Non-controlling interest		**40 906**	35 661	–	32 621	**40 906**	68 282
Profit for the year		**100 100**	252 962	–	123 995	**100 100**	376 957
Other comprehensive income, net of tax							
Items that are or may be reclassified subsequently to profit or loss:							
Net gain on disposal of available-for-sale financial assets reclassified to profit or loss		**–**	–	–	(6 656)	**–**	(6 656)
Net gain on disposal of available-for-sale financial asset		**–**	–	–	(4 925)	**–**	(4 925)
Non-controlling interest in net gain on disposal of available-for-sale financial asset		**–**	–	–	(1 731)	**–**	(1 731)
Deferred taxation thereon		**–**	–	–	–	**–**	–
Net foreign exchange translation reserve		**9 134**	(3 999)	–	–	**9 134**	(3 999)
Foreign exchange profit/(loss) on translation		**9 134**	(3 999)	–	–	**9 134**	(3 999)
Deferred taxation thereon		**–**	–	–	–	**–**	–
Net fair value adjustment on available-for-sale investment		**34 570**	16 480	–	2 703	**34 570**	19 183
Fair value adjustment on available-for-sale investment		**(72 113)**	20 572	–	2 328	**(72 113)**	22 900
Impairment of available-for-sale investment reclassified to profit or loss		**101 261**	–	–	–	**101 261**	–
Non-controlling interest in fair value adjustment on available-for-sale investment		**951**	379	–	375	**951**	754
Deferred taxation thereon		**4 471**	(4 471)	–	–	**4 471**	(4 471)
Total comprehensive income for the year		**143 804**	265 443	–	120 042	**143 804**	385 485
Attributable to:							
Equity owners of the parent		**101 947**	229 403	–	88 777	**101 947**	318 180
Non-controlling interest		**41 857**	36 040	–	31 265	**41 857**	67 305
Total comprehensive income for the year		**143 804**	265 443	–	120 042	**143 804**	385 485
Earnings per share attributable to equity owners of the parent							
Basic earnings per share (cents)	9	**16**	57	–	23	**16**	80
Diluted earnings per share (cents)	9	**16**	56	–	24	**16**	80

[1] The discontinued operations relate to Blyvooruitzicht Gold Mining Company Limited (Blyvoor), disposed effective 1 June 2012 (refer note 12).

The accompanying notes are an integral part of these financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 R'000	2012 R'000
Revenue	3	**102 248**	36 806
Operating costs		**(19 221)**	(37 776)
Depreciation	10	**(145)**	(83)
Retrenchment costs	4	**(565)**	–
Movement in provision for environmental rehabilitation	18	**20 382**	(1 333)
(Impairments)/reversal of impairments	4	**(171 389)**	85 666
Administration expenses and general costs		**(30 384)**	(58 527)
Results from operating activities	4	**(99 074)**	24 753
Finance income	6	**224 206**	169 691
Finance expenses	7	**(18 029)**	(303)
Profit before taxation		**107 103**	194 141
Income tax	8	**(6 861)**	(2 861)
Profit for the year		**100 242**	191 280
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Net fair value adjustment on available-for-sale investment		**30 912**	14 581
Fair value adjustment on available-for-sale investment		**(74 820)**	19 052
Impairment of available-for-sale investments reclassified to profit or loss		**101 261**	–
Deferred taxation thereon		**4 471**	(4 471)
Total comprehensive income for the year		**131 154**	205 861

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2013

GROUP				COMPANY	
2012 R'000	2013 R'000		Note	2013 R'000	2012 R'000
		ASSETS			
2 021 594	**2 066 292**	**Non-current assets**		**1 132 988**	1 071 186
1 641 557	**1 756 333**	Property, plant and equipment	10	**231**	15 287
341 752	**307 070**	Non-current investments and other assets	11	**120 891**	194 956
		Investments in subsidiaries	12	**1 008 977**	829 143
		Investment in joint venture	13	**–**	30 620
38 285	**2 889**	Deferred tax asset	20	**2 889**	1 180
470 695	**604 853**	**Current assets**		**314 510**	229 670
105 840	**138 847**	Inventories	15	**5**	5
61 896	**82 745**	Trade and other receivables	16	**5 555**	3 024
4 453	**6 092**	Current tax asset		**1 726**	–
298 506	**377 169**	Cash and cash equivalents		**307 224**	226 641
2 492 289	**2 671 145**	**TOTAL ASSETS**		**1 447 498**	1 300 856
		EQUITY AND LIABILITIES			
1 633 921	**1 648 269**	**Equity**		**1 255 729**	1 240 490
1 497 192	**1 427 035**	Equity of the owners of the parent	17	**1 255 729**	1 240 490
136 729	**221 234**	Non-controlling interest			
597 331	**777 073**	**Non-current liabilities**		**144 552**	20 382
504 327	**524 323**	Provision for environmental rehabilitation	18	**–**	20 382
5 972	**8 653**	Post-retirement and other employee benefits	19	**1 220**	–
87 032	**100 765**	Deferred tax liability	20	**–**	–
–	**143 332**	Loans and borrowings	21	**143 332**	–
261 037	**245 803**	**Current liabilities**		**47 217**	39 984
227 511	**220 491**	Trade and other payables		**22 390**	39 984
30 690	**24 294**	Loans and borrowings	21	**24 294**	–
–	**1 018**	Post-retirement and other employee benefits	19	**533**	–
2 836	**–**	Current tax liability		**–**	–
2 492 289	**2 671 145**	**TOTAL EQUITY AND LIABILITIES**		**1 447 498**	1 300 856

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Number of ordinary shares	Number of cumulative preference shares	Share capital
			R'000
GROUP			
Balance at 30 June 2011	**384 884 379**	**5 000 000**	**4 132 604**
Staff options exercised	499 388		1 818
Share issue expenses			(555)
Share-based payments			
Total comprehensive income for the year			
Non-controlling interest on disposal of subsidiary			
Transfer of reserves on disposal of subsidiary			
Treasury shares acquired through subsidiary			(58 228)
Treasury shares disposed of by subsidiary			13 478
Dividend on ordinary share capital			
Balance at 30 June 2012	**385 383 767**	**5 000 000**	**4 089 117**
Share issue expenses			(180)
Share-based payments			
Share option buy-out			
Total comprehensive income for the year			
Non-controlling interest on disposal of subsidiary			
Treasury shares disposed of by subsidiary			350
Dividend on ordinary share capital			
Balance at 30 June 2013	**385 383 767**	**5 000 000**	**4 089 287**
COMPANY			
Balance at 30 June 2011	384 884 379	5 000 000	4 132 604
Staff options exercised	499 388		1 818
Share issue expenses			(555)
Share-based payments			
Total comprehensive income for the year			
Dividend on ordinary share capital			
Balance at 30 June 2012	**385 383 767**	**5 000 000**	**4 133 867**
Share issue expenses			(180)
Share-based payments			
Share option buy-out			
Total comprehensive income for the year			
Dividend on ordinary share capital			
Balance at 30 June 2013	**385 383 767**	**5 000 000**	**4 133 687**

[1] *Revaluation and other reserves comprise share-based payment reserves, foreign currency translation reserve and asset revaluation reserves. The foreign exchange differences arose on translation of a foreign joint venture in Zimbabwe (refer note 17).*

The accompanying notes are an integral part of these financial statements.

Cumulative preference share capital	Revaluation and other reserves[1]	Retained earnings	Equity of the owners of the parent	Non-controlling interest	Total equity
R'000	R'000	R'000	R'000	R'000	R'000
500	**203 349**	**(3 089 215)**	**1 247 238**	**(28 072)**	**1 219 166**
			1 818		1 818
			(555)		(555)
	4 133		4 133		4 133
	9 062	309 118	318 180	67 305	385 485
			–	97 496	97 496
	(11 469)	11 469	–		–
			(58 228)		(58 228)
			13 478		13 478
		(28 872)	(28 872)		(28 872)
500	**205 075**	**(2 797 500)**	**1 497 192**	**136 729**	**1 633 921**
			(180)		(180)
	1 166		1 166		1 166
	(24 052)		(24 052)		(24 052)
	42 753	59 194	101 947	41 857	143 804
		(58 384)	(58 384)	58 384	–
			350		350
		(91 004)	(91 004)	(15 736)	(106 740)
500	**224 942**	**(2 887 694)**	**1 427 035**	**221 234**	**1 648 269**
500	37 139	(3 110 237)	1 060 006		1 060 006
			1 818		1 818
			(555)		(555)
	2 232		2 232		2 232
	14 581	191 280	205 861		205 861
		(28 872)	(28 872)		(28 872)
500	**53 952**	**(2 947 829)**	**1 240 490**		**1 240 490**
			(180)		(180)
	809		809		809
	(24 052)		(24 052)		(24 052)
	30 912	100 242	131 154		131 154
		(92 492)	(92 492)		(92 492)
500	**61 621**	**(2 940 079)**	**1 255 729**		**1 255 729**

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2013

GROUP				COMPANY	
2012 R'000	2013 R'000		Note	2013 R'000	2012 R'000
		CASH FLOWS FROM OPERATING ACTIVITIES			
3 004 264	**2 076 496**	Cash received from sales of precious metals/management fees		**25 116**	36 768
(2 380 681)	**(1 634 128)**	Cash paid to suppliers and employees		**(68 566)**	(67 054)
623 583	**442 368**	Cash generated by/(applied to) operations	22	**(43 450)**	(30 286)
18 243	**27 337**	Finance income		**19 647**	10 954
34	**32 470**	Dividends received		**32 470**	34
(3 382)	**(4 097)**	Finance expenses		**(13 736)**	(303)
(17 308)	**4 185**	Income tax received/(paid)		**(5 825)**	(2 819)
621 170	**502 263**	Net cash inflow/(outflow) from operating activities		**(10 894)**	(22 420)
		CASH FLOWS FROM INVESTING ACTIVITIES			
(63 226)	**(58 292)**	Acquisition of investments		**(26 890)**	(3 962)
–	**1 839**	Cash flow on disposal of investments		**1 839**	–
(333 175)	**(382 424)**	Additions to property, plant and equipment		**(89)**	(21 992)
12 470	**31 970**	Proceeds on disposal of property, plant and equipment		**16 404**	–
(19 766)	**(22 476)**	Environmental rehabilitation payments		**–**	–
		Decrease in amounts owing by subsidiaries		**53 605**	138 716
(9 584)	**–**	Cash flow on disposal of subsidiary, net of cash disposed	23	**–**	(7 226)
(413 281)	**(429 383)**	Net cash (outflow)/inflow from investing activities		**44 869**	105 536
		CASH FLOWS FROM FINANCING ACTIVITIES			
1 818	**–**	Proceeds from the issue of shares		**–**	1 818
(555)	**(180)**	Share issue expenses		**(180)**	(555)
(58 228)	**–**	Acquisition of treasury shares		**–**	–
13 478	**350**	Proceeds on disposal of treasury shares		**–**	–
–	**163 332**	Advances of loans and borrowings		**163 332**	–
(96 194)	**(30 690)**	Repayments of loans and borrowings		**–**	–
–	**(24 052)**	Share option buy-out		**(24 052)**	–
(28 872)	**(103 063)**	Dividends paid		**(92 492)**	(28 872)
(168 553)	**5 697**	Net cash inflow/(outflow) from financing activities		**46 608**	(27 609)
39 336	**78 577**	**NET INCREASE IN CASH AND CASH EQUIVALENTS**		**80 583**	55 507
259 112	**298 506**	Cash and cash equivalents at the beginning of the year		**226 641**	171 134
58	**86**	Foreign exchange movements		**–**	–
298 506	**377 169**	**Cash and cash equivalents at the end of the year**	24	**307 224**	226 641

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. ACCOUNTING POLICIES

DRDGOLD Limited (the company) is domiciled in South Africa. The consolidated financial statements of the company for the year ended 30 June 2013 comprise the company and its subsidiaries (together referred to as the group), and the group's interests in associates and jointly controlled entities.

Where reference is made to group in these financial statements it should be construed as including the company as the context requires.

STATEMENT OF COMPLIANCE

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act.

The financial statements were approved by the board of directors on 16 September 2013.

BASIS OF MEASUREMENT

The financial statements are prepared on the historical cost basis, unless otherwise stated.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in South African rands, which is the company's functional currency. All financial information presented in South African rands has been rounded to the nearest thousand.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date, and the reported amounts of revenues and expenses during the reporting period. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results could differ from those estimates.

The estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable in the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The judgements that management has applied in the application of accounting policies, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Recoverable amount of mining assets and depreciation

The recoverable amounts of mining assets are generally determined utilising discounted future cash flows. Management also considers such factors as the market capitalisation of the group, the quality of the individual ore body and the country risk in determining the recoverable amount. During the year under review, the group calculated a recoverable amount based on updated life-of-mine plans, a gold price of R410 473 per kilogram (2012: R441 936 per kilogram) in year one escalating at an average of 6.7% (2012: 5.3%) per year, and a discount rate of 14.9% (2012: 14.4%). At a 10% lower gold price received of R369 425 per kilogram, a R1 097.4 million impairment would be recognised and at a 1.9 percentage points (13%) increase in the discount rate to 16.8%, the group would begin impairment of the mining assets (refer to note 10).

The calculation of the units-of-production rate of depreciation could be affected if actual production in the future is different from current forecast production based on proved and probable mineral reserves. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating mineral reserves.

Factors could include:

- changes in proved and probable mineral reserves;
- the grade of mineral reserves may vary significantly from time to time;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites;
- changes in capital, operating, mining processing and reclamation costs, discount rates and foreign exchange rates; and
- changes in mineral reserves which could similarly affect the useful lives of assets depreciated on the straight-line basis, where those lives are limited to the life of the mine.

1. ACCOUNTING POLICIES continued

USE OF ESTIMATES AND JUDGEMENTS continued

(b) Valuation of financial instruments

If the value of a financial instrument cannot be obtained from an active market, the group has established fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, refined to reflect the issuer's specific circumstances.

(c) Estimate of exposure and liabilities with regard to rehabilitation costs

Estimated provisions for environmental rehabilitation, comprising pollution control rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

An average discount rate of 7.6%, average inflation rate of 5.4% and expected life-of-mine according to the life-of-mine plans were utilised in the calculation of the estimated net present value of the rehabilitation liability (2012: discount rate of 7.3% and inflation rate of 5.4%) (refer to note 18).

(d) Estimate of taxation

The group is subject to income tax in South Africa and Zimbabwe. Significant judgement is required in determining income taxes. 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 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 have an impact on the income tax and deferred tax provisions in the period in which such determination is made.

(e) Fair value of share-based compensation

The fair value of options granted is determined using the Black-Scholes option pricing model. The significant inputs into the model are: vesting period and conditions, risk-free interest rate, volatility, market price on date of grant and issue price of grant. Other inputs are: performance criteria and employee retention rate (refer to notes 17 and 19 for detail on the share option scheme and phantom share scheme.)

(f) Gold in lock-up

Gold in lock-up in certain plants is estimated based on the metallurgist's best estimate of the gold content and grade thereof.

(g) Assessment of contingencies

Contingencies will only realise when one or more future events occur or fail to occur. The exercise of significant judgement and estimates of the outcome of future events are required during the assessment of the impact of such contingencies.

(h) Mineral reserves estimates

At the end of each financial year, the estimate of proved and probable mineral reserves is updated. Depreciation of mining assets is prospectively adjusted, based on these changes.

Mineral reserves are estimates of the amount of product that can be economically and legally extracted from the group's properties. In order to calculate mineral reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including but not limited to quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates.

Estimating the quantity and/or grade of mineral reserves requires the size, shape and depth of ore bodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

The group is required to determine and report mineral reserves in accordance with the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code).

(h) Mineral reserves estimates (continued)

Because the economic assumptions used to estimate mineral reserves change from period to period and because additional geological data is generated during the course of operations, estimates of mineral reserves may change from period to period. Changes in reported mineral reserves may affect the group's financial results and financial position in a number of ways including the following:

- asset carrying values may be affected due to changes in estimated future cash flows;
- depreciation, depletion and amortisation charged in profit or loss may change where such charges are determined by the units-of-production method, or where the useful lives of assets change;
- decommissioning, site restoration and environmental provisions may change where changes in estimated mineral reserves affect expectations about the timing or cost of these activities; and
- the carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

These adjustments are made prospectively where relevant.

(i) Estimate of deferred taxation

The amount recognised as a deferred tax asset is generally determined utilising discounted future cash flows aligned to estimates used in the calculation of depreciation and rehabilitation liabilities. Management considers all factors that could possibly affect the probability that future taxable profit will be available against which unused tax credits can be utilised. These factors include profitability of operations and an estimate of the gold price. The amount recognised as a deferred tax asset is sensitive to the current gold spot price. The amount recognised at 30 June 2013 is based on a future gold price received of R410 473 per kilogram (2012: R441 936 per kilogram) in year one, escalating at an average of 6.7% (2012: 5.3%) per year.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently by all entities in the group to all periods presented, except as explained below under "New standards, interpretations and amendments to standards and interpretations adopted".

New standards, interpretations and amendments to standards and interpretations adopted

The group adopted the following new standard, amendments to standard and interpretations, which are applicable to the group:

IAS 1 amendments – Presentation of Items of Other Comprehensive Income

The amendments:

- require that an entity presents separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met, from those that would never be classified to profit or loss; and
- change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. An entity, however, is still allowed to use other titles.

The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

These amendments did not have any effect on the financial position or financial performance of the group.

New accounting standards

Certain new accounting standards and amendments to accounting standards have been published that have various effective dates. These new standards and amendments to accounting standards have not been early adopted by the group and a reliable estimate of the impact of the adoption thereof for the group cannot yet be determined for some standards.

At the date of authorisation of these financial statements, the following relevant standards and amendments to accounting standards were in issue but not yet effective. The group expects to adopt the standards and amendments to accounting standards when effective:

1. ACCOUNTING POLICIES continued

Standard/interpretation		Effective date
IFRS 13	Fair value measurement	Annual periods commencing on or after 1 January 2013[1]
IFRS 10, IFRS 11 and IFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities	Annual periods commencing on or after 1 January 2013[1]
IAS 19 amended 2011	Employee benefits	Annual periods commencing on or after 1 January 2013[2]
IAS 27	Separate financial statements (2011)	Annual periods commencing on or after 1 January 2013[1]
IAS 28	Investments in associates and joint ventures (2011)	Annual periods commencing on or after 1 January 2013[1]
IFRS 7 amendment	Disclosures – offsetting financial assets and financial liabilities	Annual periods commencing on or after 1 January 2013[1]
IFRIC 20	Stripping costs in the production phase of a surface mine	Annual periods commencing on or after 1 January 2013[1]
IAS 32	Offsetting financial assets and financial liabilities	Annual periods commencing on or after 1 January 2014[1]
IAS 36	Recoverable amount disclosures for non-financial assets	Annual periods commencing on or after 1 January 2014[1]
IFRS 9	Financial instruments	Annual periods commencing on or after 1 January 2015[1]

[1] *The impact of this is under investigation.*

[2] *The DRDGOLD accounting policy is to recognise actuarial gains/losses in profit or loss. When the amendments come into effect the accounting policy will have to be changed to recognise the actuarial gains/losses in other comprehensive income. The impact of the other amendments has not been assessed.*

Each of these standards and interpretations is described briefly below:

IFRS 13 – fair value measurement

IFRS 13 replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value when it is required or permitted by other IFRSs. It does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the applicability of exceptions to fair value measurements that currently exist in certain standards.

IFRS 10 – consolidated financial statements, IFRS 11 – joint arrangements, IFRS 12 – disclosures of interests in other entities

IFRS 10 introduces a single control model to determine whether an investee should be consolidated. As a result the group may need to change its consolidation conclusion in respect of its investees, which may lead to changes in the current accounting for these investees.

Under IFRS 11, the structure of the joint arrangement, although still an important consideration, is no longer the major factor in determining the type of joint arrangement and therefore the subsequent accounting.

- The group's interest in a joint operation, which is an arrangement in which the parties have rights to the assets and obligations for the liabilities, will be accounted for on the basis of the group's interest in those assets and liabilities.
- The group's interest in a joint venture which is an arrangement in which the parties have rights to the net assets, will be equity accounted.

The group may need to reclassify its joint arrangements, which may lead to changes in the current accounting for these interests.

IFRS 12 brings together in a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The group is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. IFRS 12 requires the disclosure of information about the nature, risks and financial effects of these interests.

IAS 19 amended 2011 – employee benefits

The amended IAS 19 includes the following requirements:

- actuarial gains and losses are recognised immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and
- expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

IAS 27 – separate financial statements

IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

IAS 28 – investments in associates and joint ventures

IAS 28 (2011) supersedes IAS 28 (2008) and makes the following amendments:

- IFRS 5 applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and
- on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the entity does not remeasure the retained interest.

Amendments to IFRS 7 – financial instruments: disclosures: offsetting financial assets and financial liabilities

The amendments contain new disclosure requirements for financial assets and financial liabilities that are offset in the statement of financial position, or are subject to enforceable master netting arrangements or similar agreements. Where the group applies offsetting in the financial statements, it will be required to provide additional disclosures in this regard.

IFRIC 20 – stripping costs in the production phase of a surface mine

The interpretation sets out principles for the recognition of production stripping costs in the statement of financial position. It is recognised that some production stripping in surface mining activity will benefit production in future periods and sets out criteria for capitalising such costs.

IAS 32 – offsetting financial assets and financial liabilities

The amended IAS 32 requires disclosure of the actual and potential effects of netting arrangements on the entity's financial positioning, clarifies current offsetting criteria and addresses inconsistencies in their application.

IAS 36 amendment – recoverable amount disclosures for non-financial assets

The amendments reverse the unintended requirement in IFRS 13 fair value measurement to disclose the recoverable amount of every cash-generating unit to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognised or reversed.

IFRS 9 – financial instruments

IFRS 9 deals with classification and measurement of financial assets and will replace the relevant sections of IAS 39.

1. ACCOUNTING POLICIES continued

Classification

The standard requires that financial assets be classified as either measured at:

- amortised cost; or
- fair value.

A financial asset is measured at amortised cost if:

- the objective of the business model is to hold assets in order to collect contractual cash flows; and
- the contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding.

All other financial assets are measured at fair value, with fair value changes recognised in profit or loss. The standard eliminates the existing IAS 39 categories of held-to-maturity, available-for-sale and loans and receivables. Classification takes place on initial recognition and subsequent changes are expected to be rare and subject to certain conditions. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host. Instead, the entire hybrid contract is assessed for classification using the principles above. IAS 39 continues to apply to derivatives embedded in financial liabilities.

Fair value options

An entity may designate a financial instrument on initial recognition as measured at fair value through profit or loss only if it eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch).

Investments in equity instruments

Investments in equity instruments are generally measured at fair value with gains and losses recognised in profit or loss. For an investment in an equity instrument that is not held-for-trading, an entity may on initial recognition elect to present all fair value changes from the investment in other comprehensive income (OCI). No amount recognised in OCI is ever reclassified to profit or loss at a later date. Dividends on such investments are recognised in profit or loss, rather than OCI, in accordance with IAS 18 Revenue unless they clearly represent a recovery of the cost of the investment.

IFRS 9 eliminates the exception in IAS 39 that allows investments in unquoted equity instruments, and related derivatives, for which a fair value cannot be determined reliably, to be measured at cost. These instruments are now measured at fair value although the standard notes that in some limited circumstances cost may be an appropriate estimate of fair value. The guidance in IAS 39 on impairments of financial assets and on hedge accounting continues to apply. However, as a result of the simplified classification requirements, the numerous impairment methods in IAS 39 have been reduced to a single impairment method.

Financial liabilities

Under IFRS 9, the classification and measurement requirements of financial liabilities are the same as per IAS 39, except for the following two aspects:

- fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, that are attributable to the changes in the credit risk of the liability, will be presented in OCI. The remaining amount of the fair value change is recognised in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.
- Under IFRS 9 derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 incorporates the guidance in IAS 39 dealing with fair value measurement and accounting for derivatives embedded in a host contract that is not a financial asset, as well as the requirements of IFRIC 9 Reassessment of Embedded Derivatives.

BASIS OF CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiaries are recognised at cost less impairment losses in the company's separate financial statements.

Changes in the group's interest in a subsidiary which do not lead to loss of control are recorded as a transaction with equity owners in their capacity as equity owners and no profit or loss is recognised. Subsequent changes to an exercise price of an option or forward price forming part of the aforementioned transaction is recognised in profit or loss. When control is lost, the gain or loss is recognised in profit or loss and any remaining interest is recorded at the fair value on the transaction date, which is deemed to be the cost price, and, depending on the nature of the remaining investment, is either recognised as an associate, joint venture or as a financial instrument.

Subsidiaries with a year-end on a date other than 30 June are included in the consolidated financial statements using the most recent financial results with no more than a three-month difference if it is impracticable to prepare financial statements at the group reporting date. Adjustments are made for material transactions and events between the group and subsidiary in the intervening period.

The accounting policies of subsidiaries have been changed, where necessary, to align them with the policies adopted by the group.

Special purpose entities

The group has established a special purpose entity for investment purposes. A special purpose entity is consolidated if, based on evaluation of the substance of its relationship with the group and the special purpose entity's risks and rewards, the group concludes that it controls the special purpose entity. The special purpose entity controlled by the group was established under terms that impose strict limitations on the decision-making powers of the special purpose entity's management and that result in the group receiving the majority of the benefits related to the special purpose entity's operations and net assets, being exposed to the majority of risks incident to the special purpose entity's activities, and retaining the majority of the residual or ownership risks relating to the special purpose entity or its assets. Special purpose entities are recognised at cost less impairment losses in the company's separate financial statements.

Associates

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the group holds between 20% and 50% of the voting power of another entity. Associates are accounted for using the equity method and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition and is presented net of any accumulated impairment losses. The consolidated financial statements include the group's share of the total recognised income and expenses and equity movements of associates, after adjustments to align the accounting policies with those of the group, from the date that significant influence commences until the date that significant influence ceases.

When the group's share of losses exceeds its interest in an associate, the group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the group has incurred legal or constructive obligations or made payments on behalf of an associate. Associates are recognised at cost less impairment losses in the company's separate financial statements.

Joint ventures

Jointly controlled entities are those entities for which the group has joint control over their activities. They are established by contractual agreement and require unanimous consent for strategic financial and operating decisions. The consolidated financial statements include the group's proportionate share of the entities' assets, liabilities, revenue and expenses, with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases. Joint ventures are recognised at cost less impairment losses in the company's separate financial statements.

Transactions eliminated on consolidation

Intra-group balances, transactions and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder which controls the group are accounted for as if the acquisitions had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. For this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the group controlling shareholder's consolidated financial statements. Any excess (shortfall) of the purchase consideration over the net asset value acquired is recognised in equity as a notional distribution to (contribution by) owners.

1. ACCOUNTING POLICIES continued

Allocation of losses to non-controlling interests

In the absence of an agreement with non-controlling interest shareholders' applicable losses in subsidiaries are allocated to non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance.

FOREIGN CURRENCY

Functional currency

The functional currency is the currency of the primary economic environment in which the entity operates. This is determined by all companies in the group after analysing all sources and influences of various currencies on their respective financial position and performance, in order to establish the currency with the most dominant influence as its functional currency.

Each entity in the group has determined its own functional currency in accordance with the above process. The functional currency of the company is the South African rand.

Foreign currency transactions

Transactions in foreign currencies undertaken by group entities are translated at the foreign exchange rates ruling at the dates of these transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies, measured at fair value, are translated at foreign exchange rates ruling at the date that the fair value was determined. Foreign exchange differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into South African rands at the foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to South African rands at rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income and presented within equity in the foreign currency translation reserve. When a foreign operation is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the profit or loss on disposal. On partial disposal of a subsidiary that includes a foreign operation, the relevant portion of such cumulative amount is reattributed to non-controlling interest.

Net investment in foreign operations

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and presented within equity in the foreign currency translation reserve in the consolidated financial statements.

FINANCIAL INSTRUMENTS

Financial instruments recognised in the statement of financial position include investments, available-for-sale financial instruments, trade and other receivables, cash and cash equivalents, long- and short-term interest-bearing borrowings, trade and other payables and bank overdrafts. Financial instruments are initially recognised at fair value and include any directly attributable transaction costs, except those financial instruments measured at fair value through profit or loss. Subsequent to initial recognition, financial instruments are measured as described below.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group or company has the legal right to offset the amounts, and intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or to the extent that the group or company transfers substantially all the risks and rewards of ownership of the financial asset. Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or has expired. Any gain or loss on derecognition is taken to profit or loss.

LOANS AND RECEIVABLES

Loans and receivables

Loans and receivables (which include trade and other receivables) are measured at amortised cost, using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid investments which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Subsequent to initial recognition, cash and cash equivalents are measured at amortised cost, which is equivalent to their fair value. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents include restricted cash which are short-term in nature. Restricted cash which is long-term in nature is classified as non-current and is similar in nature to rehabilitation trust funds. Restricted cash would typically be long-term in nature when it is expected not to be able to be utilised for at least 12 months after the reporting date.

Available-for-sale financial assets

The group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign exchange gains and losses on available-for-sale monetary items, are recognised in other comprehensive income and presented within equity in the revaluation and other reserves. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Other liabilities

Interest-bearing borrowings

Interest-bearing borrowings (including preference share liabilities) are subsequently measured at amortised cost with any difference between the initial amount and the redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis. If the group revises its estimates of payments, the carrying amount of the liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is recalculated by computing the current value of estimated future cash flows at the liability's original effective interest rate. The adjustment is recognised as income or expense in profit or loss.

Trade and other payables

Subsequent to initial recognition, trade and other payables are measured at amortised cost, using the effective interest method.

PROPERTY, PLANT AND EQUIPMENT

Owned assets

The group's property, plant and equipment consist mainly of mining assets which comprise mining properties (including mineral rights), mine development costs, mine plant facilities, exploration assets, equipment and vehicles.

Development costs, which are capitalised, consist primarily of expenditure that gives access to proved and probable mineral reserves. Capitalised development costs include expenditure incurred to develop new ore bodies, to define future mineralisation in existing ore bodies and to expand the capacity of a mine. Mine development costs to maintain production are expensed as incurred. Where funds have been borrowed specifically to finance a project, the amount of interest capitalised represents the actual borrowing costs incurred (refer to accounting policy on borrowing costs capitalised). Mine development costs capitalised, include acquired proved and probable mineral reserves at the acquisition date.

Exploration and evaluation costs, including the costs of acquiring licences, property and qualifying borrowing costs, are capitalised as exploration assets on a project-by-project basis, pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as tangible assets according to the nature of the assets acquired. When a licence is relinquished or a project is abandoned, the related costs are recognised in profit or loss immediately. Pre-licence costs are recognised in profit or loss as incurred.

Items of property, plant and equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing an asset to a working condition for its intended use, as well as the costs of dismantling and removing an asset and restoring the site on which it is located.

1. ACCOUNTING POLICIES continued

Where parts of an item of property, plant and equipment, with costs that are significant in relation to the total cost of the item, have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss. When assets are sold which have been revalued on acquisition for consolidation purposes, the amounts included in the revaluation reserve are transferred to retained earnings (refer to note 17).

Leased assets
Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset and liability are measured at amounts equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in the same manner as owned property, plant and equipment.

Subsequent costs
The group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of an item when that cost is incurred, if it is probable that the future economic benefits embodied within the part will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in profit or loss as an expense as incurred.

Depreciation
Depreciation of mining properties (including mineral rights), mine development and mine plant facilities relating to underground operations are computed using the units-of-production method based on estimated proved and probable mineral reserves, which are calculated using the group's life-of-mine business plans and a gold price at the end of each financial year. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits.

Exploration assets that are available for use are depreciated over their estimated useful lives. Changes in management's estimates of the quantities of the economically recoverable reserves impact depreciation on a prospective basis.

Other assets are depreciated using the straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their estimated useful lives, unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Land is not depreciated.

The current estimated useful lives for the current and comparative periods are:
- mining properties – life-of-mine for each operation, currently between 8 (2012: 3) and 10 (2012: 11) years;
- mine development – life-of-mine for each operation, currently between 8 (2012: 3) and 10 (2012: 11) years;
- mine plant facilities – life-of-mine for each operation, currently between 1.5 (2012: 3) and 10 (2012: 11) years; and
- equipment and vehicles – 3 to 5 years.

The residual values, estimated useful lives and depreciation method are reassessed annually and adjusted if appropriate.

INTANGIBLE ASSETS

Acquisitions and goodwill arising thereon
The group measures goodwill as the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. In the case of a bargain purchase, the resulting gain is recognised in profit or loss on the acquisition date. Goodwill relating to equity-accounted investments is included within the carrying value of the investment and tested for impairment when indicators exist.

When the company already has control, acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Goodwill relating to subsidiaries is tested annually for impairment and measured at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purposes of impairment testing.

IMPAIRMENT

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence (e.g. delinquency of a debtor and indications that a debtor will enter bankruptcy) that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Financial assets measured at amortised cost

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate, that is, the effective interest rate computed at initial recognition of these financial assets.

Available-for-sale financial assets

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income, and there is objective evidence (e.g. significant or prolonged decline in the fair value below the cost of the investment) that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Financial assets that are individually significant are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the group's assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For purposes of impairment testing, assets are grouped together into the smallest group of assets which generates cash flows from continuing use that is largely independent of the cash inflows of other assets or groups of assets (cash-generating units).

An impairment loss is recognised directly against the carrying amount of the asset whenever the carrying amount of an asset, or its cash generating unit, exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of cash-generating units are allocated to the carrying amounts of the assets in the unit (group of units) on a *pro rata* basis. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

Exploration assets

Exploration assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For purposes of impairment testing, exploration assets are allocated to cash-generating units consistent with the determination of reportable segments.

The technical feasibility and commercial viability of extracting a mineral resource is considered to be determinable when proven reserves are determined to exist. Upon determination of proven reserves, exploration assets attributable to those reserves are first tested for impairment and then reclassified from exploration assets to a separate category within tangible assets. Expenditure deemed to be unsuccessful is recognised in profit or loss immediately.

1. ACCOUNTING POLICIES continued

INVENTORIES

Gold in process is stated at the lower of cost and net realisable value. Costs are assigned to gold in process on a weighted average cost basis. Costs comprise all costs incurred to the stage immediately prior to smelting, including costs of extraction and processing as they are reliably measurable at that point. Selling, refining and general administration costs are excluded from inventory valuation.

Consumable stores are stated at the lower of cost and net realisable value. Cost of consumables is based on the weighted average cost principle and includes expenditure incurred in acquiring inventories and bringing them to their existing location and condition.

Bullion is stated 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 cost of completion and selling expenses.

TAXATION

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to business combinations, or to items recognised directly in equity or other comprehensive income.

Current taxation

Current taxation is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred taxation is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts recognised for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences, based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, and based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, if these relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities; if the company intends to settle current tax liabilities and assets on a net basis; or if their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends, such as secondary tax on companies (STC), are recognised at the same time as the liability to pay the related dividend is recognised. STC has been replaced by dividends tax with effect from 1 April 2012. Dividends tax transfers the liability for taxes on the distribution of dividends on the beneficial owner of the shares. The company or authorised intermediary is required to withhold the tax and pay it over to the South African Receiver of Revenue.

SHARE CAPITAL

Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effect.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and any dividends are discretionary. Dividends on preference share capital classified as equity are recognised as distributions within equity. Preference share capital is classified as a liability if it is redeemable on a specified date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Dividends
Dividends are recognised as a liability in the period in which they are declared.

EMPLOYEE BENEFITS

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Pension plans, which are multi-employer plans in the nature of defined contribution plans, are funded through monthly contributions to these defined contribution plans. Obligations for contributions are recognised as an employee benefit expense in profit or loss as incurred.

Long-service benefits
The group makes long-service bonus payments (long-service awards) for certain eligible employees under the Chamber of Mines of South Africa Long Service Award Scheme. The amount of the award is based on both the employee's skill level and years of service with gold mining companies that qualify for the scheme. The obligation is accrued over the service life of the employees and is calculated using a projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

Post-retirement medical benefits
Post-retirement medical benefits in respect of qualifying employees are recognised as an expense over the expected remaining service lives of relevant employees and the remaining life expectancies of retirees. The group has an obligation to provide medical benefits to certain of its pensioners and dependants of ex-employees. These liabilities are provided in full, calculated on an actuarial basis and discounted using the projected unit credit method. The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. Periodic valuation (currently every three years) of these obligations is carried out by independent actuaries using appropriate mortality tables, long-term estimates of increases in medical costs and appropriate discount rates. The fair value of any plan assets is deducted. Actuarial gains and losses are recognised immediately in profit or loss. When the calculation results in a benefit to the group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

Termination benefits
Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the group has made an offer for voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, they are discounted to their present value.

SHARE-BASED PAYMENT TRANSACTIONS

Equity settled share based payment awards
The group grants share options to certain employees under an employee share plan to acquire shares of the company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options.

The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except where forfeiture is only due to market conditions such as share prices not achieving the threshold for vesting.

Cash settled share based payment awards
The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the share appreciation rights. Any changes in the liability are recognised as employee benefit expenses in profit or loss.

The fair value of the options granted is measured using the Black-Scholes option pricing model at each reporting date.

1. ACCOUNTING POLICIES continued

PROVISIONS

A provision is recognised in the statement of financial position when the group has present legal or constructive obligations resulting from past events that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Decommissioning liabilities

The provision for decommissioning represents the cost that will arise from rectifying damage caused before production commenced. Accordingly, an asset is recognised and included within mining properties.

Decommissioning liabilities are measured at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the decommissioning obligation is included in profit or loss. Estimated future costs of decommissioning obligations are reviewed regularly and adjusted as appropriate for new circumstances or changes in law or technology. Changes in estimates are capitalised or reversed against the relevant asset.

Gains or losses from the expected disposal of assets are not taken into account when determining the provision.

Restoration liabilities

The provision for restoration represents the cost of restoring site damage after the start of production. Increases in the provision are recognised in profit or loss as a cost of production. Gross restoration liabilities are estimated at the present value of the expenditures expected to settle the obligation.

Rehabilitation trust fund

Annual contributions are made to dedicated rehabilitation trust funds to cover the estimated cost of rehabilitation during and at the end of the life of the relevant mine. These contributions are recognised as a right to receive reimbursement from the fund and measured at the lower of the amount of the decommissioning obligation recognised and the fair value of the fund assets. Changes in the carrying value of the fund assets, other than contributions to and payments from the fund, are recognised in profit or loss.

REVENUE RECOGNITION

Gold bullion and by-products

The group recognises revenue from the sale of gold bullion and by-products at the fair value of the consideration received or receivable. Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Company revenue

The company recognises revenue from rendering management services to subsidiary companies when the services have been rendered and to the stage of completion thereof and is measured at fair value. Revenue from the receipt of dividends is recognised when the company's right to receive payment has been established.

Government grants

Government grants are not recognised until there is reasonable assurance that the entity will comply with the conditions attaching to them and the grant will be received. Grants that compensate the group for expenses incurred are recognised in profit or loss as a deduction against the related expense.

Finance income

Finance income includes dividends received, interest received, growth in the environmental rehabilitation trust funds, net gains on financial instruments measured at amortised cost, net foreign exchange gains, and other profits and losses arising on disposal of investments.

Dividends are recognised when the group's right to receive payment is established. Interest is recognised on a time proportion basis, taking account of the principle outstanding and the effective rate to maturity on the accrual basis.

EXPENSES

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the period of the lease.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance expenses

Finance expenses comprise interest payable on borrowings calculated using the effective interest method, unwinding of the discount of the provision for environmental rehabilitation, net foreign exchange losses, net losses on financial instruments measured at amortised cost, and interest on finance leases.

Borrowing costs capitalised

Interest on borrowings relating to the financing of qualifying major capital projects under construction is capitalised during the construction phase as part of the cost of the project. Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted for an extended period or when the asset is substantially complete. Other borrowing costs are expensed as incurred.

SEGMENT REPORTING

Operating segments are identified on the basis of internal reports that the group's chief operating decision maker (CODM) reviews regularly in allocating resources to segments and in assessing their performance. The CODM for the group has been identified as the group's Executive Committee. Reportable segments are identified based on quantitative thresholds of revenue, profit or loss, and assets. The amounts disclosed for each reportable segment are the measures reported to the CODM, which are not necessarily based on the same accounting policies as the amounts recognised in the financial statements. Aggregation of operating segments is implemented where disclosure of information enables users of the group's financial statements to evaluate the nature and effects of the business activities in which it engages and the economic environment in which it operates, where the operating segments have characteristics so similar that they can be expected to have essentially the same future prospects and where they are similar in the following respects:

- the nature of products and services;
- the nature of the production process;
- the type or class of customer for the products and services;
- the methods used to distribute the products or provide the services; and
- if applicable, the nature of the regulatory environment.

NON-CURRENT ASSETS HELD-FOR-SALE AND DISCONTINUED OPERATIONS

A held-for-sale asset is classified as such if it is a non-current asset, or disposal group comprising assets and liabilities, that is expected to be recovered primarily through sale rather than through continuing use. Immediately before classification as held-for-sale, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies. Thereafter, the non-current assets or disposal groups are measured at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale are included in profit or loss. The same applies to gains and losses on subsequent measurement. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation in the group is a component of the group's business that represents a separate major line of business, a geographical area of operations which has been disposed of or is held-for-sale, or a subsidiary acquired exclusively for resale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is restated as if the operation had been discontinued from the start of the comparative period.

EARNINGS OR LOSS PER SHARE

The group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings or loss per share is calculated based on the net profit or loss after taxation for the year attributable to ordinary shareholders of the company, divided by the weighted average number of ordinary shares in issue during the year. Diluted earnings or loss per share is presented when the inclusion of ordinary shares that may be issued in the future, which comprise share options granted to employees, has a dilutive effect on earnings or loss per share.

2. OPERATING SEGMENTS

The following summary describes the operations in each of the group's reportable operating segments:

- **Ergo:** Is a surface retreatment operation and treats old slime and sand dumps to the south of Johannesburg's central business district as well as the east and central Rand goldfields. The operation consists of four plants: Brakpan, Crown (now decommissioned), City and Knights. Ergo is evaluating the viability of processing of surface uranium- and sulphur bearing tailings on the east and central Rand goldfields of South Africa.
- **Blyvoor:** Incorporates the Doornfontein mine, situated on the north-western edge of the Witwatersrand Basin. The mine has underground and surface operations. Blyvoor was sold during the year ended 30 June 2012 and the segment therefore reflects the results of Blyvoor until the effective date of 1 June 2012 (refer note 12).

The reportable segments, as described above, are the group's strategic divisions. The strategic divisions reflect different operational locations reported on separately to the executive committee (CODM). The group's revenue stream consists of the sale of gold bullion.

2013	Ergo	Corporate head office [2] and all other	Total
	R'000	R'000	R'000
Financial performance			
Segmental revenue	2 076 496	–	2 076 496
Cash operating costs	(1 414 904)	–	(1 414 904)
Movement in gold in process	17 727	–	17 727
Operating profit	679 319	–	679 319
Interest and other investment income	3 187	53 311	56 498
Interest expense	(175)	(19 209)	(19 384)
Retrenchment costs	–	(565)	(565)
Administration expenses and general costs	(25 150)	(52 920)	(78 070)
Taxation charge [1]	(87)	8 746	8 659
Working profit/(loss) before capital expenditure	657 094	(10 637)	646 457
Capital expenditure	(368 395)	(13 533)	(381 928)
Working profit/(loss) after capital expenditure	288 699	(24 170)	264 529

[1] The taxation charge excludes deferred tax.

[2] "Corporate head office and all other" are included in the disclosure here to reconcile segment data to the consolidated financial statements and does therefore not represent a separate segment.

2013			Ergo	Corporate head office [2] and all other	Total
Operating results [3]					
Ore milled		t000	23 254	–	23 254
Average yield		g/t	0.20	–	0.20
Gold produced		kg	4 553	–	4 553
		oz	146 381	–	146 381
Cash operating costs		R/kg	310 763	–	310 763
		$/oz	1 094	–	1 094
All-in sustaining cost		R/kg			365 569
		$/oz			1 284
All-in cost		R/kg			436 638
		$/oz			1 535
Gold price received	– revenue	R/kg	456 072	–	456 072
	– revenue	$/oz	1 613	–	1 613

[3] *Unaudited.*

2013	Ergo	Corporate head office [2] and all other	Total
	R'000	R'000	R'000
Reconciliation of assets			
Reportable segment assets	1 729 482	26 851	1 756 333
Other assets	348 645	566 167	914 812
Total assets	2 078 127	593 018	2 671 145
Reconciliation of liabilities			
Reportable segment liabilities	682 034	240 077	922 111
Taxation and deferred taxation	100 765	–	100 765
Total liabilities	782 799	240 077	1 022 876
Other material information			
Depreciation	(143 606)	(160)	(143 766)
Impairment of assets	(61 043)	(176 958)	(238 001)
Reconciliation of revenues			
Total revenues for reportable segments	2 076 496	–	2 076 496
Statement of cash flows			
Cash flows from operating activities	543 234	(40 971)	502 263
Cash flows from investing activities	(372 805)	(56 578)	(429 383)
Cash flows from financing activities	–	5 697	5 697
Reconciliation of profit/(loss)			
Segment working profit/(loss) before capital expenditure	657 094	(10 637)	646 457
– Depreciation	(143 606)	(160)	(143 766)
– Movement in provision for environmental rehabilitation	(35 694)	20 360	(15 334)
– Impairments	(61 043)	(176 958)	(238 001)
– Growth in environmental rehabilitation trust funds and guarantees	3 933	5 537	9 470
– Profit on disposal of property, plant and equipment	69	19 198	19 267
– Unwinding of provision for environmental rehabilitation	(31 982)	(1 555)	(33 537)
– Borrowing costs capitalised	514	10 432	10 946
– Ongoing rehabilitation expenditure	(45 444)	–	(45 444)
– Net other operating costs	(31 857)	(24 501)	(56 358)
– Deferred tax	(50 863)	(2 737)	(53 600)
Profit/(loss) for the year	261 121	(161 021)	100 100

2. OPERATING SEGMENTS continued

Geographical information	Revenues	Non-current assets
	R'000	R'000
South Africa	2 076 496	1 756 333
Zimbabwe	–	–
Total	2 076 496	1 756 333

Information about major customers

The group has only one major customer regarding the sale of gold ore in each geographical area due to regulatory authority.

2012	Blyvoor	Ergo	Corporate head office [2] and all other	Total
	R'000	R'000	R'000	R'000
Financial performance				
Segmental revenue	1 240 073	1 764 191	–	3 004 264
Cash operating costs	(1 052 197)	(1 151 400)	–	(2 203 597)
Movement in gold in process	5 283	9 427	–	14 710
Operating profit	193 159	622 218	–	815 377
Interest and other investment income	732	777	14 638	16 147
Interest expense	(817)	(18)	(7 497)	(8 332)
Retrenchment costs	(43 747)	–	–	(43 747)
Administration expenses and general costs	(10 918)	(40 172)	(70 447)	(121 537)
Taxation charge [1]	–	(172)	(16 855)	(17 027)
Working profit/(loss) before capital expenditure	138 409	582 633	(80 161)	640 881
Capital expenditure	(82 938)	(244 650)	(7 594)	(335 182)
Working profit/(loss) after capital expenditure	55 471	337 983	(87 755)	305 699

[1] *The taxation charge excludes deferred tax.*

[2] *"Corporate head office and all other" are included in the disclosure here to reconcile segment data to the consolidated financial statements and does therefore not represent a separate segment.*

2012			Blyvoor	Ergo	Corporate head office [2] and all other	Total
Operating results [3]						
Ore milled	– underground	t000	569	–	–	569
	– surface	t000	2 725	21 603	–	24 328
	– total	t000	3 294	21 603	–	24 897
Average yield	– underground	g/t	3.99	–	–	3.99
	– surface	g/t	0.27	0.20	–	0.20
	– total	g/t	0.91	0.20	–	0.29
Gold produced	– underground	kg	2 272	–	–	2 272
	– surface	kg	734	4 221	–	4 955
	– total	kg	3 006	4 221	–	7 227
	– underground	oz	73 048	–	–	73 048
	– surface	oz	23 597	135 708	–	159 305
	– total	oz	96 645	135 708	–	232 353
Cash operating costs	– underground	R/kg	416 540	–	–	416 540
	– surface	R/kg	144 166	272 778	–	253 727
	– total	R/kg	350 032	272 778	–	304 912
	– underground	$/oz	1 671	–	–	1 671
	– surface	$/oz	578	1 096	–	1 018
	– total	$/oz	1 404	1 096	–	1 223
All-in sustaining cost		R/kg				353 863
		$/oz				1 332
All-in cost		R/kg				383 294
		$/oz				1 538
Gold price received	– revenue	R/kg	412 533	417 956	–	415 700
	– revenue	$/oz	1 677	1 682	–	1 679

[3] *Unaudited.*

2. OPERATING SEGMENTS continued

2012	Blyvoor	Ergo	Corporate head office [2] and all other	Total
	R'000	R'000	R'000	R'000
Reconciliation of assets				
Reportable segment assets	–	1 569 148	72 409	1 641 557
Other assets	–	296 696	554 036	850 732
Total assets	–	1 865 844	626 445	2 492 289
Reconciliation of liabilities				
Reportable segment liabilities	–	592 966	175 534	768 500
Taxation and deferred taxation	–	85 206	4 662	89 868
Total liabilities	–	678 172	180 196	858 368
Other material information				
Depreciation	(1 661)	(117 457)	(1 732)	(120 850)
Impairment of assets	–	–	(1 100)	(1 100)
Reconciliation of revenues				
Total revenues for reportable segments	1 240 073	1 764 191	–	3 004 264
Statement of cash flows				
Cash flows from operating activities	137 068	558 706	(74 604)	621 170
Cash flows from investing activities	(82 938)	(236 145)	(94 198)	(413 281)
Cash flows from financing activities	–	–	(168 553)	(168 553)
Reconciliation of profit/(loss)				
Segment working profit/(loss) before capital expenditure	138 409	582 633	(80 161)	640 881
– Depreciation	(1 661)	(117 457)	(1 732)	(120 850)
– Movement in provision for environmental rehabilitation	301	(48 292)	(11 194)	(59 185)
– Impairments	–	–	(1 100)	(1 100)
– Net gain on disposal of available-for-sale financial assets reclassified from other comprehensive income	6 656	–	–	6 656
– Net loss on financial liabilities measured at amortised cost	–	–	(6 372)	(6 372)
– Growth in environmental rehabilitation trust funds and guarantees	1 606	3 138	5 893	10 637
– Loss on disposal of property, plant and equipment	–	–	(9 556)	(9 556)
– Unwinding of provision for environmental rehabilitation	(1 211)	(5 153)	(928)	(7 292)
– Borrowing costs capitalised	–	1 696	2 594	4 290
– Ongoing rehabilitation expenditure	(990)	(39 445)	(7 850)	(48 285)
– Actuarial loss on post-retirement and other employee benefits	–	(67)	–	(67)
– Loss on disposal of subsidiaries	(10 532)	–	–	(10 532)
– Net other operating (costs)/income	(8 583)	(23 931)	1 229	(31 285)
– Deferred tax	–	9 083	(66)	9 017
Profit/(loss) for the year	123 995	362 205	(109 243)	376 957

[2] *"Corporate head office and all other" are included in the disclosure here to reconcile segment data to the consolidated financial statements and does therefore not represent a separate segment.*

Geographical information	Revenues	Non-current assets
	R'000	R'000
South Africa	3 004 264	1 614 573
Zimbabwe	–	26 984
Total	3 004 264	1 641 557

Information about major customers

The group has only one major customer regarding the sale of gold ore in each geographical area due to regulatory authority.

GROUP 2012 R'000	GROUP 2013 R'000			COMPANY 2013 R'000	COMPANY 2012 R'000
		3.	**REVENUE**		
			Revenue consists of the following principal categories:		
2 982 290	**2 073 340**		Gold revenue	**–**	–
21 974	**3 156**		By-product revenue	**–**	–
			Management fees	**25 116**	36 768
			Dividends received – local	**32 470**	38
			Dividends received – subsidiaries	**44 662**	–
3 004 264	**2 076 496**		Total revenue	**102 248**	36 806
			The company has reclassified management fees and dividends received to revenue from finance income. Comparatives have been reclassified. This reclassification was done to better reflect the nature of the company's ordinary activities brought about by the restructuring of the group on 1 July 2012.		
		4.	**RESULTS FROM OPERATING ACTIVITIES** Include the following:		
(10 019)	**(7 160)**		**Auditors' remuneration**	**(5 542)**	(6 078)
(10 019)	**(6 702)**		Audit fees	**(5 084)**	(6 078)
–	**(458)**		Fees for other services	**(458)**	–
(14 187)	**(9 072)**		**Management, technical, administrative and secretarial service fees**	**(1 840)**	(13 300)
			Staff costs		
(826 017)	**(287 908)**		Included in staff costs are:	**(27 916)**	(36 697)
(724 049)	**(265 950)**		Salaries and wages	**(23 378)**	(32 828)
(4 133)	**(4 515)**		Share-based payments	**(2 562)**	(2 232)
(43 747)	**(565)**		Retrenchment costs	**(565)**	–
(54 088)	**(16 878)**		Post-retirement and other employee benefit contributions	**(1 411)**	(1 637)
(9 556)	**19 267**		**Profit/(loss) on disposal of property, plant and equipment**	**5 000**	(21 740)
(1 100)	**(238 001)**		**(Impairments)/reversal of impairments**	**(171 389)**	85 666
–	**(110 186)**		Property, plant and equipment	**–**	–
–	**–**		Investments in and loans to subsidiaries	**–**	85 666
–	**(992)**		Investments in and loans to joint venture	**(44 566)**	–
–	**(101 261)**		Impairment of available-for-sale financial assets reclassified from other comprehensive income	**(101 261)**	–
(1 100)	**(25 562)**		Rehabilitation trust fund	**(25 562)**	–

GROUP			COMPANY	
2012 R'000	2013 R'000		2013 R'000	2012 R'000
		4. RESULTS FROM OPERATING ACTIVITIES continued		
		During the year ended 30 June 2013, the group recorded an impairment of R110.2 million (2012: Rnil) against property, plant and equipment at a specific asset level. R61.1 million was recorded against the Ergo operating segment based on the recoverable amount (value in use) of these assets being lower than their carrying amount. The impairment was due to the reassessment of the viability of these assets and projects (R40.1 million for surface dumps, R12.4 million for plant equipment and R8.6 million against shaft and infrastructure). R49.1 million was recorded against Chizim Gold (Pvt) Limited (Chizim Gold) which are included in "Corporate head office and all other". The impairment was determined based on the recoverable amount (fair value less cost to sell) being lower than the carrying value of the exploration assets and was due to a decision by management to sell the Zimbabwean investment.		
		The group and company recorded an impairment of R101.3 million (2012: Rnil) against available-for-sale financial assets based on the recoverable amount (fair value less cost to sell) of the financial asset being significantly lower than its original cost price for a prolonged period. This relates to the company's investment in Village Main Reef Limited (VMR).		
		The group and company derecognised the DRDGOLD rehabilitation trust fund of R25.6 million (2012: Rnil) due to the relinquishment of the fund to the buyer of the relating mining rights over the Durban Roodepoort Deep mine area.		
		During the year ended 30 June 2012, the group derecognised R1.1 million against West Witwatersrand Gold Mines Proprietary Limited's rehabilitation trust fund due to the relinquishment of the fund to the buyer of the relating mining rights over the West Wits mining lease area.		
		The company recorded an impairment of R44.6 million (2012: Rnil) against its investment in Chizim Gold based on the recoverable amount (fair value less cost to sell) of the investment being lower than its carrying amount. The impairment has brought about a decision by management to sell the Zimbabwean investment.		
		During the year ended 30 June 2012, the company recorded a reversal of impairment amounting to R85.7 million against Blyvoor's loan account based on the actual repayment of the loan.		
(1 939)	**(2 021)**	**Operating leases**	**(1 078)**	(949)
(4 739)	**(30)**	**Mining royalties**	**–**	–

5. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

2013	Board fees	Salary	Bonuses and performance related payments	Pre-tax gain on share options	Pension/ provident scheme contributions	Total	Tax deducted by company	Net
Group and company	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Executive directors								
D J Pretorius	–	4 664	4 238	2 423	–	11 325	4 358	6 967
C C Barnes	–	3 367	931	2 505	–	6 803	3 130	3 673
	–	8 031	5 169	4 928	–	18 128	7 488	10 640
Non-executive directors								
G C Campbell	1 348	–	–	4	–	1 352	–	1 352
R P Hume	703	–	–	5	–	708	199	509
J Turk	647	–	–	–	–	647	–	647
E A Jeneker	729	–	–	–	–	729	304	425
	3 427	–	–	9	–	3 436	503	2 933
Prescribed officers								
C M Symons	–	2 209	1 304	2 043	267	5 823	1 923	3 900
T J Gwebu	–	2 075	1 181	1 132	–	4 388	1 503	2 885
W J Schoeman	–	2 830	1 340	389	–	4 559	1 524	3 035
	–	7 114	3 825	3 564	267	14 770	4 950	9 820
Total	3 427	15 145	8 994	8 501	267	36 334	12 941	23 393

The remuneration of executive directors and prescribed officers comprises a basic salary and an annual bonus for directors and bi-annual bonus for prescribed officers. Non-executive directors receive board fees which are approved at each annual general meeting of the company.

2012	Board fees	Salary	Bonuses and performance related payments	Pension/ provident scheme contributions	Total	Tax deducted by company	Net
Group and company	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Executive directors							
D J Pretorius	–	4 470	3 666	–	8 136	2 348	5 788
C C Barnes	–	3 113	2 078	–	5 191	1 900	3 291
	–	7 583	5 744	–	13 327	4 248	9 079
Non-executive directors							
G C Campbell	1 317	–	–	–	1 317	–	1 317
R P Hume	691	–	–	–	691	192	499
J Turk	616	–	–	–	616	–	616
E A Jeneker	686	–	–	–	686	334	352
	3 310	–	–	–	3 310	526	2 784
Prescribed officers							
C M Symons	–	2 043	1 242	250	3 535	1 178	2 357
T J Gwebu	–	1 870	1 292	–	3 162	1 149	2 013
W J Schoeman	–	1 989	960	–	2 949	1 105	1 844
	–	5 902	3 494	250	9 646	3 432	6 214
Total	3 310	13 485	9 238	250	26 283	8 206	18 077

5. DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS continued

DRDGOLD PHANTOM SHARE SCHEME [1]

2013	Grant date	Granted during year	Closing balance	Estimated fair value as at 30 June 2013
Group and company		Number	Number	R'000
Executive directors				
D J Pretorius		–	–	–
C C Barnes	2012/10/31	261 350	261 350	290
		261 350	261 350	290
Prescribed officers				
C M Symons	2012/10/31	199 280	199 280	221
T J Gwebu	2012/10/31	156 372	156 372	173
W J Schoeman	2012/10/31	232 378	232 378	258
		588 030	588 030	652
Total		849 380	849 380	942

[1] The DRDGOLD phantom share scheme was introduced during the year ended 30 June 2013 and therefore does not have comparative numbers.

DRDGOLD (1996) SHARE SCHEME

2013	Opening balance	Average strike price	Bought back during the year[1]	Average gain on buy back	Forfeited/ lapsed during year	Average strike price	Closing balance	Average strike price
Group and company	Number	R	Number	R	Number	R	Number	R
Executive directors								
D J Pretorius	1 283 486	6.19	(1 283 486)	1.89	–	–	–	–
C C Barnes	1 453 667	4.84	(1 219 163)	2.05	–	–	234 504	4.56
Non-executive directors								
G C Campbell	37 994	19.74	(29 394)	0.14	(8 600)	29.10	–	–
R P Hume	39 157	19.93	(28 457)	0.19	(10 700)	29.10	–	–
Prescribed officers								
C M Symons	1 282 976	5.44	(1 064 626)	1.92	(6 300)	29.10	212 050	4.84
T J Gwebu	958 158	5.01	(765 508)	1.85	–	–	192 650	4.68
W J Schoeman	396 700	5.12	(198 350)	1.96	–	–	198 350	5.12

[1] The share options that were exercised for the year ended 30 June 2013 related to the share option buy-out of vested share options under the share option scheme. The pre-tax gain on the share options are disclosed in the table on page 37 of this report.

2012 Group and company	Opening balance Number	Average strike price R	Granted during year Number	Exercised during year Number	Average exercise price R	Forfeited/ lapsed during year Number	Closing balance Number	Average strike price R
Executive directors								
D J Pretorius	1 283 486	6.19	–	–	–	–	1 283 486	6.19
C C Barnes	1 168 104	4.77	285 563	–	–	–	1 453 667	4.84
Non-executive directors								
G C Campbell	57 994	19.35	–	–	–	(20 000)	37 994	19.74
R P Hume	77 907	16.92	–	–	–	(38 750)	39 157	19.93
Prescribed officers								
C M Symons	1 068 825	5.66	340 200	(100 957)	5.60	(25 092)	1 282 976	5.44
T J Gwebu	823 522	4.73	267 000	(132 364)	5.80	–	958 158	5.01
W J Schoeman	–	–	396 700	–	–	–	396 700	5.12

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
		6. FINANCE INCOME		
38	**32 470**	Dividends received		
16 109	**24 028**	Interest received	**20 201**	11 128
		Interest received from subsidiaries	**55 289**	29 164
6 656	**–**	Net gain on disposal of available-for-sale financial asset reclassified from other comprehensive income	**–**	–
		Profit on disposal of subsidiaries (refer note 12)	**147 449**	128 106
10 637	**9 470**	Growth in environmental rehabilitation trust funds and investments for guarantees (refer note 11)	**1 267**	1 293
33 440	**65 968**		**224 206**	169 691
		7. FINANCE EXPENSES		
(8 332)	**(19 384)**	Interest paid on bank loans and overdrafts	**(18 029)**	(303)
(6 372)	**–**	Net loss on financial liabilities measured at amortised cost	**–**	–
(7 292)	**(33 537)**	Unwinding of provision for environmental rehabilitation (refer note 18)	**–**	–
4 290	**10 946**	Borrowing costs capitalised (refer note 10)	**–**	–
(17 706)	**(41 975)**		**(18 029)**	(303)

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
		8. INCOME TAX		
13 079	**(53 264)**	Mining tax	**1 786**	3 996
(16 545)	**8 323**	Non-mining tax	**(8 647)**	(4 039)
(4 544)	**–**	Secondary tax on companies	**–**	(2 818)
(8 010)	**(44 941)**		**(6 861)**	(2 861)
		Comprising:		
		South African		
(12 483)	**(4 187)**	Current tax – current year	**(4 099)**	–
–	**12 846**	– prior year	**–**	–
9 017	**(53 600)**	Deferred tax	**(2 762)**	(43)
(4 544)	**–**	Secondary tax on companies	**–**	(2 818)
(8 010)	**(44 941)**		**(6 861)**	(2 861)

In South Africa, mining tax on mining income is determined based on a formula which takes into account the profit and revenue from a gold mining company during the year. Non-mining income, which consists primarily of interest, is taxed at a standard rate of 28% (2012: 28%).

In 2013, the tax rates for taxable mining and non-mining income for companies were 34% and 28%, respectively.

The formula for determining the South African gold mining tax rate for the years ended 30 June 2013 and 30 June 2012 is:

$Y = 34 – 170/X$

Where Y is the percentage rate of tax payable and X is the ratio of taxable income, net of any qualifying capital expenditure that bears to mining income derived, expressed as a percentage.

For deferred tax purposes the group applies the expected average effective tax rate. The expected average effective tax rates for the respective operations are based on the group's current estimate of when temporary differences will reverse. Based on changes in estimates, the tax rate can be different from year to year.

If a one percentage point increase in the average effective mining tax rate is applied it would increase the movement in profit or loss by R5.7 million to R59.3 million debit.

Each company is taxed as a separate entity and no tax set-off is allowed between the companies.

All mining capital expenditure is deducted to the extent that it does not result in an assessed loss and depreciation is ignored when calculating the mining income. Capital expenditure not deducted from mining income is carried forward as unredeemed capital expenditure to be deducted from future mining income. After the restructuring of the surface operations, effective 1 July 2012, Ergo is treated as one tax paying operation pursuant to the relevant ring-fencing legislation.

GROUP			COMPANY	
2012 R'000	2013 R'000		2013 R'000	2012 R'000
1 693 444	**1 629 438**	Estimated unredeemed capital expenditure at year-end (available for deduction against future mining income)	**131 504**	249 504
1 399 339	**1 394 339**	Estimated gross capital losses at year-end (available to reduce future capital gains)	**1 394 339**	1 399 339
128 350	**86 107**	Estimated assessed tax losses at year-end (available to reduce future taxable income)	**–**	15 338
3 221 133	**3 109 884**	Estimated tax losses and unredeemed capital expenditure carried forward	**1 525 843**	1 664 181
		Tax reconciliation		
		Major items causing the group's income tax provision to differ from the statutory rate were:		
(110 740)	**(40 611)**	Taxation on net profit before taxation at South African corporate tax rate of 28%	**(29 989)**	(54 359)
34 273	**27 101**	Rate adjustment to reflect the actual realised company tax rates	**–**	–
15 940	**(9 354)**	Deferred tax rate adjustment	**(1 496)**	(2 228)
(7 339)	**(46 323)**	Non-deductable expenditure [(a)]	**(48 110)**	(4 803)
8 034	**16 006**	Exempt income [(b)]	**69 411**	30 301
25 367	**12 846**	Additional tax benefit relating to the prior year	**–**	25 367
439	**1 291**	Tax incentives	**–**	–
(4 544)	**–**	Secondary tax on companies	**–**	(2 818)
28 343	**2 197**	Temporary difference including tax losses recognised for which deferred tax assets were previously unrecognised	**1 537**	1 683
(2 702)	**(13 070)**	Current year losses for which no deferred tax was recognised	**–**	–
4 919	**4 976**	Other	**1 786**	3 996
(8 010)	**(44 941)**	**Taxation charge**	**(6 861)**	(2 861)

(a) Included in the group's non-deductable expenditure for the year ended 30 June 2013 is the non-deductible portion of R101.3 million relating to the impairment of the available-for-sale investment in VMR and R49.1 million relating to the impairment of the exploration asset in Zimbabwe.

Included in the company's non-deductable expenditure for the year ended 30 June 2013, is the non-deductible portion of R101.3 million relating to the impairment of the available-for-sale investment in VMR and R44.6 million relating to the impairment of Chizim Gold's net investment (refer note 4).

(b) Included in the group's exempt income for the year ended 30 June 2013 is an amount of R32.5 million relating to dividends received from local companies.

Included in the company's exempt income for the year ended 30 June 2013 is an amount of R32.5 million relating to dividends received from local companies and R147.4 million relating to the profit on disposal of the company's 35% direct interest in ErgoGold to Ergo making use of roll-over relief provisions for tax purposes.

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
		9. EARNINGS PER SHARE		
		Basic		
		The calculation of earnings per ordinary share is based on the following:		
308 675	**59 194**	Basic earnings attributable to equity owners of the parent		
217 301	**59 194**	Basic earnings from continuing operations attributable to equity owners of the parent		
384 169 915	**379 178 208**	Weighted average number of ordinary shares in issue adjusted for treasury shares		
		Headline		
		The basic earnings has been adjusted by the following to arrive at headline earnings:		
308 675	**59 194**	Basic earnings attributable to equity owners of the parent		
1 100	**212 878**	Net impairments		
1 100	**238 001**	– Gross impairment		
–	**(15 871)**	– Non-controlling interest		
–	**(9 252)**	– Taxation thereon		
14 430	**(12 895)**	Net (profit)/loss on disposal of property, plant and equipment		
9 556	**(19 267)**	– Gross (profit)/loss on disposal of property, plant and equipment		
3 168	**3 709**	– Non-controlling interest		
1 706	**2 663**	– Taxation thereon		
10 532	**–**	Net loss on disposal of subsidiaries		
10 532	**–**	– Gross loss on disposal of subsidiaries		
–	**–**	– Non-controlling interest		
–	**–**	– Taxation thereon		
(4 925)	**–**	Net gain on disposal of available-for-sale financial assets reclassified from other comprehensive income		
(6 656)	**–**	– Gross gain on reclassification from other comprehensive income		
1 731	**–**	– Non-controlling interest		
–	**–**	– Taxation thereon		
329 812	**259 177**	Headline earnings attributable to ordinary shareholders		
		Diluted		
308 675	**59 194**	Basic earnings attributable to equity owners of the parent		
–	**–**	Dilutive effect on earnings		
308 675	**59 194**	Diluted basic earnings		
21 137	**199 983**	Headline earnings adjustments		
329 812	**259 177**	Diluted headline earnings		
		Reconciliation of weighted average number of ordinary shares to diluted weighted average number of ordinary shares		
384 169 915	**379 178 208**	Weighted average number of ordinary shares in issue		
589 693	**802 224**	Number of staff options allocated		
384 759 608	**379 980 432**	Diluted weighted average number of ordinary shares		

GROUP 2012 R'000	GROUP 2013 R'000			COMPANY 2013 R'000	COMPANY 2012 R'000
80	**16**		Basic earnings per ordinary share (cents)		
80	**16**		Diluted earnings per ordinary share (cents)		
57	**16**		Basic earnings from continuing operations per ordinary share (cents)		
56	**16**		Diluted earnings from continuing operations per ordinary share (cents)		
86	**68**		Headline earnings per ordinary share (cents)		
86	**68**		Diluted headline earnings per ordinary share (cents)		
61	**68**		Headline earnings from continuing operations per ordinary share (cents)		
61	**68**		Diluted headline earnings from continuing operations per ordinary share (cents)		
			At 30 June 2013, 0.7 million options (2012: 17.0 million) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.		
		10.	**PROPERTY, PLANT AND EQUIPMENT**		
			Total		
2 212 866	**2 581 481**		Cost	**3 286**	18 197
3 558 578	**2 212 866**		Opening balance	**18 197**	17 945
335 182	**381 928**		Additions	**89**	21 992
4 290	**10 946**		Borrowing costs capitalised	**–**	–
(30 465)	**(26 486)**		Disposals	**(15 000)**	(21 740)
(1 665 341)	**–**		Disposed through disposal of subsidiaries	**–**	–
13 390	**(6 399)**		Change in estimate	**–**	–
(2 768)	**8 626**		Foreign exchange movement	**–**	–
(571 309)	**(825 148)**		Accumulated depreciation and impairment	**(3 055)**	(2 910)
(2 008 476)	**(571 309)**		Opening balance	**(2 910)**	(2 827)
(120 850)	**(143 766)**		Depreciation	**(145)**	(83)
–	**(110 186)**		Impairment (refer note 4)	**–**	–
–	**113**		Disposals	**–**	–
1 558 017	**–**		Disposed through disposal of subsidiary	**–**	–
1 641 557	**1 756 333**		Carrying value	**231**	15 287
			Mine property and development		
1 264 163	**1 266 171**		Cost	**–**	15 000
2 437 380	**1 264 163**		Opening balance	**15 000**	15 000
148 264	**26 332**		Additions	**–**	21 740
(30 465)	**(26 356)**		Disposals	**(15 000)**	(21 740)
9 772	**2 032**		Change in estimate	**–**	–
(1 300 788)	**–**		Disposed through disposal of subsidiary	**–**	–
(333 858)	**(427 617)**		Accumulated depreciation and impairment	**–**	–
(1 457 045)	**(333 858)**		Opening balance	**–**	–
(85 026)	**(85 164)**		Depreciation	**–**	–
–	**(8 595)**		Impairment	**–**	–
1 208 213	**–**		Disposed through disposal of subsidiary	**–**	–
930 305	**838 554**		Carrying value	**–**	15 000

GROUP 2012 R'000	GROUP 2013 R'000			COMPANY 2013 R'000	COMPANY 2012 R'000
		10.	**PROPERTY, PLANT AND EQUIPMENT** continued		
			Mine plant facilities		
743 444	**1 093 574**		Cost	**–**	–
917 564	**743 444**		Opening balance	**–**	–
170 861	**339 184**		Additions	**–**	–
4 290	**10 946**		Borrowing costs capitalised	**–**	–
(349 271)	**–**		Disposed through disposal of subsidiary	**–**	–
(224 459)	**(332 963)**		Accumulated depreciation and impairment	**–**	–
(530 291)	**(224 459)**		Opening balance	**–**	–
(33 300)	**(56 056)**		Depreciation	**–**	–
–	**(52 448)**		Impairment	**–**	–
339 132	**–**		Disposed through disposal of subsidiary	**–**	–
518 985	**760 611**		Carrying value	**–**	–
			Equipment and vehicles		
17 319	**20 068**		Cost	**3 286**	3 197
30 622	**17 319**		Opening balance	**3 197**	2 945
1 979	**2 879**		Additions	**89**	252
–	**(130)**		Disposals	**–**	–
(15 282)	**–**		Disposed through disposal of subsidiary	**–**	–
(12 992)	**(15 425)**		Accumulated depreciation and impairment	**(3 055)**	(2 910)
(21 140)	**(12 992)**		Opening balance	**(2 910)**	(2 827)
(2 524)	**(2 546)**		Depreciation	**(145)**	(83)
–	**113**		Disposals	**–**	–
10 672	**–**		Disposed through disposal of subsidiary	**–**	–
4 327	**4 643**		Carrying value	**231**	287
			Exploration assets (a)		
187 940	**201 668**		Cost	**–**	–
173 012	**187 940**		Opening balance	**–**	–
14 078	**13 533**		Additions	**–**	–
3 618	**(8 431)**		Change in estimate	**–**	–
(2 768)	**8 626**		Foreign exchange movement	**–**	–
–	**(49 143)**		Accumulated depreciation and impairment losses	**–**	–
–	**–**		Opening balance	**–**	–
–	**(49 143)**		Impairment (refer note 4)	**–**	–
187 940	**152 525**		Carrying value	**–**	–

Borrowing costs are capitalised to qualifying assets at the rate applicable to the specific financing obtained (refer note 21).

(a) Exploration assets relate to phase two of the Ergo project and include property, plant and the tailings complex as well as exploration costs incurred in Zimbabwe.

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
		11. NON-CURRENT INVESTMENTS AND OTHER ASSETS		
151 303	**34 071**	**Listed investments**	**34 071**	151 303
135 332	**151 303**	Opening balance	**151 303**	135 332
15 971	**(117 232)**	Fair value adjustment	**(117 232)**	15 971
20 426	**93 384**	**Unlisted investments**	**84 228**	14 927
4 431	**2 592**	**Loan to DRDSA Empowerment Trust (a)**	**2 592**	4 431
59 264	**90 667**	**Investments for environmental rehabilitation guarantees (b)**	**–**	–
–	**59 264**	Opening balance	**–**	–
56 944	**27 522**	Contributions	**–**	–
2 320	**3 881**	Growth (refer note 6)	**–**	–
106 328	**86 356**	**Investments in environmental rehabilitation trust funds (c)**	**–**	24 295
134 247	**106 328**	Opening balance	**24 295**	**23 002**
(1 100)	**(25 562)**	Impairment	**(25 562)**	**–**
(35 136)	**–**	Disposed through the disposal of subsidiary		
8 317	**5 590**	Growth (refer note 6)	**1 267**	**1 293**
341 752	**307 070**	**Total non-current investments and other assets**	**120 891**	**194 956**

	% held	Number of shares	Fair value 2013 R'000	Carrying value 2013 R'000	Carrying value 2012 R'000
Listed investments consist of:					
Village Main Reef Limited	8	85 714 286	**34 071**	**34 071**	151 303
			34 071	**34 071**	151 303
Unlisted investments consist of:					
Rand Mutual Assurance Company Limited	#	1	**–**	**–**	1
Rand Refinery Proprietary Limited	11	44 438	**93 320**	**93 320**	20 386
Chamber of Mines Building Company Proprietary Limited	2	32 676	**64**	**64**	39
			93 384	**93 384**	20 426

 # Represents a less than 1% shareholding.

(a) The terms and conditions of the loans to the DRDSA Empowerment Trust are linked to the payments of dividends from EMO to the company.

(b) This investment relates to funds invested for financial guarantees provided to the Department of Mineral Resources (DMR) for environmental and rehabilitation obligations (refer note 18). The entire amount is invested in a cell captive called the Guardrisk Cell Captive which is consolidated as a special purpose entity (SPE).

(c) The monies in the environmental rehabilitation trust funds are invested primarily in low-risk interest-bearing debt securities and may be used only for environmental rehabilitation purposes (refer note 18).

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
		12. INVESTMENTS IN SUBSIDIARIES		
		Shares at cost, less impairment loss	**113 277**	165 828
		Net indebtedness, less impairment loss	**895 700**	663 315
		Interest bearing loans owing by subsidiaries	**1 207 159**	540 337
		Non-interest bearing loans owing by subsidiaries	**143 920**	578 357
		Impairments	**(143 920)**	(143 920)
		Amounts owing to subsidiaries	**(311 459)**	(311 459)
		Interest bearing loans bear interest at prime minus four. The loans are unsecured and without any fixed repayment arrangements.		
		Net investment in subsidiaries	**1 008 977**	**829 143**

The following information relates to the company's financial interest in its subsidiaries at 30 June 2013:

	Number of shares	% held	Shares at cost less impairment	Indebtedness less impairment 2013	Indebtedness less impairment 2012
South Africa					
Argonaut Financial Services Proprietary Limited	100	100	–	**(1 055)**	(1 055)
Crown Consolidated Gold Recoveries Limited	51 300 000	100	–	**(245 316)**	(245 316)
Ergo Mining Operations Proprietary Limited[1]	1 000 000	74	113 177	**1 207 159**	917 867
Hartebeesfontein Gold Mining Company Limited	1	100	–	**–**	–
Rand Leases (Vogelstruisfontein) Gold Mining Company Limited	118 505 000	100	–	**(42 092)**	(42 092)
Roodepoort Gold Mine Proprietary Limited	1	100	–	**–**	–
West Witwatersrand Gold Holdings Limited	99 000 000	100	–	**(22 996)**	(22 996)
Guardrisk Insurance Company Limited[2]	20	100	100	**–**	–
ErgoGold[1]	–	–	–	**–**	56 907
Total			113 277	**895 700**	663 315

[1] *Ergo Mining Operations Proprietary Limited (EMO) holds the following investments: 100% of ERPM, 100% of Crown and 100% of Ergo. The ErgoGold joint venture (unincorporated entity) was dissolved on 1 July 2012 when EMO's 65% interest and the company's 35% interest were disposed of to Ergo as part of the internal restructuring done by the group.*

[2] *Guardrisk Insurance Company Limited is consolidated as a special purpose entity (SPE).*

GROUP			COMPANY	
2012 R'000	2013 R'000		2013 R'000	2012 R'000
		Disposal of subsidiaries		
		ErgoGold		
		During the year ended 30 June 2013, the company disposed of its 35% interest in ErgoGold to Ergo as part of the group restructuring on 1 July 2013 for R200.0 million. Through the disposal, the non-controlling interest obtained an additional 9.1% effective interest in ErgoGold accounted for as a movement in equity.		
		Calculation of profit on disposal of ErgoGold		
		Fair value of proceeds on disposal	**200 000**	
		Less: Carrying value of investment	**(52 551)**	
		Profit on disposal of subsidiary	**147 449**	
		Blyvooruitzicht Gold Mining Company Limited (Blyvoor)		
		On 11 February 2012, DRDGOLD, VMR and Business Venture Investments No 1557 Proprietary Limited (a wholly owned subsidiary of VMR) (purchaser) entered into a sale of shares and claims agreement (the Agreement), for the acquisition of DRDGOLD's entire interest in and claims against Blyvoor for R1 and 85 714 286 new ordinary shares of VMR.		
		The agreement consisted of two parts. Part A was completed on 1 June 2012 (date of disposal: which is the date control passed to VMR). Part B has certain conditions precedent which can be waived in full by VMR. These include the successful conversion of Blyvoor's old order mining right to a new order mining right under the Mineral and Petroleum Resources Development Act (Act No. 28 of 2002) (MPRDA), as well as obtaining the consent of the DMR for the sale.		
		Pending the outcome of Part B conditions precedent, 20 000 000 of the newly issued ordinary shares in VMR is kept in escrow.		
		The fair value of the proceeds on disposal was determined after taking into consideration the market close price of VMR on 1 June 2012 of R1.61 per share.		
		Calculation of (loss)/profit on disposal of Blyvoor		
135 332		Fair value of proceeds on disposal		135 332
(138 638)		Less: Consolidated carrying amount attributable to equity owners of the parent		
(7 226)		Less: Direct attributable costs		(7 226)
(10 532)		(Loss)/profit on disposal of subsidiary		128 106

GROUP				COMPANY	
2012 R'000	2013 R'000			2013 R'000	2012 R'000
		13.	**INVESTMENT IN JOINT VENTURE**		
			The joint venture for which the statement of profit or loss and other comprehensive income and statement of financial position have been proportionately consolidated is as follows:		
			Chizim Gold		
50%	**49%**		Percentage held	**49%**	50%
			Chizim Gold (Pvt) Limited – Zimbabwe		
			During the year ended 30 June 2011 the group acquired a 50% interest in Chizim Gold for a nominal cash consideration pursuant to a joint venture agreement entered into on 9 December 2009. On 7 June 2013, a shareholders agreement was entered into reducing the company's shareholding to 49%. On 30 June 2013 the company stopped conducting feasibility studies on certain exploration tenements in Zimbabwe. As a result, the company impaired its investment amounting to R44.6 million. The group and company has a contingent liability as at 30 June 2013 amounting to Rnil (2012: R31.4 million) in terms of the funding requirements as per the joint venture agreement and capital commitments amounting to Rnil (2012: R9.3 million).		
			Net investment in joint venture	**–**	30 620
			The group's policy is to capitalise exploration costs. Chizim Gold was purely in an exploration phase up until 30 June 2013, therefore the group's effective share in income and expenses of the joint venture is Rnil (2012: Rnil).		
			The group's effective share of assets and liabilities of the joint venture, which are included in the consolidated financial statements, are as follows:		
			Statement of financial position		
26 984	**–**		Non-current assets		
1 149	**518**		Current assets		
28 133	**518**		Total assets		
27 367	**313**		Shareholders' equity		
766	**205**		Current liabilities		
28 133	**518**		Total equity and liabilities		
		14.	**INVESTMENT IN ASSOCIATE**		
28.33%	**28.33%**		West Wits SA Proprietary Limited – percentage held	**28.33%**	28.33%
2 700	**2 700**		Investment in associate – at cost	**2 700**	2 700
(2 700)	**(2 700)**		Impairment of investment in associate	**(2 700)**	(2 700)
–	**–**		Carrying value of investment in associate	**–**	–

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
		15. INVENTORIES		
32 820	**35 037**	Gold in process	**–**	–
58 149	**73 428**	Consumable stores	**5**	5
14 871	**30 382**	Finished stock – bullion	**–**	–
105 840	**138 847**	Total inventories	**5**	5
		Inventory includes gold in process carried at net realisable value amounting to R31.7 million (2012: Rnil) and finished stock – bullion amounting to R21.9 million (2012: R0.9 million).		
		16. TRADE AND OTHER RECEIVABLES		
2 082	**30 415**	Trade receivables (gold)	**–**	–
30 044	**17 110**	Value added tax	**–**	424
1 022	**403**	Prepayments	**–**	–
614	**177**	Receivables from related parties	**5**	4
1 074	**1 646**	Interest receivable	**1 643**	1 074
34 880	**39 354**	Disposal of property and other receivables	**3 907**	3 390
(7 820)	**(6 360)**	Allowance for impairment	**–**	(1 868)
61 896	**82 745**		**5 555**	3 024
		17. EQUITY OF THE OWNERS OF THE PARENT		
		Details of equity of the owners of the parent are provided in the Statements of Changes in Equity on page 12.		
		Authorised share capital		
		600 000 000 (2012: 600 000 000) ordinary shares of no par value		
500	**500**	5 000 000 (2012: 5 000 000) cumulative preference shares of 10 cents each	**500**	500
		Issued share capital		
4 133 867	**4 133 687**	385 383 767 (2012: 385 383 767) ordinary shares of no par value	**4 133 687**	4 133 867
(44 750)	**(44 400)**	6 205 559 (2012: 6 268 173) treasury shares held within the group		
500	**500**	5 000 000 (2012: 5 000 000) cumulative preference shares of 10 cents each	**500**	500
4 089 617	**4 089 787**		**4 134 187**	4 134 367
		Share capital		
		Unissued shares		
		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.		

GROUP			COMPANY	
2012 R'000	2013 R'000		2013 R'000	2012 R'000

17. EQUITY OF THE OWNERS OF THE PARENT continued

Cumulative preference shares

The terms of issue of the cumulative preference shares were that they carried 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 Argonaut's mineral rights acquired from Randgold and Exploration Company Limited in September 1997. The DMR granted DRDGOLD a prospecting right over an area which was going to be too small to mine. When an application for a greater area was lodged, the DMR stated that the additional area is in an urban location and an application for a prospecting right cannot be granted. The company is in the process of consulting with the relevant preference shareholder to cancel these preference shares.

Option instruments

The company currently has one class of options authorised but not issued, namely Durban Deep "C" options. There are 10 000 000 authorised option instruments at year-end which entitle the holder to subscribe for one ordinary share per option instrument at a subscription price of R15 per ordinary share, which are exercisable at any time during the period from the date on which the option is issued by the company to a date no later than five years from the date of issue.

Revaluation and other reserves

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
(3 252)	**5 882**	Foreign exchange translation reserve (a)	**–**	–
152 840	**186 459**	Asset revaluation reserve (b)	**46 396**	15 484
55 487	**32 601**	Share-based payments reserve (c)	**15 225**	38 468
205 075	**224 942**		**61 621**	53 952

(a) The foreign exchange translation reserve represents the cumulative translation effect arising on the translation of the financial statements of the company's foreign investment in Zimbabwe (refer note 13).

(b) On the acquisition of ErgoGold in the year ended 30 June 2009, an amount of R133.3 million was taken to the asset revaluation reserve. This amount represented the increase in the fair value of ErgoGold's net assets after the acquisition of the group's initial interest, which is attributable to that initial interest.

The fair value adjustment on the available-for-sale instruments relating to the investment in Village Main Reef Limited (VMR) amounted to R117.2 million loss (2012: R11.5 million gain). The cumulative fair value adjustment has been reclassified as an impairment through profit or loss amounting to R101.3 million.

The cumulative fair value adjustment on the available-for-sale instruments relating to the investment in Rand Refinery Proprietary Limited (Rand Refinery) as at 30 June 2013, amounted to R53.2 million (2012: R8.0 million)

(c) The company issues equity-settled instruments to certain qualifying employees under an employee share option scheme to purchase shares in the company's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. Deferred share-based compensation is expensed over the vesting period, based on the company's estimate of the shares that are expected to eventually vest. During the year ended 30 June 2013, the company offered participants to buy-out all vested share options. The buy-out amounted to R24.1 million (2012: Rnil).

GROUP			COMPANY	
2012 R'000	2013 R'000		2013 R'000	2012 R'000
		Dividends		
		The following dividends were declared and paid by the group:		
(28 872)	**(91 004)**	24.0 cents per qualifying ordinary share (2012: 7.5 cents)	**(92 492)**	(28 872)
		After 30 June 2013, a dividend of 14 cents per qualifying share (R54.0 million) was approved by the directors as a final dividend for 2013. The company has no STC credits to utilise against the dividends tax. Dividend tax is levied at 15% (2012: 15%) (certain exemptions apply) and will be withheld from the dividend depending on the classification of the beneficial owner of the relevant share.		

18. PROVISION FOR ENVIRONMENTAL REHABILITATION

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
490 225	**504 327**	Opening balance	**20 382**	19 049
(45 999)	**–**	Disposed through disposal of subsidiary	**–**	–
13 390	**(6 399)**	(Decrease)/increase in provision (refer note 10)	**–**	–
7 292	**33 537**	Unwinding of provision (refer note 7)	**–**	–
(19 766)	**(22 476)**	Utilisation of provision	**–**	–
59 185	**15 334**	Charge/(benefit) to profit or loss	**(20 382)**	1 333
504 327	**524 323**	Closing balance	**–**	20 382
		Amounts have been contributed to irrevocable trusts and guarantees have been provided to the DMR (refer to note 11).		
		The company intends to fund the ultimate rehabilitation costs from the money invested with the trust funds together with the Guardrisk Cell Captive as well as, at the time of mine closure, the proceeds on sale of remaining assets and gold from plant clean-up. The rehabilitation is expected to occur progressively towards the end-of-life of the respective dumps mined.		

19. POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
5 972	**6 322**	Liability for post-retirement medical benefits (a)	**–**	–
–	**2 331**	Liability for long-term employee incentive scheme (b)	**1 220**	–
5 972	**8 653**		**1 220**	–
		Contribution funds		
		The group participates in a number of multi-employer, industry-based retirement plans. All plans are governed by the Pension Funds Act, 1956.		
		The group pays fixed contributions to external institutions and will have no legal or constructive obligation to pay further amounts.		
		Amount recognised in profit or loss is as follows:		
(53 425)	**(16 246)**	Contribution payments	**(1 411)**	(1 637)

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
		19. POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS continued		
		(a) Post-retirement medical benefits		
		A provision for post-retirement medical benefits has been raised, based on the latest calculations using a projected unit credit method, of independent actuaries performed as at 30 June 2012. Post-retirement medical benefits are actuarially valued every three years. The obligation is unfunded.		
		Amounts recognised in the statement of financial position are as follows:		
5 540	**5 972**	Opening balance	**–**	–
84	**92**	Current service cost	**–**	–
67	**–**	Actuarial loss	**–**	–
(231)	**(282)**	Benefits paid	**–**	–
512	**540**	Interest costs	**–**	–
5 972	**6 322**	Closing balance	**–**	–
		Amounts recognised in profit or loss are as follows:		
(84)	**(92)**	Current service cost and interest	**–**	–
(67)	**–**	Net actuarial loss	**–**	–
(512)	**(540)**	Interest costs	**–**	–
(663)	**(632)**		**–**	–
		Principal actuarial assumptions at the statement of financial position date:		
7.8%	**7.8%**	Health care cost inflation		
8.8%	**8.8%**	Discount rate		
0.9%	**0.9%**	Real discount rate		
60	**60**	Normal retirement age		
60.3	**60.3**	Expected average retirement age		
3 years	**3 years**	Spouse age gap		
100%	**100%**	Continuation at retirement		
85%	**85%**	Proportion married at retirement		

Historical information:

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	2009 R'000
Unfunded liability	**6 322**	5 972	5 540	12 507	42 498
Actuarial loss/(gain)	**–**	67	(5 651)	(35 290)	18 226

There are currently no long-term assets set aside in respect of post-retirement medical benefit liabilities.

Assuming all other variables remain constant a one percent change in the stated assumptions would have the following effects:

	Variation	Health care cost inflation R'000	Mortality R'000	Resignation rate R'000
Effect on the aggregate service and interest cost	+ 1%	70	(61)	(4)
	- 1%	(60)	72	3
Effect in past-service contractual liability	+ 1%	733	(645)	(32)
	- 1%	(626)	752	32

The group expects to pay contributions of R0.3 million during 2014.

GROUP			COMPANY	
2012 R'000	**2013 R'000**		**2013 R'000**	**2012 R'000**
		(b) Liability for long-term employee incentive scheme		
–	**–**	Opening balance	**–**	–
–	**3 349**	Increase in liability current year	**1 753**	–
–	**3 349**	Total liability of employee incentive scheme	**1 753**	–
–	**(1 018)**	Short-term portion of employee incentive scheme	**(533)**	–
–	**2 331**	Long-term portion of employee incentive scheme	**1 220**	–

Details of the scheme

The company operates the DRDGOLD phantom share scheme as an incentive tool for its executive directors and senior employees whose skills and experience are recognised as being essential to the company's performance. The phantom share scheme was introduced during the year ended 30 June 2013 and is classified as cash settled. In terms of the phantom share scheme rules, 50% of the phantom shares granted will be valued based on the group meeting certain pre-determined performance criteria and the remaining 50% to defined retention periods. The maximum incentive pay-out per annum to any single employee may not exceed 75% of that employee's gross remuneration package. The participants in the scheme are fully taxed at their marginal tax rate on any gains realised on the exercise of their phantom shares.

The phantom share granted has a zero base value, however the number of phantom shares granted by the Remuneration Committee is determined by price in respect of each share which is the subject of the phantom shares, the volume weighted average price of a share on the JSE for the seven days on which the JSE is open for trading, preceding the day on which the employee is granted the phantom shares. The allocation date will be the date when the directors approve allocation of phantom shares. Each phantom share remains in force until date of vesting, subject to the terms of the scheme. Phantom shares granted under the phantom share scheme vest primarily according to the following schedule over a maximum of a three year period:

Percentage vested in each period grant:		**Period after the original date of grant of the phantom shares:**
Performance criteria	Retention criteria	
33%	0%	one year
33%	50%	two years
33%	50%	three years

On 31 October 2012, the group granted 3 019 549 phantom shares to its executive directors and senior employees, to entitle them to a cash payment after each vesting period stated above.

The cash payment is determined based on performance and retention criteria as set out in this note.

Phantom shares granted are initially measured at fair value on grant date and subsequently on each reporting date. This fair value is recognised as an employee expense over the vesting period, adjusted to reflect actual levels of vesting, with the corresponding credit to an employee benefit liability, which is part of non-current and current liabilities.

The fair value of the phantom shares granted is measured using the Black-Scholes valuation model, taking into account the terms and conditions upon which the phantom shares were granted and management's best estimate of the performance criteria being met at each reporting date.

19. POST-RETIREMENT AND OTHER EMPLOYEE BENEFITS continued

Analysis of phantom shares:

		Vested		Unvested	
Year granted	Years to expiry	30 June 2013	30 June 2014	30 June 2015	30 June 2016
2013	1 – 3	–	503 265	1 258 156	1 258 128

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
		The fair value of the phantom share options determined using the Black-Scholes valuation model.		
		Significant inputs into the model were:		
		Market price at date of grant (rand per share)		
	5.92	31 October 2013 grant		
		Vesting periods (years)		
	3	31 October 2013 grant		
		Volume weighted average price at date of grant (rand per share)		
	5.48	31 October 2013 grant		
		Average risk-free rate		
	5.85%	31 October 2013 grant		
		Average volatility*		
	16%	31 October 2013 grant		
		The performance criteria of the phantom shares determined against the group performance		
		Return on equity (minimum required)		
	15%	31 October 2013 grant		
		Headline earnings per share (minimum required) (cent per share)		
	0.64	31 October 2013 grant		
		Share price performance (minimum required) (JSE Gold index)		
	J150	31 October 2013 grant		
		Free cash flow margin (minimum required)		
	10%	31 October 2013 grant		

** The volatility is measured at the standard deviation of the expected share price returns and is based on statistical analysis of daily share prices over the last three years.*

SHARE OPTION SCHEME

Details of the scheme

During the year ended 30 June 2013, the company introduced a new incentive tool called the DRDGOLD phantom share scheme which will replace the share option scheme and no new share options will be granted under the replaced scheme. The company made an offer to buy-out all vested share options during the year ended 30 June 2013, at fair value based on the Black-Scholes option valuation model amounting to R24.1 million (2012: Rnil).

Percentage vested in each period grant:	Period after the original date of the option:
25%	six months
25%	one year
25%	two years
25%	three years

Any options not exercised within a period of five years (issued prior to 2009: ten years) from the original date of the option will expire and may not thereafter be exercised.

Share options activity in respect of the DRDGOLD (1996) share scheme was as follows:

	Outstanding		Vested	
	Number of shares	Average price per share R	Number of shares	Average price per share R
Balance at 1 July 2011	21 582 927	7.30	16 011 187	12.13
Granted	5 084 563	5.12		
Exercised	(5 394 749)	3.94		
Forfeited/lapsed	(1 648 156)	11.38		
Balance at 30 June 2012	19 624 585	7.32	13 966 866	8.36
Exercised	(14 699 280)	6.61		
Forfeited/lapsed	(1 269 948)	17.36		
Balance at 30 June 2013	3 655 357	6.68	715 378	14.67

Options to acquire the company's ordinary shares that were granted post 7 November 2002 and which remain unvested at 1 January 2005, are measured at fair value at grant date. This fair value is recognised as an employee expense over the vesting period, adjusted to reflect actual levels of vesting, with the corresponding credit to a revaluation and other reserve, which is part of equity.

The fair value of the options granted is measured using the Black-Scholes option valuation model, taking into account the terms and conditions upon which the options were granted.

Analysis of share options

		Vested	Unvested	
Range of exercise prices	Years to expiry	30 June 2013	30 June 2014	30 June 2015
R5<	2 – 3	–	789 246	
R5 > R10	2 – 4	102 278	1 075 365	1 075 368
R10 > R15	1 – 2	177 500		
R15 > R20	0 – 1	435 600		
		715 378	1 864 611	1 075 368

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
		The fair value of the options determined using the Black-Scholes option valuation model.		
		Significant inputs into the model were:		
		Market price at date of grant (rand per share)		
3.66	**3.66**	18 October 2010 option grant		
5.26	**5.26**	2 November 2011 option grant		
		Vesting periods (years)		
3	**3**	18 October 2010 option grant		
3	**3**	2 November 2011 option grant		
		Option strike price (rand per share)		
3.69	**3.69**	18 October 2010 option grant		
5.12	**5.12**	2 November 2011 option grant		
		Risk-free rate		
6.74%	**6.74%**	18 October 2010 option grant		
6.75%	**6.75%**	2 November 2011 option grant		
		Volatility*		
31%	**31%**	18 October 2010 option grant		
34%	**34%**	2 November 2011 option grant		

* *The volatility is measured at the standard deviation of the expected share price returns and is based on statistical analysis of daily share prices over the last three years.*

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
		20. DEFERRED TAX		
		Balances arose from the following temporary differences:		
		Deferred tax asset		
(5 460)	**(5)**	Property, plant and equipment	**(5)**	(2 074)
29 247	**2 894**	Provisions, including rehabilitation provision	**2 894**	3 431
16 836	**–**	Estimated assessed losses	**–**	4 294
(4 471)	**–**	Investments	**–**	(4 471)
2 133	**–**	Other temporary differences	**–**	–
38 285	**2 889**		**2 889**	1 180
		Deferred tax liability		
(118 972)	**(185 832)**	Property, plant and equipment	**–**	–
31 965	**81 358**	Provisions, including rehabilitation provision	**–**	–
(25)	**3 709**	Other temporary differences	**–**	–
(87 032)	**(100 765)**		**–**	–
(48 747)	**(97 876)**	Net deferred mining and income tax (liability)/asset	**2 889**	1 180
		Reconciliation between deferred taxation opening and closing balances		
(53 293)	**(48 747)**	Opening balance	**1 180**	5 694
(4 471)	**4 471**	Recognised in other comprehensive income	**4 471**	(4 471)
(4 471)	**4 471**	– Investments	**4 471**	(4 471)
9 017	**(53 600)**	Profit or loss (expense)/credit	**(2 762)**	(43)
14 148	**(61 405)**	– Property, plant and equipment	**2 069**	4 077
14 382	**23 040**	– Provisions, including rehabilitation provision	**(537)**	376
(21 624)	**(16 836)**	– Estimated assessed losses	**(4 294)**	(4 496)
2 111	**1 601**	– Other temporary differences	**–**	–
(48 747)	**(97 876)**	Closing balance	**2 889**	1 180

The group provides for deferred tax at the rates which are expected to apply for temporary differences. The group uses the expected average effective tax rates, resulting from the mining tax formula for mining income based on forecasts per individual entity. If a one percentage point increase in the effective tax rate is applied the deferred tax liability would amount to R103.6 million compared to the current R97.9 million (refer note 8).

Deferred tax assets have not been recognised in respect of tax losses of R24.1 million (2012: R10.9 million), unredeemed capital expenditure of R275.6 million (2012: R177.7 million) and capital losses of R260.3 million (2012: R261.2 million).

The deferred tax relating to the company's investment in subsidiaries, joint venture and associate is Rnil (2012: Rnil) resulting from the fact that these investments are to be realised through dividend distributions which are exempt under current tax legislation. As a result there are also no temporary differences.

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
		21. LOANS AND BORROWINGS		
		Unsecured		
30 690	**167 626**	Domestic Medium Term Note Programme (a)	**167 626**	–
30 690	**167 626**		**167 626**	–
(30 690)	**(24 294)**	Less: payable within one year included under current liabilities	**(24 294)**	–
–	**143 332**		**143 332**	–
		Loans and borrowings repayment schedule for capital amounts payable in the twelve months to:		
30 690		30 June 2013		–
–	**24 294**	30 June 2014	**24 294**	–
–	**143 332**	30 June 2015	**143 332**	–
30 690	**167 626**		**167 626**	–
		Analysis of gross loans and borrowings by currency:		
30 690	**167 626**	South African rand	**167 626**	–
		Effective interest rates:		
		Unsecured liabilities		
10.6%	**9.1% – 10.2%**	Domestic Medium Term Note Programme (a)	**9.1% – 10.2%**	

(a) During June 2012 the group entered into a Domestic Medium Term Note Programme (DMTN Programme) with ABSA Capital, a division of ABSA Bank Limited, under which DRDGOLD may from time to time issue notes. R165.0 million was raised during July 2012 and September 2012. The different notes issued mature 12 (R20.0 million), 24 (R69.5 million) and 36 (R75.5 million) months from the date of issue and bear interest at the three month Johannesburg Inter-bank Acceptance Rate (JIBAR) plus a margin ranging from 4% to 5% per annum. The DMTN Programme is unsecured but does have certain covenants attached to it regarding acquiring additional indebtedness, significant disposal of assets and in the form of a guarantor coverage threshold. During the year ended 30 June 2013, the group settled the last unsecured notes issued under the previous DMTN Programme which had a 24 month term and carried interest at the three month JIBAR plus 5%.

22. CASH GENERATED BY/(APPLIED TO) OPERATIONS

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
395 499	**145 041**	Profit before taxation	**107 103**	194 141
		Adjusted for		
120 850	**143 766**	Depreciation	**145**	83
59 185	**15 334**	Movement in provision for environmental rehabilitation	**(20 382)**	1 333
(14 710)	**(17 727)**	Movement in gold in process	**–**	–
1 100	**238 001**	Impairments/(reversal of impairments)	**171 389**	(85 666)
9 556	**(19 267)**	(Profit)/loss on disposal of property, plant and equipment	**(5 000)**	21 740
4 133	**4 515**	Share-based payments	**2 562**	2 232
554	**(1 412)**	(Reversal of impairment)/impairment loss on trade receivables	**(1 868)**	(205)
67	**–**	Actuarial loss on post-retirement and other employee benefits	**–**	–
(389)	**350**	Post-retirement and other employee benefits	**–**	–
(38)	**(32 470)**	Dividends received	**(77 132)**	(38)
(33 402)	**(33 498)**	Finance income	**(224 206)**	(169 691)
17 706	**41 975**	Finance expenses	**18 029**	303
560 111	**484 608**	Operating cash flows before working capital changes	**(29 360)**	(35 768)
63 472	**(42 240)**	Working capital changes	**(14 090)**	5 482
33 583	**(19 317)**	Change in trade and other receivables	**3 502**	(572)
(3 328)	**(19 510)**	Change in inventories	**–**	–
33 217	**(3 413)**	Change in trade and other payables	**(17 592)**	6 054
623 583	**442 368**	Cash generated by/(applied to) operations	**(43 450)**	(30 286)

23. CASH FLOW ON DISPOSAL OF SUBSIDIARY, NET OF CASH DISPOSED

Disposal of Blyvooruitzicht Gold Mining Company Limited

On 1 June 2012, DRDGOLD disposed of its 74% shareholding in and loan claims against Blyvoor (refer note 12).

Effect of disposal on the financial position of the group:

GROUP 2012 R'000	GROUP 2013 R'000		COMPANY 2013 R'000	COMPANY 2012 R'000
114 374		Property, plant and equipment		
46 989		Non-current investments and other assets		
36 508		Inventories		
32 679		Trade and other receivables		
2 358		Cash and cash equivalents		
(46 001)		Provision for environmental rehabilitation		
(568)		Post-retirement and employee benefits		
(145 197)		Trade and other payables		
41 142		Consolidated carrying value at time of disposal		
(7 226)		Direct attributable costs		(7 226)
(2 358)		Less: cash and cash equivalents of disposed entity		
(9 584)		Cash flow on disposal of subsidiary net of cash disposed		(7 226)

GROUP			COMPANY	
2012 R'000	2013 R'000		2013 R'000	2012 R'000
		24. CASH AND CASH EQUIVALENTS		
		Included in cash and cash equivalents is restricted cash of R18.2 million (2012: R68.6 million) in the form of a guarantee of which Rnil (2012: R43.0 million) relates to a guarantee given to AngloGold Ashanti Limited.		
298 506	**377 169**	Cash and cash equivalents	**307 224**	226 641
298 506	**377 169**		**307 224**	226 641
		Cash flows relating to exploration assets		
(14 078)	**(13 533)**	Investing cash flow	**–**	–
		25. COMMITMENTS AND CONTINGENT LIABILITIES		
		Capital commitments		
93 015	**12 460**	Contracted for but not provided for in the financial statements	**–**	–
201 273	**17 587**	Authorised by the directors but not contracted for	**–**	–
294 288	**30 047**		**–**	–
		This capital expenditure will be financed from existing cash resources, cash generated from operations and negotiated funding facilities.		
		Operating lease commitments		
		The company leases its office building in terms of an operating lease. The company does not have an option to acquire the building at the termination of the lease. There is an escalation of 8% per annum imposed by the lease agreement.		
		Ergo leases its vehicles under various operating leases. There is an average escalation of 2.5% per annum imposed by these lease agreements.		
		The future minimum lease payments under non-cancellable operating leases are as follows:		
1 733	**1 648**	Not later than 1 year	**942**	**921**
2 653	**1 781**	Between 1 and 5 years	**1 025**	**1 967**

CONTINGENT LIABILITIES

Environmental

At **Durban Roodepoort Deep** mine, rehabilitation and other responsibilities like the National Nuclear Regulator Certificate of Registration requirements have been taken over by DRD Proprietary Limited (a subsidiary of Mintails). An official liability transfer in terms of section 58 of the MRPDA has been submitted to the DMR. The DRD Village has been sold to a property developer (Dino Properties). The legal transfer of the liability would be dependent on the DMR's assessment of Mintail's financial capability. DRDGOLD therefore still has a contingent liability until such legal transfer is effected, amounting to R63.4 million less the trust fund amount of R25.6 million. We are awaiting formal registration of this transfer.

Mine residue deposits have a potential pollution impact on ground water through seepage, known as acid mine drainage (AMD). The group has taken certain preventative actions as well as remedial actions in an attempt to minimise the group's exposure and environmental contamination.

The flooding of the western and central basins have the potential to cause pollution due to AMD contaminating the ground water. The government has appointed Trans-Caledon Tunnel Authority (TCTA) to construct a partial treatment plant to prevent the ground water being contaminated. This plant is due to be commissioned by January 2014. They will then consider options for the long-term sustainable solution to treating and reusing this water.

25. COMMITMENTS AND CONTINGENT LIABILITIES continued

In December 2012, EMO, Ergo and ERPM (collectively referred to as the Ergo Group) entered into heads of agreement with Trans-Caledon Tunnel Authority (TCTA), aimed at laying a foundation for a self-sustainable solution to acid mine drainage (AMD) in the Central Witwatersrand Basin.

TCTA, acting through directives issued by the Minister of Water and Environmental Affairs and the Department of Water Affairs, is to construct pumping and treatment facilities to intercept rising AMD, and to prevent it from reaching the so-called 'environmental critical level'.

In terms of the heads of agreement, the Ergo Group grants TCTA:

- access to land for the construction of a water treatment plant;
- access to the South West Vertical Shaft of ERPM to construct and operate a pump station to pump AMD to surface;
- the right to construct a sludge pipeline, using servitudes owned by Ergo Group members;
- shared use of an Ergo Group residue pipeline; and
- partial use of the Ergo tailings dams for the deposition of up to 4 167m³ of sludge per day, emanating from the water treatment plant.

Also in terms of the heads of agreement EMO has an option, at its election, to acquire from TCTA, for its operations, up to 30 mega litres of untreated or partially treated AMD per day.

While these heads of agreement should not be seen as an unqualified endorsement of the State's AMD solution, and do not affect our right to either challenge future directives or to implement our own initiatives should it become necessary, they are an encouraging development. In particular, if the spirit of cooperation that led to its conclusion is taken into the implementation and management of the project, this initiative has every chance of success.

DRDGOLD, through its participation in the Western Utilities Corporation initiative, provided the government with a solution for a sustainable long-term solution to AMD. This solution would have been at no cost to the mines and government. In view of the limitation of current information for the accurate estimation of a potential liability, no reliable estimate can be made for the possible obligation.

Occupational health – silicosis

In January 2013 DRDGOLD, ERPM and 23 other mining companies were served with a court application for a class action issued in the South Gauteng High Court by alleged former mineworkers and dependents of deceased mineworkers. In the pending application the applicants allege that DRDGOLD, ERPM and other mining companies conducted underground mining operations in such a negligent manner that the former mineworkers contracted silicosis. The applicants have not yet quantified the amounts which they would like the mining companies to pay as damages.

DRDGOLD and ERPM have instructed Malan Scholes Attorneys to defend the case. The companies are currently gathering information in preparation for the matter.

Taking into account that the silicosis claim is still at certification stage and should anyone bring similar claims against DRDGOLD or any of its subsidiaries in future, those claimants would need to provide evidence proving that silicosis was contracted while in the employment of the company and that it was contracted due to negligence on the company's part. The link between the cause (negligence by the company while in its employ) and the effect (the silicosis) will be an essential part of any case. It is therefore uncertain as to whether the company will incur any costs related to silicosis claims in the future and due to the limited information available on any claims and potential claims and the uncertainty of the outcome of these claims, no reliable estimation can be made for the possible obligation.

Dispute with the Ekurhuleni Municipality

The Ekurhuleni Municipality has brought an action against ERPM claiming an amount of R42.0 million in respect of outstanding rates and taxes which are allegedly owing. As at 30 June 2013, the difference between the invoiced amount and ERPM's calculations amounted to R52.8 million. ERPM has employed experts to investigate the allegations and it appears that this claim is unfounded. ERPM is defending this action and has employed Norton Rose Attorneys to represent it. There are sufficient defences to repel the claim, therefore an outflow of resources is not probable.

26. FINANCIAL INSTRUMENTS

Overview

The group (which includes the company unless the context implies differently) has exposure to credit risk, liquidity risks, as well as other market risks from its use of financial instruments. This note presents information about the group's exposure to each of the above risks, the group's objectives and policies and processes for measuring and managing risk. The group's management of capital is disclosed in note 27. Further quantitative disclosures are included throughout these consolidated financial statements.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the Risk Committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the board of directors on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the group's activities. The group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The Audit Committee is assisted in its oversight role by the internal audit function. The internal audit function undertakes both regular and *ad hoc* reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from customers and investment securities.

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 after evaluating the credit ratings of the representative financial institutions. Furthermore, its trade receivables and loans are regularly monitored and assessed for recoverability. Where it is appropriate an impairment loss is raised.

In addition, the group's operations all deliver their gold to Rand Refinery, which refines the gold to saleable purity levels and then sells the gold, on behalf of the South African operations, on the bullion market. The gold is usually sold by Rand Refinery on the same day as it is delivered and settlement is made within two days.

The following represents the maximum exposure to credit risk for all financial assets at 30 June:

GROUP

	Carrying value	
	2013 R'000	2012 R'000
Financial assets		
Listed investments (refer note 11)	**34 071**	151 303
Unlisted investments (refer note 11)	**93 384**	20 426
Loans to black empowerment entities (refer note 11)	**2 592**	4 431
Investments for environmental rehabilitation guarantees (refer note 11)	**90 667**	59 264
Investments in environmental rehabilitation trust funds (refer note 11)	**86 356**	106 328
Trade and other receivables (refer note 16)	**65 232**	30 830
Cash and cash equivalents	**377 169**	298 506
	749 471	671 088

26. FINANCIAL INSTRUMENTS continued

COMPANY

	Carrying value	
	2013 R'000	2012 R'000
Financial assets		
Listed investments (refer note 11)	**34 071**	151 303
Unlisted investments (refer note 11)	**84 228**	14 927
Loans to subsidiaries (refer note 12)	**1 207 159**	974 774
Loans to black empowerment entities (refer note 11)	**2 592**	4 431
Investments in environmental rehabilitation trust funds (refer note 11)	**–**	24 295
Trade and other receivables (refer note 16)	**5 555**	2 600
Cash and cash equivalents	**307 224**	226 641
	1 640 829	1 398 971

The following represents the maximum exposure to credit risk for trade and other receivables at 30 June:

GROUP

	Carrying value	
	2013 R'000	2012 R'000
Trade receivables (gold) (refer note 16)	**30 415**	2 082
Receivables from related parties (refer note 16)	**177**	614
Disposal of property and other receivables (refer note 16)	**34 640**	28 134
	65 232	30 830

The ageing of trade and other receivables at 30 June:

	Gross value	Impairment	Gross value	Impairment
	2013 R'000	2013 R'000	2012 R'000	2012 R'000
Not past due	**62 665**	**(67)**	9 320	(91)
Past due 0-30 days	**652**	**(57)**	2 441	(186)
Past due 31-120 days	**1 302**	**(2 181)**	17 082	(923)
More than 120 days	**6 973**	**(4 055)**	9 807	(6 620)
	71 592	**(6 360)**	38 650	(7 820)

Impairments were raised due to the uncertainty around the recoverability and timing of the cash flows.

Movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Impairment	
	2013 R'000	2012 R'000
Balance at 1 July	**(7 820)**	(7 266)
Impairments reversed/(recognised)	**1 460**	(554)
Balance at 30 June	**(6 360)**	(7 820)

The group has no significant credit risk as the majority of the group's receivables are from debtors with a good track record. The impairment raised for debtors older than 120 days largely relates to the leasing of hostels.

The following represents the maximum exposure to credit risk for trade and other receivables at 30 June:

COMPANY

	Carrying value	
	2013 R'000	2012 R'000
Receivables from related parties (refer note 16)	**5**	4
Disposal of property and other receivables (refer note 16)	**5 550**	2 596
	5 555	2 600

The ageing of trade and other receivables at 30 June:

	Gross value	Impairment	Gross value	Impairment
	2013 R'000	2013 R'000	2012 R'000	2012 R'000
Not past due	**5 266**	**–**	2 365	–
Past due 0 – 30 days	**21**	**–**	161	(161)
Past due 31 – 120 days	**35**	**–**	273	(273)
More than 120 days	**233**	**–**	1 669	(1 434)
	5 555	**–**	4 468	(1 868)

Impairments were raised due to the uncertainty around the recoverability and timing of the cash flows.

Movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Impairment	
	2013 R'000	2012 R'000
Balance at 1 July	**(1 868)**	(2 073)
Impairments reversed	**1 868**	205
Balance at 30 June	**–**	(1 868)

Based on historic default rates, the company believes that no impairment allowance is necessary in respect of trade and other receivables not past due 120 days unless circumstances specifically require an earlier impairment. The impairment raised for debtors older than 120 days largely relates to the leasing of hostels.

26. FINANCIAL INSTRUMENTS continued

LIQUIDITY RISK

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Unless otherwise stated the following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

GROUP

30 June 2013	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	2 – 5 years	More than 5 years
	R'000	R'000	R'000	R'000	R'000	R'000
Unsecured						
Domestic Medium Term Note Programme	**167 626**	**(188 841)**	**(28 142)**	**–**	**(160 699)**	**–**
Trade and other payables	**219 601**	**(219 601)**	**(219 601)**	**–**	**–**	**–**
	387 227	**(408 442)**	**(247 743)**	**–**	**(160 699)**	**–**

30 June 2012	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	2 – 5 years	More than 5 years
	R'000	R'000	R'000	R'000	R'000	R'000
Unsecured						
Domestic Medium Term Note Programme	30 690	(30 802)	(30 802)	–	–	–
Trade and other payables	227 392	(227 392)	(227 392)	–	–	–
	258 082	(258 194)	(258 194)	–	–	–

COMPANY

30 June 2013	Carrying amount	Contractual cash flows	6 months or less	6 – 12 months	2 – 5 years	More than 5 years
	R'000	R'000	R'000	R'000	R'000	R'000
Domestic Medium Term Note Programme	**167 626**	**(188 841)**	**(28 142)**	**–**	**(160 699)**	**–**
Trade and other payables	**21 799**	**(21 799)**	**(21 799)**	**–**	**–**	**–**
	189 425	**(210 640)**	**(49 941)**	**–**	**(160 699)**	**–**

30 June 2012	Carrying amount	Contractual cash flows	6 months or less
	R'000	R'000	R'000
Trade and other payables	39 984	(39 984)	(39 984)
	39 984	(39 984)	(39 984)

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table represents the carrying amounts and fair values of the group's financial instruments at 30 June:

GROUP

	Carrying value	Fair value	Carrying value	Fair value
	2013 R'000	2013 R'000	2012 R'000	2012 R'000
Financial assets				
Listed investments (refer note 11)	**34 071**	**34 071**	151 303	151 303
Unlisted investments (refer note 11)	**93 384**	**93 384**	20 426	20 426
Loans to black empowerment entities (refer note 11)	**2 592**	**2 592**	4 431	4 431
Investments for environmental rehabilitation guarantees (refer note 11)	**90 667**	**90 667**	59 264	59 264
Investments in environmental rehabilitation trust funds (refer note 11)	**86 356**	**86 356**	106 328	106 328
Trade and other receivables	**65 232**	**65 232**	30 830	30 830
Cash and cash equivalents	**377 169**	**377 169**	298 506	298 506
	749 471	**749 471**	671 088	671 088
Financial liabilities				
Loans and borrowings (refer note 21)				
– non-current	**143 332**	**143 332**	–	–
– current	**24 294**	**24 294**	30 690	30 690
Trade and other payables	**219 601**	**219 601**	227 392	227 392
	387 227	**387 227**	258 082	258 082

COMPANY

	Carrying value	Fair value	Carrying value	Fair value
	2013 R'000	2013 R'000	2012 R'000	2012 R'000
Financial assets				
Listed investments (refer note 11)	**34 071**	**34 071**	151 303	151 303
Unlisted investments (refer note 11)	**84 228**	**84 228**	14 927	14 927
Loans to subsidiaries (refer note 12)	**1 207 159**	**1 207 159**	974 774	974 774
Loans to black empowerment entities (refer note 11)	**2 592**	**2 592**	4 431	4 431
Investments in environmental rehabilitation trust funds (refer note 11)	**–**	**–**	24 295	24 295
Trade and other receivables	**5 555**	**5 555**	2 600	2 600
Cash and cash equivalents	**307 224**	**307 224**	226 641	226 641
	1 640 829	**1 640 829**	1 398 971	1 398 971
Financial liabilities				
Loans and borrowings (refer note 21)				
– non-current	**143 332**	**143 332**	–	–
– current	**24 294**	**24 294**	–	–
Amounts owing to subsidiaries (refer note 12)	**311 459**	**311 459**	311 459	311 459
Trade and other payables	**21 799**	**21 799**	39 984	39 984
	500 884	**500 884**	351 443	351 443

26. FINANCIAL INSTRUMENTS continued

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Fair values

Listed investments

The fair value of listed investments are determined by reference to published price quotations from recognised securities exchanges and adjusted with a discount factor for any liquidity constraints where appropriate.

Unlisted investments

The valuations are based on the net asset values of these investments and constitute the investments' fair value as most of the assets in these investment companies are carried at fair value. The valuations have been compared to recent transaction in the underlying investment with external parties.

Loans to black empowerment entities

The fair value of these loans cannot be reliably estimated due to the unavailability of market information and are therefore carried at cost.

Inter-company loans

The fair value of these loans cannot be reliably estimated and are therefore carried at cost.

Cash and cash equivalents, environmental trust funds and environmental guarantees

The carrying value of cash and cash equivalents approximates their fair value due to the short-term maturity of these deposits. The carrying value of the environmental trust funds and environmental rehabilitation guarantees approximate their fair value due to these investments being cash in nature.

Trade and other receivables

The fair value approximates the carrying value due to their short-term maturities.

Loans from Domestic Medium Term Note Programme

Fair value is calculated by reference to quoted prices for floating interest instruments.

Trade and other payables

The fair value approximates the carrying value due to their short-term maturities.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Commodity price sensitivity

The profitability of the group's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold which is predominantly sold in US$. DRDGOLD does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of future gold production.

Interest rate risk

Fluctuations in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk. In the ordinary course of business, the group receives cash from its operations and is obliged 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. Lower interest rates result in lower returns on investments and deposits and also may have the effect of making it less expensive to borrow funds at then current rates. Conversely, higher interest rates result in higher interest payments on loans and overdrafts.

The following represents the interest rate risk profile for the group's interest-bearing financial instruments:

GROUP

	Carrying value	
	2013 R'000	2012 R'000
Variable interest rate instruments		
Financial assets	**554 192**	464 098
Financial liabilities	**(167 626)**	(30 690)
	386 566	433 408

Cash flow sensitivity analysis for variable rate instruments:
A change of 100 basis points (bp) in interest rates at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

	2013 Equity and profit or loss		2012 Equity and profit or loss	
30 June	100bp increase R'000	100bp decrease R'000	100bp increase R'000	100bp decrease R'000
Variable interest rate instruments	**3 866**	**(3 866)**	4 334	(4 334)
Cashflow sensitivity	**3 866**	**(3 866)**	4 334	(4 334)

COMPANY

	Carrying value	
	2013 R'000	2012 R'000
Variable interest rate instruments		
Financial assets	**1 514 383**	791 273
Financial liabilities	**(167 626)**	–
	1 346 757	791 273

Cash flow sensitivity analysis for variable rate instruments:
A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2012.

COMPANY

	2013 Equity and profit or loss		2012 Equity and profit or loss	
30 June	100bp increase R'000	100bp decrease R'000	100bp increase R'000	100bp decrease R'000
Variable interest rate instruments	**13 468**	**(13 468)**	7 913	(7 913)
Cashflow sensitivity	**13 468**	**(13 468)**	7 913	(7 913)

26. FINANCIAL INSTRUMENTS continued

Foreign currency risk

The group's reporting currency is the South African rand. Although gold is sold in US$, the company is obliged to convert this into South African rand. The company is thus exposed to fluctuations in the US$/South African rand exchange rate. The company conducted its operations in South Africa during the current year. Foreign exchange fluctuations affect the cash flow that it will realise from its operations as gold is sold in US$, while production costs are incurred primarily in South African rands. The company's results are positively affected when the US$ strengthens against the rand and adversely affected when the US$ weakens against the rand. The group does not hedge against foreign currency fluctuations and considers the risk to be low due to foreign currency normally being disposed of on the same day. The group is also exposed to certain by-product commodity price risk. The company's cash and cash equivalent balances are held in US$ and South African rands; holdings denominated in other currencies are relatively insignificant.

The following represents the exposure to foreign currency risks:

GROUP

	Carrying value	
	2013 US$ '000	2012 US$ '000
Cash and cash equivalents	**746**	57
Trade and other receivables	**3 082**	334
Trade and other payables	**(21)**	(93)
Net statement of financial position exposure	**3 807**	298

The following significant exchange rates applied during the year:

	Spot rate at year end		Average rate	
	2013	2012	2013	2012
1 US$	**9.8675**	8.2700	**8.8328**	7.7523

Sensitivity analysis

A 10 per cent strengthening of the rand against the currencies mentioned at 30 June would have increased/(decreased) equity and profit/(loss) by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2012.

	Impact	
	2013 R '000	2012 R '000
Equity	**31**	(39)
Loss	**3 726**	285

A 10% weakening of the rand against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

COMPANY

The company had financial exposure to foreign currency movements relating to cash and cash equivalents amounting to US$0.7 million (2012: US$nil). A 10% strengthening of the rand against the currency mentioned at 30 June 2013, would have decreased equity and profit or loss by R0.7 million (2012: Rnil).

OTHER MARKET PRICE RISK

Equity price risk arises from available-for-sale equity securities fair value adjustments accounted for in other comprehensive income. Investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Committee when significant.

Category of financial instruments

The following table represents the carrying amounts and net gain/(loss), finance income and finance expense per category of financial instruments at 30 June:

GROUP

	Carrying value	Net gain/ (loss) finance income and finance expense	Carrying value	Net gain/ (loss) finance income and finance expense
	2013 R'000	2013 R'000	2012 R'000	2012 R'000
Financial assets				
Available-for-sale financial assets	**127 455**	**32 470**	171 729	6 694
Loans and receivables	**622 016**	**33 498**	499 359	25 104
	749 471	**65 968**	671 088	31 798
Financial liabilities				
Financial liabilities measured at amortised cost	**387 227**	**8 438**	258 082	(8 772)
	387 227	**8 438**	258 082	(8 772)

COMPANY

	Carrying value	Net gain/ (loss) finance income and finance expense	Carrying value	Net gain/ (loss) finance income and finance expense
	2013 R'000	2013 R'000	2012 R'000	2012 R'000
Financial assets				
Available-for-sale financial assets	**118 299**	**32 470**	166 230	38
Loans and receivables	**1 522 530**	**75 490**	1 232 741	41 585
	1 640 829	**107 960**	1 398 971	41 623
Financial liabilities				
Financial liabilities measured at amortised cost	**500 884**	**(18 029)**	351 443	–
	500 884	**(18 029)**	351 443	–

FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2: inputs other than quoted prices included within level 1 that are observed for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- level 3: inputs for the asset or liability that are not based on observed market data (unobserved inputs).

26. FINANCIAL INSTRUMENTS continued

GROUP

30 June 2013	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Available-for-sale financial assets	**29 571**	**4 500**	**93 384**	**127 455**
	29 571	**4 500**	**93 384**	**127 455**

30 June 2012	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Available-for-sale financial assets	–	151 303	20 426	171 729
	–	151 303	20 426	171 729

There has been a transfer between level 2 and level 1 as indicated in the table below (2012: no transfers in either direction)

Reconciliation of fair value measurements in level 2 and level 3 during the year:

Available-for-sale financial assets	2013		2012	
	Level 2 R'000	Level 3 R'000	Level 2 R'000	Level 3 R'000
Balance at beginning of the year	**151 303**	**20 426**	–	14 987
Purchases during the year	–	**26 866**	135 332	9 609
(Loss)/gain on fair value adjustment	**(117 232)**	**46 094**	15 971	7 683
Transfer to level 1	**(29 571)**	–	–	–
Disposed through the disposal of subsidiary (refer note 12)	–	–	–	(11 853)
Balance at end of year	**4 500**	**93 384**	151 303	20 426
(Loss)/gain recognised in profit or loss	**(101 261)**	–	–	6 656
(Loss)/gains recognised in other comprehensive income	**(11 499)**	**46 094**	11 499	1 027
– (Losses)/gains recognised in other comprehensive income	**(112 760)**	**46 094**	11 499	7 683
– Losses/(gains) released to profit or loss	**101 261**	–	–	(6 656)
	(112 760)	**46 094**	11 499	7 683

The gain or loss on the fair value adjustment is recognised in other comprehensive income net of deferred tax.

The available-for-sale financial assets level 2 comprises investments listed shares for which an index related factor has been applied for liquidity of the share. The available-for-sale financial assets level 3 comprises investments in unlisted shares for which no reasonable alternative measure for fair value is available. Therefore no sensitivity analysis has been prepared. The fair value of the Rand Refinery's unlisted shares is a director's valuation, which was made by using the net asset value of the company which has been compared to recent market transactions with external parties. The Rand Mutual Assurance Company's fair value is also based on a director's valuation of which the value per share is fixed at R0.20 between shareholders.

COMPANY

30 June 2013	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Available-for-sale financial assets	**29 571**	**4 500**	**84 228**	**118 299**
	29 571	**4 500**	**84 228**	**118 299**

30 June 2012	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Available-for-sale financial assets	–	151 303	14 927	166 230
	–	151 303	14 927	166 230

There has been a transfer between level 2 and level 1 as indicated in the table on page 71 (2012: no transfers in either direction).

Reconciliation of fair value measurements in level 3 during the year:

Available-for-sale financial assets	2013		2012	
	Level 2 R'000	Level 3 R'000	Level 2 R'000	Level 3 R'000
Balance at beginning of the year	**151 303**	**14 927**	–	2 236
Purchases during the year	**–**	**26 865**	135 332	9 609
Transfer to level 1	**(29 571)**	**–**	–	–
(Loss)/gain on fair value adjustment	**(117 232)**	**42 436**	15 971	3 082
Balance at end of year	**4 500**	**84 228**	151 303	14 927
Losses recognised in profit or loss	**(101 261)**	**–**	–	–
(Losses)/gains recognised in other comprehensive income	**(11 499)**	**42 436**	11 499	3 082
– (Losses)/gains recognised in other comprehensive income	**(112 760)**	**42 436**	11 499	3 082
– Losses/(gains) released to profit or loss	**101 261**	**–**	–	–
	(112 760)	**42 436**	11 499	3 082

The gain or loss on the fair value adjustment is recognised in other comprehensive income net of deferred tax.

The available-for-sale financial assets level 2 comprises investments listed shares for which an index related factor has been applied for liquidity of the share. The available-for-sale financial assets level 3 comprises investments in unlisted shares for which no reasonable alternative measure for fair value is available. Therefore no sensitivity analysis has been prepared. The fair value of Rand Refinery's unlisted shares is a director's valuation, which was made by using the net asset value of the company which has to be compared to recent market transactions with external parties. The Rand Mutual Assurance Company's fair value is also based on a director's valuation of which the value per share is fixed at R0.20 between shareholders.

27. CAPITAL MANAGEMENT

The primary objective of the board of directors (the board) in managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, including capital expenditure, in a way that optimises the cost of capital, maximises shareholders' returns and ensures that the group remains in a sound financial position. There were no changes to the group's overall capital management approach during the current year. The group manages and makes adjustments to the capital structure as opportunities arise in the market place, as and when borrowings mature or as and when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof.

The board monitors the return on capital, which the group defines as net operating income divided by total shareholders' equity, excluding non-redeemable preference shares and non-controlling interest from continued operations, and seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The board decides the level of dividends to ordinary shareholders.

The group's net debt to equity ratio as at June was as follows:

	2013 R'000	2012 R'000
Total liabilities	**1 022 876**	858 368
Less: cash and cash equivalents	**(377 169)**	(298 506)
Net liabilities	**645 707**	559 862
Total equity	**1 648 269**	1 633 921
Net debt to equity ratio at 30 June	**0.39**	0.34

The DMTN Programme also does not place any restrictions on the incurrence of financial indebtedness if there is no breach in the terms of the DMTN Programme which includes certain covenants.

GROUP			COMPANY	
2012 R'000	2013 R'000		2013 R'000	2012 R'000
		28. RELATED PARTY TRANSACTIONS		
		Key management personnel remuneration		
		Short-term benefits		
78 114	**76 405**	– Salaries, bonuses and performance payments	**29 436**	32 041
–	**–**	– End of contract payments	**–**	–
		Long service awards		
4 133	**4 515**	– Share-based payment expense	**2 562**	2 232
231	**282**	– Post-retirement medical benefits	**–**	–
82 478	**81 202**		**31 998**	34 273

The group has related party relationships with its associate, joint venture, subsidiaries, and with its directors and key management personnel. Details of transactions with directors are set out in note 5. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of the company. During the year ended 30 June 2013, 62 614 (2012: 3 584 627) treasury shares were used to settle share options exercised by key management personnel.

Post-retirement medical benefits and long-term employee incentive scheme balances for key management personnel as at 30 June 2013 amounts to R6.3 million (2012: R6.0 million) and R3.3 million (2012: Rnil), respectively.

Prior to the awarding of a contract to a related party for the supply of goods and services the group procurement manager reviews both the pricing, quality and the reliability of that party. The contract terms are compared to similar suppliers of goods and services to ensure that the contract is on market related terms.

Transactions with associates, joint ventures and subsidiary companies

Balances outstanding at 30 June 2013:

- Subsidiaries – refer to note 12 and page 46
- Joint ventures – refer to note 13 on page 48
- Associates – refer to note 14 on page 48

During the year ended 30 June 2013, EMO acquired no (2012: 9 852 800) ordinary shares (held as treasury shares for consolidation purposes) in the company. At 30 June 2013, EMO held 6 205 559 (2012: 6 268 173) treasury shares.

RAND REFINERY AGREEMENT

The group has entered into an agreement with Rand Refinery, for the refining and sale of all of its gold produced in South Africa. Under the agreement, Rand Refinery performs the final refining of the group's gold and casts it into troy ounce bars. The gold is usually sold on the same day as it is delivered for the London afternoon fixed price. In exchange for this service, the group pays Rand Refinery a variable refining fee plus fixed marketing, loan and administration fees. Mr Gwebu, executive: legal, compliance and company secretary of DRDGOLD, is a director of Rand Refinery and a member of their Remuneration Committee and chairman of the Social and Ethics Committee. Mr Niël Pretorius, CEO of DRDGOLD, was replaced during the year ended 30 June 2012, as an alternate director of Rand Refinery by Mr Mark Burrell who is the financial director of Ergo and a member of Rand Refinery's Audit Committee. The group currently owns shares in Rand Refinery (which is jointly owned by South African mining companies) (refer note 11). Trade receivables to the amount of R30.4 million (2012: R2.0 million) relate to metals sold. The group received a dividend of R6.8 million (2012: Rnil) from Rand Refinery.

CONSULTANCY AGREEMENT

On 23 June 2008, EMO approved a consultancy agreement with Khumo Gold, which owns 20% of EMO and Blyvoor. The agreement provides for a monthly retainer of R216 000 (2012: R200 000).

29. SUBSEQUENT EVENTS

There were no significant subsequent events between the year end reporting date of 30 June 2013 and the date of issue of these financial statements.