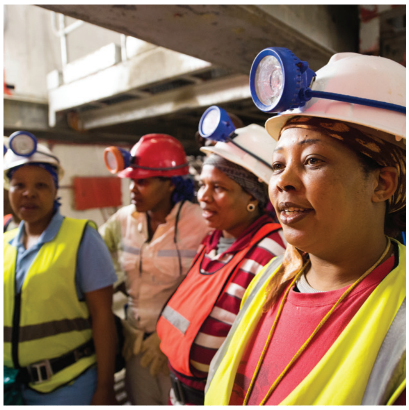
HARMONY™

FINANCIAL REPORT 2015



WHO HARMONY IS

Harmony, a gold mining and exploration company with more than six decades of experience, has operations in South Africa – one of the world's best known gold mining regions – and in Papua New Guinea – one of the world's premier new gold regions. In FY15, Harmony was the third largest gold producer in South Africa and the twelfth largest in the world. At Harmony, we understand the impact that our company has on the lives of the people we employ, the communities that surround our mines and the environment, as well as the economic contribution that we make to the countries in which we operate.

OUR 2015 REPORTS

Our suite of reports for the financial year 2015 (FY15) records our activities and the progress we have made for the year running from 1 July 2014 to 30 June 2015. This suite of reports includes:

- Integrated Annual Report 2015, our primary report
- Financial Report 2015
- Mineral Resources and Mineral Reserves 2015
- Report to Shareholders 2015

These reports are available as pdfs at **www.har.co.za**, our reporting website and may also be accessed via our corporate website, **www.harmony.co.za**, where you will also be able to access more detailed information on the environmental, socio-economic and governance aspects of our business.

The QR code link will take you to information suitable to view on your mobile device. Download an application for your phone, take a picture of the code and the relevant page will open in your browser window.

OUR AWARDS

In FY15, Harmony was once again admitted to the Johannesburg Stock Exchange's Socially Responsible Investment Index, as we have been since inception of that index. Our Integrated Annual Report FY14 received an African Gold Quill Award from the International Association of Business Communicators for excellence in the communication skills category. The award acknowledged our move away from printed to web-based reporting, an initiative aimed at making our reports more accessible to all stakeholders, decreasing our corporate costs and reducing the amount of paper consumed in the printing process.

At the 2015 MINESAFE awards, Harmony's operations won five safety awards in the gold sector category:

- Bambanani – first place for best year on year improvement for the total injury frequency rate
- Target 1 – first place for 'best in class' for the total injury frequency rate
- Tshepong – third place for year on year improvement for the total injury frequency rate
- Joel – third place for 'best in class' for the total injury frequency rate
- Tshepong – fourth place for 'best in class' for the total injury frequency rate

The Kusasalethu proto captains received the MINESAFE proto award for rescuing 442 people from underground in the aftermath of the fire at the mine in February 2015.

Our Merriespruit 3 housing project was first runner up for the Govan Mbeki award in 2015. Our Masimong housing development was declared the winner both in the Govan Mbeki National Award for best housing development project in 2013 and in the Govan Mbeki National Award for the best community residential units project in 2014.

These awards all speak to our on-going commitment to building a sustainable business and we are proud to have been recognised.

REFERENCE

Throughout this report, "$" or "dollar" refers to US dollar, unless otherwise stated.

"K" refers to kina, the currency of Papua New Guinea.

"Moz" refers to million ounces.

All production volumes are in metric tonnes (t) unless specifically stated as imperial tons.

www.harmony.co.za

KEY HIGHLIGHTS

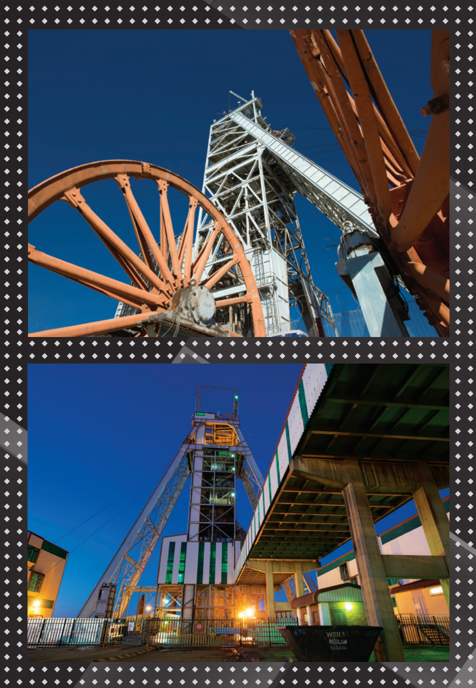
REVENUE
R15.4bn
(FY14: R15.7bn)

SAFETY IMPROVED
FIFR: 0.11
(FY14: 0.26 per million hours worked)

SOLID BALANCE SHEET
FUNDING OUR OWN CAPITAL

MAJOR COPPER-GOLD PROJECT: GOLPU
IN FEASIBILITY STAGE

ACCOMMODATION
EACH EMPLOYEE IN HOSTEL HAS OWN ROOM



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DIRECTORS' STATEMENT OF RESPONSIBILITY

FINANCIAL STATEMENTS

The directors have the pleasure in presenting the complete consolidated and company annual financial statements (collectively the annual financial statements) for the year ended 30 June 2015 and the summarised consolidated financial statements (included in the Report to Shareholders) for the same period. The annual financial statements were audited by PricewaterhouseCoopers Inc. who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the company's registered office. The summarised consolidated financial statements are extracted from audited financial statements, but are not themselves audited.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa.

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of the company and its subsidiaries. The annual financial statements have been prepared by Harmony Gold Mining Company Limited's corporate reporting team, headed by Herman Perry. This process was supervised by the financial director, Frank Abbott. The directors take full responsibility for the preparation of the summarised report and the financial information has been correctly extracted from the underlying consolidated annual financial statements.

The directors are also responsible for the maintenance of effective systems of internal control which are based on established organisational structure and procedures. These systems are designed to provide reasonable assurance as to the reliability of the annual financial statements, and to prevent and detect material misstatement and loss.

Nothing has come to the attention of the board that caused it to believe that the systems of internal controls and risk management are not effective for the period under review and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The board's opinion is underpinned by the audit and risk committee's statement.

The annual financial statements have been prepared on a going concern basis and the directors believe that the company and group will continue to be in operation in the foreseeable future.

APPROVAL

The annual financial statements were approved by the board of directors and signed on its behalf by:

GP Briggs
Chief executive officer
Randfontein
South Africa

F Abbott
Financial director
Randfontein
South Africa

23 October 2015

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF HARMONY GOLD MINING COMPANY LIMITED

We have audited the consolidated and separate financial statements of Harmony Gold Mining Company Limited set out on pages 4 to 103, which comprise the balance sheets as at 30 June 2015, and the income statements, statements of comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Harmony Gold Mining Company Limited as at 30 June 2015, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 30 June 2015, we have read the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: FJ Lombard
Registered Auditor
Sunninghill

23 October 2015

GROUP INCOME STATEMENTS

for the years ended 30 June 2015

SA rand				US dollar	
2014	2015	*Figures in million*	Notes	2015	2014
15 682	**15 435**	Revenue		**1 348**	1 515
(16 088)	**(19 053)**	Cost of sales	5	**(1 645)**	(1 549)
(11 888)	**(12 632)**	Production costs		**(1 103)**	(1 148)
(2 143)	**(2 472)**	Amortisation and depreciation		**(216)**	(207)
(1 439)	**(3 471)**	Impairment of assets		**(285)**	(135)
(274)	**(251)**	Employment termination and restructuring costs		**(22)**	(26)
(344)	**(227)**	Other items		**(19)**	(33)
(406)	**(3 618)**	**Gross loss**		**(297)**	(34)
(430)	**(378)**	Corporate, administration and other expenditure		**(33)**	(42)
(88)	**(71)**	Social investment expenditure		**(6)**	(9)
(458)	**(263)**	Exploration expenditure		**(23)**	(44)
30	**6**	Profit on sale of property, plant and equipment	6	**1**	3
-	**(491)**	Loss on scrapping of property, plant and equipment	13	**(42)**	-
(208)	**(378)**	Other expenses (net)	7	**(33)**	(20)
(1 560)	**(5 193)**	**Operating loss**	8	**(433)**	(146)
(109)	**(25)**	Loss from associates	19	**(2)**	(10)
7	**4**	Profit on disposal of investments		**-**	1
170	**9**	Net gain on financial instruments	16	**1**	16
220	**229**	Investment income	9	**20**	21
(277)	**(264)**	Finance cost	10	**(22)**	(27)
(1 549)	**(5 240)**	**Loss before taxation**		**(436)**	(145)
279	**704**	Taxation	11	**62**	27
(1 270)	**(4 536)**	**Net loss for the year**		**(374)**	(118)
		Attributable to:			
(1 270)	**(4 536)**	Owners of the parent		**(374)**	(118)
-	**-**	Non-controlling interest		**-**	-
		Loss per ordinary share (cents)	12		
(293)	**(1 044)**	**Total loss**		**(86)**	(27)
		Diluted loss per ordinary share (cents)	12		
(293)	**(1 044)**	**Total diluted loss**		**(86)**	(27)

These are the consolidated financial statements of Harmony Gold Mining Company Limited and its subsidiaries. For the separate financial statements of the company, refer to page 64 to 97.

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

GROUP STATEMENTS OF COMPREHENSIVE INCOME

for the years ended 30 June 2015

SA rand				US dollar	
2014	2015	*Figures in million*	Notes	2015	2014
(1 270)	**(4 536)**	Net loss for the year		**(374)**	(118)
(140)	**59**	Other comprehensive income/(loss) for the year, net of income tax		**(367)**	(209)
(109)	**54**	Items that may be reclassified subsequently to profit or loss		**(368)**	(206)
(108)	**54**	Foreign exchange translation gain/(loss)	23	**(368)**	(206)
13	**-**	Gain on fair value movement of available-for-sale investments	23	**-**	1
(14)	**-**	Movement on available-for-sale investments recognised in profit or loss	23	**-**	(1)
(31)	**5**	Items that will not be reclassified to profit or loss		**1**	(3)
		Remeasurement of retirement benefit obligation			
(38)	**8**	Actuarial gain/(loss) recognised during the year	25	**1**	(4)
7	**(3)**	Deferred taxation thereon	25	**-**	1
(1 410)	**(4 477)**	**Total comprehensive loss for the year**		**(741)**	(327)
		Attributable to:			
(1 410)	**(4 477)**	Owners of the parent		**(741)**	(327)
-	**-**	Non-controlling interest		**-**	-

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

GROUP BALANCE SHEETS

SA rand				US dollar	
At 30 June 2014	**At 30 June 2015**	*Figures in million*	Notes	**At 30 June 2015**	At 30 June 2014
		ASSETS			
		Non-current assets			
33 069	**29 548**	Property, plant and equipment	13	**2 430**	3 116
886	**885**	Intangible assets	14	**73**	84
42	**48**	Restricted cash	15	**4**	4
2 299	**2 384**	Restricted investments	16	**196**	217
81	**-**	Deferred tax assets	11	**-**	8
4	**5**	Investments in financial assets	17	**-**	-
50	**36**	Inventories	21	**3**	5
-	**80**	Trade and other receivables	18	**7**	-
36 431	**32 986**	**Total non-current assets**		**2 713**	3 434
		Current assets			
1 534	**1 292**	Inventories	21	**106**	145
951	**746**	Trade and other receivables	18	**62**	90
110	**30**	Income and mining taxes		**2**	10
15	**16**	Restricted cash	15	**1**	1
1 829	**1 067**	Cash and cash equivalents		**88**	172
4 439	**3 151**	**Total current assets**		**259**	418
40 870	**36 137**	**Total assets**		**2 972**	3 852
		EQUITY AND LIABILITIES			
		Share capital and reserves			
28 325	**28 324**	Share capital	22	**4 035**	4 035
3 539	**3 787**	Other reserves	23	**(1 238)**	(887)
(822)	**(5 358)**	Accumulated loss		**(597)**	(223)
31 042	**26 753**	**Total equity**		**2 200**	2 925
		Non-current liabilities			
2 680	**1 906**	Deferred tax liabilities	11	**157**	253
2 098	**2 218**	Provision for environmental rehabilitation	24	**182**	198
247	**163**	Retirement benefit obligation	25	**13**	23
95	**37**	Other non-current liabilities	26	**3**	9
2 860	**3 399**	Borrowings	27	**280**	270
7 980	**7 723**	**Total non-current liabilities**		**635**	753
		Current liabilities			
-	**1**	Income and mining taxes		**-**	-
1 848	**1 660**	Trade and other payables	28	**137**	174
1 848	**1 661**	**Total current liabilities**		**137**	174
40 870	**36 137**	**Total equity and liabilities**		**2 972**	3 852

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

GROUP STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the years ended 30 June 2015

Figures in million (SA rand)	Number of ordinary shares issued	Share capital	Share premium	Accumulated loss	Other reserves	Total
Notes	22	22			23	
Balance - 30 June 2013	435 289 890	216	28 109	448	3 442	32 215
Issue of shares						
- Exercise of employee share options	535 557	-	-	-	-	-
Share-based payments	-	-	-	-	237	237
Net loss for the year	-	-	-	(1 270)	-	(1 270)
Other comprehensive loss for the year	-	-	-	-	(140)	(140)
Balance - 30 June 2014	435 825 447	216	28 109	(822)	3 539	31 042
Issue of shares						
- Exercise of employee share options	**361 686**	**-**	**-**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**(1)**	**-**	**189**	**188**
Net loss for the year	**-**	**-**	**-**	**(4 536)**	**-**	**(4 536)**
Other comprehensive income for the year	**-**	**-**	**-**	**-**	**59**	**59**
Balance - 30 June 2015	**436 187 133**	**216**	**28 108**	**(5 358)**	**3 787**	**26 753**

Figures in million (US dollar)						
Balance - 30 June 2013	435 289 890	33	4 002	(105)	(701)	3 229
Issue of shares						
- Exercise of employee share options	535 557	-	-	-	-	-
Share-based payments	-	-	-	-	23	23
Net loss for the year	-	-	-	(118)	-	(118)
Other comprehensive loss for the year	-	-	-	-	(209)	(209)
Balance - 30 June 2014	435 825 447	33	4 002	(223)	(887)	2 925
Issue of shares						
- Exercise of employee share options	**361 686**	**-**	**-**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**-**	**-**	**16**	**16**
Net loss for the year	**-**	**-**	**-**	**(374)**	**-**	**(374)**
Other comprehensive loss for the year	**-**	**-**	**-**	**-**	**(367)**	**(367)**
Balance - 30 June 2015	**436 187 133**	**33**	**4 002**	**(597)**	**(1 238)**	**2 200**

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

GROUP CASH FLOW STATEMENTS

for the years ended 30 June 2015

SA rand				US dollar	
2014	2015	*Figures in million*	Notes	2015	2014
		CASH FLOW FROM OPERATING ACTIVITIES			
2 247	**1 928**	Cash generated by operations	29	**168**	218
139	**101**	Interest received		**9**	13
(121)	**(108)**	Interest paid		**(9)**	(12)
3	**85**	Income and mining taxes refunded		**8**	-
2 268	**2 006**	**Cash generated by operating activities**		**176**	219
		CASH FLOW FROM INVESTING ACTIVITIES			
(6)	**8**	(Increase)/decrease in restricted cash		**1**	(1)
(24)	**31**	(Increase)/decrease in amounts invested in environmental trusts		**2**	(2)
51	**-**	Proceeds on disposal of investments		**-**	5
-	**(120)**	Loan to associate		**(10)**	-
-	**9**	Proceeds on disposal of property, plant and equipment		**1**	-
(13)	**(14)**	Additions to intangible assets		**(1)**	(1)
(2 648)	**(2 822)**	Additions to property, plant and equipment		**(246)**	(256)
(2 640)	**(2 908)**	**Cash utilised by investing activities**		**(253)**	(255)
		CASH FLOW FROM FINANCING ACTIVITIES			
612	**941**	Borrowings raised		**80**	60
(468)	**(793)**	Borrowings paid		**(65)**	(44)
144	**148**	**Cash generated by financing activities**		**15**	16
(32)	**(8)**	**Foreign currency translation adjustments**		**(22)**	(17)
(260)	**(762)**	Net decrease in cash and cash equivalents		**(84)**	(37)
2 089	**1 829**	Cash and cash equivalents - beginning of year		**172**	209
1 829	**1 067**	**Cash and cash equivalents - end of year**		**88**	172

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

for the years ended 30 June 2015

1 GENERAL INFORMATION

Harmony Gold Mining Company Limited (the company) and its subsidiaries (collectively Harmony or the group) are engaged in gold mining and related activities, including exploration, extraction and processing. Gold bullion, the group's principal product, is currently produced at its operations in South Africa and Papua New Guinea (PNG).

The company is a public company, incorporated and domiciled in South Africa. The address of its registered office is Randfontein Office Park, Corner Main Reef Road and Ward Avenue, Randfontein, 1759.

The consolidated and company financial statements were authorised for issue by the board of directors on 23 October 2015.

2 ACCOUNTING POLICIES

BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the consolidated and company financial statements have been consistently applied in all years presented, except as stated under the heading 'Recent accounting developments'.

The financial statements of the group and company have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations (collectively IFRS), the SAICA Financial Reporting Guidelines as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council (FRSC) and the Companies Act of South Africa.

RECENT ACCOUNTING DEVELOPMENTS

New standards, amendments to standards and interpretations to existing standards adopted by the group

The effective dates below are for financial periods beginning on or after the given date.

The following standards or amendments to standards have become effective but had no impact on the results of the group:

Pronouncement	Title	Effective date
IFRS 10, IFRS 12 and IAS 27 (Amendments)	*Amendments to Consolidated Financial Statements, Disclosures of Interests in Other Entities and Separate Financial Statements* - Investment entities	1 January 2014
IFRSs	*Annual improvements 2011-2013 cycle*	1 July 2014
IAS 19 (Amendments)	*Employee Benefits* - Defined Benefit Plans: Employee Contributions	1 July 2014
IAS 32 (Amendments)	*Financial Instruments: Presentation* - Asset and liability offsetting	1 January 2014
IAS 39 (Amendments)	*Financial Instruments: Recognition and measurement* - Novation of derivatives and continuation of hedge accounting	1 January 2014
IFRIC 21	*Levies*	1 January 2014

The following standards or amendments to standards have become effective and had an impact on the disclosure:

Pronouncement	Title	Effective date
IFRSs	*Annual improvements 2010-2012 cycle*	1 July 2014
IAS 36 (Amendments)	*Impairment of Assets* - Recoverable amount disclosures for non-financial assets	1 January 2014

New standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted

At the date of authorisation of these financial statements, the standards, amendments to standards and interpretations listed below were in issue but not yet effective. These new standards and interpretations have not been early adopted by the group and the group plans on adopting these standards, amendments to standards and interpretations on the dates when they become effective.

The following standards or amendments to standards are not relevant to the group:

Pronouncement	Title	Effective date
IFRS 14	*Regulatory Deferral Accounts*	1 January 2016
IAS 16 and IAS 41 (Amendments)	*Amendments to Property, Plant and Equipment and Agriculture* – Bearer plants	1 January 2016

The following standards or amendments to standards are not expected to have an impact on the results of the group but will affect the disclosure in the financial statements:

Pronouncement	Title	Effective date
IAS 16 and IAS 38 (Amendments)	*Amendments to Property, Plant and Equipment and Intangible Assets* – Clarification of acceptable methods of depreciation and amortisation	1 January 2016

2 ACCOUNTING POLICIES continued

RECENT ACCOUNTING DEVELOPMENTS continued

The following standards, amendments to standards and interpretations to existing standards may possibly have an impact on the group:

Pronouncement	Title	Effective date
IFRS 9	*Financial Instruments* This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortised-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. Hedge accounting The new requirements in IFRS 9 align hedge accounting more closely with risk management, and so should result in more 'decision-useful' information to users of financial statements. The revised standard also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. Expected credit losses IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. The ECL model constitutes a change from the guidance in IAS 39 and seeks to address the criticisms of the incurred loss model which arose during the economic crisis. In practice, the new rules mean that entities will have to record a day 1 loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). IFRS 9 contains a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables. Disclosures Extensive disclosures are required, including reconciliations from opening to closing amounts of the ECL provision, assumptions and inputs and a reconciliation on transition of the original classification categories under IAS 39 to the new classification categories in IFRS 9. The impact of the standard is currently being assessed by management.	1 January 2018
IFRS 10, IFRS 12 and IAS 28 (Amendments)	*Amendments to Consolidated Financial Statements and Investments in Associates and Joint Ventures* These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The impact of the amendment is currently being assessed by management.	1 January 2016
IFRS 11 (Amendments)	*Joint arrangements* - Acquisitions of interests in joint operations Amends IFRS 11 Joint Arrangements to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 *Business Combinations*) to: Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with guidance in IFRS 11. Disclose the information required by IFRS 3 and either IFRSs for business combinations. The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured). The impact of the standard is currently being assessed by management.	1 January 2016

2 ACCOUNTING POLICIES continued

RECENT ACCOUNTING DEVELOPMENTS continued

The following standards, amendments to standards and interpretations to existing standards may possibly have an impact on the group: continued

Pronouncement	Title	Effective date
IFRS 15	*Revenue from contracts with customers* The core principle is that revenue must be recognised when goods or services are transferred to the customer, at the transaction price. The most significant changes that flow from the principle are: 1. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. 2. Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) - minimum amounts must be recognised if they are not at significant risk of reversal. 3. The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may now be recognised over the contract term and vice versa. The impact of the standard is currently being assessed by management.	1 January 2018
IFRSs	*Annual Improvements 2012-2014 cycle* IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations* – Addresses changes in methods of disposal. IFRS 7 – *Financial Instruments*: *Disclosures* – Addresses servicing contracts and the applicability of the amendments to IFRS 7 to condensed interim financial statements. IFRS 19 – *Employee Benefits* – Addresses issues related to regional markets when determining discount rates. IFRS 34 – *Interim Financial Reporting* – Addresses disclosure of information 'elsewhere in the interim financial report'. The impact of the improvements are currently being assessed by management.	1 January 2016
IAS 1	*Presentation of Financial Statements* In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The impact of the amendment is currently being assessed by management.	1 January 2016
IAS 27 (Amendments)	*Separate Financial Statements* Amends IAS 27 to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The impact of the amendment is currently being assessed by management.	1 January 2016

MEASUREMENT BASIS

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss and cash-settled share-based payments.

GROUP ACCOUNTING POLICIES

Accounting policies are included in the relevant notes to the consolidated financial statements and have been highlighted in grey shading in the notes to the group financial statements. The accounting policies below are applied throughout the financial statements:

2.1 Consolidation

The group recognises that control is the single basis for consolidation for all types of entities in accordance with IFRS 10 - *Consolidated Financial Statements*.

The consolidated financial information includes the financial statements of the company, its subsidiaries, interest in associates and joint arrangements and structured entities. Where the group has no control over an entity, that entity is not consolidated.

Control

The group, regardless of the nature of its involvement with an entity, shall determine whether it is a parent by assessing whether it controls the investee.

The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

(i) Subsidiaries

Subsidiaries are entities over which the group has control. Subsidiaries are fully consolidated from the date on which control is transferred to the group up until when that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

2 ACCOUNTING POLICIES continued

GROUP ACCOUNTING POLICIES continued

2.1 Consolidation continued

(i) Subsidiaries continued

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the income statement.

Investments in subsidiaries in the company's separate financial statements are accounted for at cost less impairment.

(ii) Associates

Associates are entities in which the group has significant influence, but not control, over operational and financial policies. This may be when there is a shareholding of between 20% and 50% of the voting rights or when significant influence can be otherwise demonstrated, for example where the group has the right of representation on the board of directors of the entity.

Investments in associates are accounted for by using the equity method of accounting, and are initially recognised at cost. The group's investment in associates includes goodwill identified on acquisition. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The group's share of the associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movement in reserves is recognised in other reserves.

When the group's share of losses in an associate equals or exceeds its interest in the associate, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

If an associate is acquired in stages, the cost of the associate is measured as the sum of the consideration paid for each purchase plus a share of investee's profits and other equity movements. Any acquisition-related costs are treated as part of the investment in associate. Any related goodwill is calculated at each stage of the acquisition based on the consideration paid and the share of fair value of net assets acquired at the date of each acquisition.

Where the previously held interest was classified as an available-for-sale financial instrument, any existing gains or losses recognised in the available-for-sale revaluation reserve are reversed through other comprehensive income. The cost basis of the investment is then further adjusted by including the group's share of profits after dividends, other comprehensive income and other equity movements relating to the previously held interest is accounted for in equity.

The carrying value of an associate is reviewed on a regular basis and, if impairment in the carrying value has occurred, it is written off in the period in which such impairment is identified.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment that should be recognised.

Accounting policies of associates have been reviewed to ensure consistency with the policies adopted by the group.

Investments in associates are accounted for at cost and are adjusted for impairments where appropriate in the company's separate financial statements.

(iii) Joint arrangements

Joint arrangements are arrangements of which two or more parties have joint control and are contractually bound. The joint arrangement can either be a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement and have the right to the assets, and obligations for the liabilities, relating to the arrangement. These parties are called joint operators. A joint venture is a joint arrangement where the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Those parties are called joint venturers.

For interest in joint operations, the group includes its share of the joint operations' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements.

The group recognises the portion of gains or losses on the sale of assets by the group to the joint operation that is attributable to the other joint operators. The group does not recognise its share of profits or losses from the joint operation that result from the purchase of assets by the group from the joint operation until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

The group recognises its interest in a joint venture as an investment and accounts for it using the equity accounting method.

(iv) Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

The accounting treatment for a structured entity will fall into one of the aforementioned categories (i to iii) depending on whether the group has control over that structured entity.

2 ACCOUNTING POLICIES continued

GROUP ACCOUNTING POLICIES continued

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African rand and US dollar for the benefit of local and international users. The company's separate financial statements are presented in its functional currency, being South African rand.

For translation of the rand financial statement items to US dollar, the average of R11.45 (2014: R10.35) per US$1 was used for income statement items (unless this average was not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case these items were translated at the rate on the date of the transactions) and the closing rate of R12.16 (2014: R10.61) per US$1 for asset and liability items. Equity items were translated at historic rates.

The translation effect from rand to US dollar is included in other comprehensive income in the US$ financial statements.

References to "A$" refers to Australian currency, "R" to South African currency, "$" or "US$" to United States currency and "K" or "kina" to Papua New Guinean currency.

(ii) Transactions and balances

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation to year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Gains and losses recognised in the income statement are included in the determination of "other expenses (net)".

(iii) Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet while equity items are translated at historic rates;
- Income and expenses for each income statement are translated at average exchange rates (the rate on the date of the transaction is used if the average is not a reasonable rate for the translation of the transaction);
- All resulting exchange differences are recognised as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold or control is otherwise lost, exchange differences that were recorded in other comprehensive income are recognised in profit or loss in the period of the disposal or change in control.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign entity and translated at the closing rate.

2.3 Revenue recognition

The group has determined that gold is its primary product and other metals produced as part of the extraction process are considered to be by-products of gold. Revenue arising from metal sales is only recognised when the significant risks and rewards of ownership have been transferred, neither continuing managerial involvement nor effective control over the metals sold has been retained, the amount of revenue and costs incurred can be measured reliably and it is probable that the economic benefits associated with the sale will flow to the group. These conditions are satisfied when the gold has been delivered in terms of the contract and the sales price fixed, as evidenced by the certificate of sale issued by the refinery. The sales price for the majority of the group's gold is based on the gold spot price according to the afternoon London Bullion Market fixing price for gold on the date the sale is concluded.

Revenue further excludes value-added tax. Revenues from silver and other by-product sales are credited to production costs as a by-product credit.

2.4 Exploration expenditure

The group has elected to expense all exploration and evaluation expenditures until it is concluded that the project is technically feasible and commercially viable, and that future economic benefits are therefore probable. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the ore body as set out below.

Exploration and evaluation expenditure on greenfield sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until the technical and commercial viability of the project has been demonstrated usually through the completion of a final feasibility study. However, in certain instances, the technical and commercial viability of the deposit may be demonstrated at an earlier stage, for example where an extended feasibility study is conducted and the underlying feasibility study in respect of specific components of the mineral deposit has advanced to such a stage that significant commercially viable reserves have been established, and the other criteria for the recognition of an asset have been met.

Exploration and evaluation expenditure on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the group is able to demonstrate that future economic benefits are probable through the completion of a feasibility study, after which the expenditure is capitalised as mine development cost. A 'feasibility study' consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the group to conclude that the project is technically feasible and commercially viable.

2 ACCOUNTING POLICIES continued

GROUP ACCOUNTING POLICIES continued

2.4 Exploration expenditure continued

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralisation of such mineral deposits, is capitalised as a mine development cost following the completion of an economic evaluation equivalent to a feasibility study. This economic evaluation is distinguished from a feasibility study in that some of the information that would normally be determined in a feasibility study is instead obtained from the existing mine or development. This information, when combined with existing knowledge of the mineral property already being mined or developed, allows the directors to conclude that the project is technically feasible and commercially viable.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or when there is an indication of impairment.

Assets that are subject to amortisation are reviewed annually on 30 June for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Each operating shaft, along with allocated common assets such as plants and administrative offices, is considered to be a cash-generating unit as each shaft is largely independent from the cash flows of other shafts and assets belonging to the group.

Fair value less costs to sell is generally determined by using discounted estimated after-tax future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, expected gold prices (considering current and historical prices, price trends and related factors), production levels, capital expenditure and cash costs of production, all based on life-of-mine plans. Future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset. Refer to note 13 for detail.

The term "recoverable minerals" refers to the estimated amount of gold that will be obtained from reserves and resources and all related exploration stage mineral interests (except for other mine-related exploration potential and greenfields exploration potential discussed separately below) after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such related exploration stage mineral interests will be risk adjusted based on management's relative confidence in such materials.

In estimating future cash flows, assets are grouped at the lowest level for which there are identifiable cash flows that are largely independent of cash flows from other asset groups. With the exception of other mine-related exploration potential and greenfields exploration potential, estimates of future undiscounted cash flows are included on an area of interest basis, which generally represents an individual operating mine, even if the mines are included in a larger mine complex.

In the case of mineral interests associated with other mine-related exploration potential and greenfields exploration potential, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties, if any. Assumptions underlying future cash flow estimates are subject to significant risks and uncertainties.

Impairment losses on goodwill are recognised immediately in the income statement and are not reversed. The impairment testing is performed annually on 30 June or when events or changes in circumstances indicate that it may be impaired.

Non-financial assets other than goodwill that suffered an impairment are reviewed annually for possible reversal of the impairment at 30 June. Reversal of impairments is also considered when there is objective evidence to indicate that the asset is no longer impaired. Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not higher than the carrying value that would have been determined had no impairment been recognised in prior years.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates may differ from actual results. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the group and company financial statements are:

- Estimate of taxation – note 11;
- Gold mineral reserves and resources – note 13;
- Production start date – note 13;
- Impairment of assets – note 13;
- Depreciation of property plant and equipment – note 13;
- Impairment of goodwill – note 14;
- Valuation of interest in associate – note 19;
- Estimate of exposure and liabilities with regard to rehabilitation costs – note 24;
- Estimate of employee benefit liabilities – note 25;
- Fair value of share-based payments – note 31;
- Assessment of contingencies – note 33.

Please refer to the specific notes for further information on the key accounting estimates and assumptions applied.

4 FINANCIAL RISK MANAGEMENT

The group's financial instruments expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The group may use derivative financial instruments to hedge certain risk exposures.

The group's financial assets and liabilities are set out below:

Figures in million (SA rand)	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2015					
Restricted cash	**64**	**-**	**-**	**-**	**-**
Restricted investments	**478**	**-**	**1 368**	**538**	**-**
Investments in financial assets	**-**	**5**	**-**	**-**	**-**
Trade and other receivables	**631**	**-**	**-**	**-**	**-**
Cash and cash equivalents	**1 067**	**-**	**-**	**-**	**-**
Borrowings	**-**	**-**	**-**	**-**	**3 399**
Other non-current liabilities	**-**	**-**	**-**	**-**	**28**
Trade and other payables	**-**	**-**	**-**	**-**	**589**
At 30 June 2014					
Restricted cash	57	-	-	-	-
Restricted investments	415	-	1 086	798	-
Investments in financial assets	-	4	-	-	-
Trade and other receivables	694	-	-	-	-
Cash and cash equivalents	1 829	-	-	-	-
Borrowings	-	-	-	-	2 860
Other non-current liabilities	-	-	-	-	22
Trade and other payables	-	-	-	-	540

Figures in million (US dollars)	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2015					
Restricted cash	**5**	**-**	**-**	**-**	**-**
Restricted investments	**39**	**-**	**113**	**44**	**-**
Trade and other receivables	**52**	**-**	**-**	**-**	**-**
Cash and cash equivalents	**88**	**-**	**-**	**-**	**-**
Borrowings	**-**	**-**	**-**	**-**	**280**
Other non-current liabilities	**-**	**-**	**-**	**-**	**2**
Trade and other payables	**-**	**-**	**-**	**-**	**48**
At 30 June 2014					
Restricted cash	5	-	-	-	-
Restricted investments	39	-	103	75	-
Trade and other receivables	65	-	-	-	-
Cash and cash equivalents	172	-	-	-	-
Borrowings	-	-	-	-	270
Other non-current liabilities	-	-	-	-	2
Trade and other payables	-	-	-	-	50

Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges certain selected financial risks in close cooperation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

MARKET RISK

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar (US$). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency. Harmony's revenues are sensitive to the R/US$ exchange rate as all revenues are generated by gold sales denominated in US$. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to establish an exchange rate in advance for the sale of its future gold production.

The group is exposed to foreign exchange risk arising from borrowings and cash denominated in a currency other than the functional currency of that entity. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to manage this risk.

4 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

(i) Foreign exchange risk continued

The group has reviewed its foreign currency exposure on financial assets and financial liabilities and has identified the following sensitivities for a 10% change in the exchange rate that would affect profit or loss. Management considers a range between 10% and 20% to be a reasonable change.

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
		Sensitivity analysis - borrowings		
		Rand against US$		
286	**300**	Increase by 10%	**25**	27
(286)	**(300)**	Decrease by 10%	**(25)**	(27)
10.61	**12.16**	**Closing rate**	**12.16**	10.61
		Sensitivity analysis - financial assets		
		Kina against A$		
3	**1**	Increase by 10%	**-**	-
(3)	**(1)**	Decrease by 10%	**-**	-
2.28	**2.11**	**Closing rate**	**2.11**	2.28
		US$ against Kina		
4	**6**	Increase by 10%	**-**	-
(5)	**(8)**	Decrease by 10%	**(1)**	-
0.41	**0.37**	**Closing rate**	**0.37**	0.41

(ii) Other price risk

The group is exposed to the risk of fluctuations in the fair value of the available-for-sale and fair value through profit or loss financial assets as a result of changes in market prices (other than changes in interest rates and foreign currencies). Harmony generally does not use any derivative instruments to manage this risk.

Sensitivity analysis

A 1% increase in the share price of the available-for-sale investments at the reporting date, with all other variables held constant, would not have had a material impact on other comprehensive income for 2014 and 2015.

Certain of the restricted investments are linked to the Shareholder Weighted Top 40 Index (SWIX 40) and the Top 40 index on the JSE. A 1% increase in the SWIX 40 and Top 40 index at the reporting date, with all other variables held constant, would have increased profit or loss by R3.4 million (US$0.3 million) (2014: R3.8 million (US$0.4 million)); an equal change in the opposite direction would have decreased profit or loss by R1.3 million (US$0.1 million) (2014: R2.4 million (US$0.2 million)).

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. Harmony generally does not enter into forward sales, derivatives or others hedging arrangements to establish a price in advance for the sale of future gold production.

(iii) Interest rate risk

The group's interest rate risk arises mainly from long-term borrowings. The group has variable interest rate borrowings. Variable rate borrowings expose the group to cash flow interest rate risk. The group has not entered into interest rate swap agreements.

Sensitivity analysis - borrowings

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
(29)	**(34)**	Increase by 100 basis points	**(3)**	(3)
29	**34**	Decrease by 100 basis points	**3**	3

4 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

(iii) Interest rate risk continued

Interest rate risk arising from long-term borrowings is offset by cash and cash equivalents, restricted cash and restricted investments held at variable rates.

Sensitivity analysis - financial assets

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
34	**30**	Increase by 100 basis points	**3**	3
(34)	**(30)**	Decrease by 100 basis points	**(3)**	(3)

CREDIT RISK

Credit risk is the risk that a counterparty may default or not meet its obligations timeously. Financial instruments, which subject the group to concentrations of credit risk, consist predominantly of restricted cash, restricted investments, trade and other receivables (excluding non-financial instruments) and cash and cash equivalents.

Exposure to credit risk on trade and other receivables is monitored on a regular basis. Refer to note 18 for management's assessment. The credit risk arising from restricted cash, cash and cash equivalents and restricted investments is managed by ensuring amounts are only invested with financial institutions of good credit quality. The group has policies that limit the amount of credit exposure to any one financial institution.

Cash and cash equivalents and restricted cash

Financial institutions' credit rating by exposure

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
		Credit rating		
51	**-**	AAA	**-**	5
670	**420**	AA+	**35**	63
692	**312**	AA[1]	**26**	64
359	**320**	AA-[1]	**26**	34
114	**79**	A+[1]	**6**	11
1 886	**1 131**	**Cash and cash equivalents and restricted cash**	**93**	177
37	**38**	AA	**3**	3
9	**2**	AA-	**-**	1
11	**24**	A+	**2**	1
57	**64**	**Total restricted cash**	**5**	5

[1] Includes restricted cash.

Environmental trust funds are held with financial institutions who have the following credit ratings: AA+ R496 million (US$40.8 million) (2014: R589 million (US$55.6 million)), AA R1 653 million (US$135.9 million) (2014: R1 564 million (US$147.4 million)) and A+ R189 million (US$15.5 million) (2014: R98 million (US$9.3 million)).

The social plan trust fund of R46 million (US$3.8 million) (2014: R47 million (US$4.4 million)) has been invested in unit trusts comprising shares in listed companies.

The group’s maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R4 146 million (US$341.0 million) as at 30 June 2015 (2014: R4 879 million (US$459.8 million)).

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

In the ordinary course of business, the group receives cash from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested in a manner to achieve market-related returns and to provide sufficient liquidity at the minimum risk. The group is able to actively source financing at competitive rates.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the years ended 30 June 2015

4 FINANCIAL RISK MANAGEMENT continued

LIQUIDITY RISK continued

The following are the contractual maturities of financial liabilities (including principal and interest payments):

SA rand			US dollar	
More than 1 year	Current	*Figures in million*	Current	More than 1 year
		2015		
28	**-**	Other non-current liabilities	**-**	**2**
		Borrowings		
-	**64**	Due between 0 to six months	**5**	**-**
-	**64**	Due between six to 12 months	**5**	**-**
506	**-**	Due between one to two years	**-**	**42**
3 104	**-**	Due between two to five years	**-**	**255**
-	**589**	Trade and other payables (excluding non-financial liabilities)	**48**	**-**
3 638	**717**		**58**	**299**
		2014		
22	-	Other non-current liabilities	-	2
		Borrowings		
-	41	Due between 0 to six months	4	-
-	41	Due between six to 12 months	4	-
2 883	-	Due between one to two years	-	272
-	-	Due between two to five years	-	-
-	540	Trade and other payables (excluding non-financial liabilities)	50	-
2 905	622		58	274

CAPITAL RISK MANAGEMENT

The primary objective of managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, in a way that optimises the cost of capital and matches the current strategic business plan.

The group manages and makes adjustments to the capital structure, which consists of debt and equity, as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. In doing so, the group ensures it stays within the debt covenants agreed with lenders. The group may also sell assets to reduce debt or schedule projects to manage the capital structure.

The group follows a conservative approach to debt and prefers to maintain low levels of gearing. Net debt is as follows:

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
1 829	**1 067**	Cash and cash equivalents	**88**	172
(2 860)	**(3 399)**	Borrowings	**(280)**	(270)
(1 031)	**(2 332)**	**Net debt**	**(192)**	(98)

There were no changes to the group's approach to capital management during the year.

FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND LIABILITIES

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values.

The fair values of the available-for-sale financial assets are determined by reference to quoted market prices. The fair value of other non-current financial instruments is determined using a discounted cash flow model with market observable inputs, such as market interest rates.

The fair value levels of hierarchy are as follows:

(1) Quoted prices (unadjusted) in active markets for identical assets (level 1);

(2) Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from other prices) (level 2);

(3) Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (level 3).

4 FINANCIAL RISK MANAGEMENT continued

FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND LIABILITIES continued

The following table presents the group's assets and liabilities that are measured at fair value by level at 30 June 2015.

Assets	Level 1	Level 2	Level 3
Figures in million (SA rand)			
Available-for-sale financial assets[1]	**-**	**-**	**5**
Fair value through profit or loss financial assets[2]	**-**	**538**	**-**
Figures in million (US dollar)			
Available-for-sale financial assets[1]	**-**	**-**	**-**
Fair value through profit or loss financial assets[2]	**-**	**44**	**-**

The following table presents the group's assets and liabilities that are measured at fair value by level at 30 June 2014.

Assets	Level 1	Level 2	Level 3
Figures in million (SA rand)			
Available-for-sale financial assets[1]	-	-	4
Fair value through profit or loss financial assets[2]	-	798	-
Figures in million (US dollar)			
Available-for-sale financial assets[1]	-	-	-
Fair value through profit or loss financial assets[2]	-	75	-

[1] Refer to note 17. Level 3 fair values have been valued by the directors by performing independent valuations on an annual basis.

[2] Level 2 fair values are directly derived from the Shareholders Weighted Top 40 (SWIX 40) or the Top 40 index on the JSE, and are discounted at market interest rate. The fair value of R46 million (US$3.8 million) (2014: R47 million (US$4.5 million)) of the balance in 2015 and 2014 is derived by reference to quoted prices of the shares held within the unit trust portfolio.

for the years ended 30 June 2015

5 COST OF SALES

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
11 888	**12 632**	Production costs (a)	**1 103**	1 148
2 092	**2 419**	Amortisation and depreciation of mining assets	**211**	202
51	**53**	Amortisation and depreciation of assets other than mining assets (b)	**5**	5
8	**(6)**	Rehabilitation (credit)/expenditure (c)	**(1)**	1
66	**106**	Care and maintenance costs of restructured shafts (d)	**9**	6
274	**251**	Employment termination and restructuring costs (e)	**22**	26
270	**208**	Share-based payments (f)	**18**	26
1 439	**3 471**	Impairment of assets (g)	**285**	135
-	**(81)**	Other (h)	**(7)**	-
16 088	**19 053**	**Total cost of sales**	**1 645**	1 549

(a) Production costs include mine production and transport and refinery costs, applicable general administrative costs, movement in inventories and ore stockpiles, ongoing environmental rehabilitation costs and transfers for stripping activities. Employee termination costs are included, except for employee termination costs associated with major restructuring and shaft closures, which are separately disclosed. Production costs, analysed by nature, consist of the following:

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
7 362	**7 761**	Labour costs, including contractors	**678**	711
3 282	**3 466**	Consumables	**303**	317
1 881	**2 003**	Water and electricity	**175**	182
115	**103**	Insurance	**9**	11
167	**170**	Transportation	**15**	16
(104)	**196**	Change in inventory	**17**	(10)
(1 437)	**(1 518)**	Capitalisation of mine development costs	**(133)**	(139)
(133)	**(243)**	Stripping activities	**(21)**	(13)
(231)	**(208)**	By-product sales	**(18)**	(22)
127	**95**	Royalty expense	**8**	12
859	**807**	Other	**70**	83
11 888	**12 632**	**Total production costs**	**1 103**	1 148

(b) Amortisation and depreciation of assets other than mining assets includes the amortisation of intangible assets.

(c) For the assumptions used to calculate the rehabilitation costs, refer to note 24. This expense includes the change in estimate for the rehabilitation provision where a rehabilitation asset no longer exists as well as rehabilitation costs. For 2015, R66 million (US$5.8 million) (2014: R53 million (US$5.1 million)) was spent on rehabilitation.

(d) Included in the total for the 2015 financial year is an amount of R20 million (US$1.7 million) in reparation costs relating to the explosion that occurred in March 2015 at the Brand 1A ventilation shaft, which was in the process of being rehabilitated.

(e) During the 2015 financial year, the group embarked on a restructuring process at Kusasalethu, Masimong and Hidden Valley. Target 3 was placed on care and maintenance and Ernest Oppenheimer Hospital was closed in December 2014. Voluntary severance packages were offered to management in September 2014.

For the 2014 financial year, the programme embarked on by the group's South African operations whereby voluntary severance packages were offered to all employees and significant restructuring process at Hidden Valley, both having started during 2013, was completed in June 2014.

(f) Refer to note 31 for details on the share-based payment schemes implemented by the group.

(g) The impairment of assets consists of the following:

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
-	**2 114**	Hidden Valley	**174**	-
-	**1 036**	Doornkop	**85**	-
1 382	**278**	Phakisa	**23**	130
-	**43**	Freddies 9 (Other - underground)	**3**	-
36	**-**	Steyn 2 (Bambanani)	**-**	3
21	**-**	St Helena (Other - underground)	**-**	2
1 439	**3 471**	**Total impairment of assets**	**285**	135

During the 2015 year, an impairment of R2.11 billion (US$173.8 million) was recognised on Hidden Valley following a change in the life-of-mine plan during the annual planning process. Low US$ commodity prices and high operating costs resulted in the shortening of the life of mine of the operation. Stripping activities in the new plan have been significantly reduced, resulting in a decrease in the reserves to be mined and the lower recoverable amount at 30 June 2015. The recoverable amount of Hidden Valley is R653 million (US$53.7 million).

Following the decision to restructure Doornkop in May 2015, a revised life-of-mine plan was completed. In addition, the resource value reduced owing to the decrease in resources declared for Doornkop. The revised life-of-mine plan includes lower production levels and focuses on higher grade areas. Resources below the existing shaft infrastructure which were previously included in the additional resource value were removed. The new plan and lower resource value resulted in a lower recoverable amount and an impairment of R1.04 billion (US$85.2 million) was recognised. The recoverable amount of Doornkop is R1.85 billion (US$151.8 million).

5 COST OF SALES continued

(g) Impairment of assets continued

Other impairments include R278 million (US$22.9 million) on Phakisa following the annual life-of-mine plan assessments, and R43 million (US$3.5 million) for Freddies 9 as plans to develop the project further at this stage have been stopped. The recoverable amounts are R3.99 billion (US$328 million) and Rnil (US$nil) for Phakisa and Freddies 9 respectively.

During the 2014 financial year, an impairment of R1.38 billion (US$130.3 million) was recognised on Phakisa. The impairment followed a change in the life-of-mine plan during the annual planning process. The previously planned decline shaft that required significant additional capital expenditure, was removed from the life-of-mine plan. The impairment comprised of R1.31 billion (US$123.1 million) goodwill and R75 million (US$7.1 million) mining assets. In 2014, the recoverable amount of Phakisa was R4.26 billion (US$401.7 million). Impairments on Steyn 2 of R36 million (US$3.4 million) and St Helena of R21 million (US$2.0 million) were recognised following the decision not to mine these operations in future. These operations were impaired to the recoverable amount of Rnil (US$nil).

The recoverable amounts for the impaired operations have been determined on a fair value less costs to sell basis using the assumptions per note 13 in discounted cash flow models and attributable resource values. This is a fair value measurement classified as level 3.

For assumptions used to calculate the recoverable amounts, refer to note 13.

(h) Included in Other for the 2015 financial year is a credit of R87 million (US$7.6 million) relating to the reduction in employees qualifying for post-retirement benefits. Refer to note 25. In addition, amounts relating to inventory adjustments are included in Other for the 2015 and 2014 financial years.

6 PROFIT ON SALE OF PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds of the sale with the carrying amount and are recognised in the income statement.

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
30	**6**	**Profit on sale of property, plant and equipment**	**1**	3

During the 2014 financial year, a ground swap between Joel mine and Sibanye Gold Limited's (Sibanye) Beatrix mine was completed which resulted in a non-cash profit being recognised for the difference between carrying value of the Joel portion and the fair value of the Beatrix portion. Refer to note 26 for further detail.

7 OTHER EXPENSES (NET)

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
190	**367**	Foreign exchange losses - net (a)	**32**	18
21	**14**	Bad debts provision expense (b)	**1**	2
-	**1**	Bad debts written off	**-**	-
(3)	**(4)**	Other (income)/expense - net	**-**	-
208	**378**	**Total other expenses (net)**	**33**	20

(a) Included in the total for 2015 is a loss of R382 million (US$33.4 million) (2014: R155 million (US$15.0 million)) related to the translation of the US dollar denominated loans into SA rand (refer to note 27). In 2014, a loss of R35 million (US$3.4 million) was recorded, related to the Australasian intercompany loans not designated as forming part of the net investment in the group's international operations.

(b) The total for 2015 includes a provision of R15 million for the loan to Rand Refinery (Proprietary) Limited (Rand Refinery). Refer to notes 18 and 19 for further details.

8 OPERATING LOSS

The following have been included in operating loss:

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
		Auditor's remuneration		
		Made up as follows:		
		External		
21	**19**	Fees - current year	**2**	2
3	**1**	Fees - other services	**-**	-
24	**20**	**Total auditor's remuneration**	**2**	2

9 INVESTMENT INCOME

ACCOUNTING POLICY

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

Dividend income is recognised when the shareholder's right to receive payment is established. This is recognised at the last date of registration.

Cash flows from dividends and interest received are classified under operating activities in the cash flow statement.

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
220	**229**	Interest received	**20**	21
21	**13**	Loans and receivables (a)	**1**	2
61	**100**	Held-to-maturity investments	**9**	6
124	**102**	Cash and cash equivalents	**9**	12
14	**14**	South African Revenue Services (SARS)	**1**	1
220	**229**	**Total investment income**	**20**	21

(a) For the 2015 financial year, interest received on the loan to Rand Refinery amounted to R6 million (US$0.5 million). Refer to note 19 for further details.

10 FINANCE COST

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
		Financial liabilities		
124	**119**	Borrowings	**10**	12
5	**1**	Other creditors and liabilities	**-**	-
129	**120**	Total finance cost from financial liabilities	**10**	12
		Non-financial liabilities		
18	**16**	Post-retirement benefits	**1**	2
138	**144**	Time value of money and inflation component of rehabilitation costs	**13**	13
6	**3**	South African Revenue Services (SARS)	**-**	1
162	**163**	Total cost from non-financial liabilities	**14**	16
291	**283**	Total finance cost before interest capitalised	**24**	28
(14)	**(19)**	Interest capitalised (a)	**(2)**	(1)
277	**264**	**Total finance cost**	**22**	27

(a) The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation in 2015 was 3.4% (2014: 3.4%).

11 TAXATION

ACCOUNTING POLICY

Taxation is made up of current and deferred taxation. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognised on temporary differences existing at each reporting date between the tax base of all assets and liabilities and their carrying amounts. Substantively enacted tax rates are used to determine future anticipated effective tax rates which in turn are used in the determination of deferred taxation, except to the extent that deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect the accounting or taxable profit or loss at the time of the transaction. Deferred tax is charged to profit or loss, except where the tax relates to items recognised in other comprehensive income or directly in equity in which case the tax is also recognised in other comprehensive income or directly in equity. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

The principal temporary differences arise from amortisation and depreciation on property, plant and equipment, provisions, unutilised tax losses and unutilised capital allowances carried forward. Deferred tax assets relating to the carry forward of unutilised tax losses and unutilised capital allowances are recognised to the extent that it is probable that future taxable profit will be available against which the unutilised tax losses and unutilised capital allowances can be utilised. The recoverability of these assets is reviewed at each reporting date and adjusted if recovery is no longer probable.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

11 TAXATION continued

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The group is subject to income tax in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Management has to exercise judgement with regard to deferred tax assets. Where the possibility exists that no future taxable income may flow against which these assets can be offset, the deferred tax assets are not recognised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which the temporary differences are expected to reverse. At the group's South African operations, such average tax rates are directly impacted by the profitability of the relevant mine. The deferred tax rate is therefore based on the current estimate of future profitability of an operation when temporary differences will reverse, based on tax rates and tax laws that have been enacted at the balance sheet date. The future profitability of each mine, in turn, is determined by reference to the life-of-mine (LoM) plan for that operation. The LoM plan is influenced by factors as disclosed in note 13, which may differ from one year to the next and normally result in the deferred tax rate changing from one year to the next.

The taxation credit for the year is as follows:

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
		SA taxation		
(29)	**9**	Mining tax (a)	**1**	(3)
(56)	**(15)**	- current year	**(1)**	(5)
27	**24**	- prior year	**2**	2
5	**(4)**	Non-mining tax (b)	**-**	1
(15)	**(4)**	- current year	**-**	(1)
20	**-**	- prior year	**-**	2
334	**776**	Deferred tax (c)	**67**	32
334	**776**	- current year	**67**	32
310	**781**		**68**	30
		Foreign taxation		
(31)	**(77)**	Deferred tax	**(6)**	(3)
(31)	**(13)**	- current year (d)	**(1)**	(3)
-	**(64)**	- derecognition of deferred tax asset (e)	**(5)**	-
279	**704**	**Total taxation credit**	**62**	27

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
		Taxation by type		
(29)	**9**	Mining tax	**1**	(3)
5	**(4)**	Non-mining tax	**-**	1
303	**699**	Deferred tax	**61**	29
279	**704**		**62**	27

(a) Mining tax on gold mining income in South Africa is determined according to a formula, based on the taxable income from mining operations. 5% of total revenue is exempt from taxation while the remainder is taxable at a higher rate than non-mining income as a result of applying the gold mining formula.

All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss. Accounting depreciation is eliminated when calculating the South African mining tax income. Excess capital expenditure is carried forward as unredeemed capital to be claimed from future mining taxable income. The group has several tax paying entities in South Africa. In terms of the mining ring-fencing application, each ring-fenced mine is treated separately and deductions can normally only be utilised against mining income generated from the relevant ring-fenced mine.

(b) Non-mining income of mining companies and the income for non-mining companies are taxed at the statutory corporate rate of 28% (2014: 28%).

(c) The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse based on tax rates and tax laws that have been enacted at the balance sheet date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year.

(d) Mining and non-mining income of Australian entities and PNG operation are taxed at a standard rate of 30% (2014: 30%).

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the years ended 30 June 2015

11 TAXATION continued

(e) The recoverability of the deferred tax asset for Australia is no longer considered probable, following the revised LoM plan and impairment recognised on Hidden Valley and as a result it was derecognised on 30 June 2015.

INCOME AND MINING TAX RATES

The tax rate remained unchanged for the 2014 and 2015 years.

Major items causing the group's income tax provision to differ from the South African mining statutory tax rate of 34% (2014: 34%) were:

SA rand 2014	SA rand 2015	*Figures in million*	US dollar 2015	US dollar 2014
527	**1 782**	Tax on net loss at the mining statutory tax rate	**148**	49
(274)	**(282)**	Non-allowable deductions	**(24)**	(25)
(444)	**(793)**	Impairment of assets	**(63)**	(43)
49	**30**	Difference between effective mining tax rate and statutory mining rate on mining income	**3**	5
3	**1**	Difference between non-mining tax rate and statutory mining rate on non-mining income	**-**	-
115	**(243)**	Effect on temporary differences due to changes in effective tax rates[1]	**(21)**	11
47	**24**	Prior year adjustment	**2**	5
518	**516**	Capital allowance, sale of business and other rate differences[2]	**45**	50
-	**(64)**	Derecognition of deferred tax asset[3]	**(5)**	-
(262)	**(267)**	Deferred tax asset not recognised[4]	**(23)**	(25)
279	**704**	**Income and mining taxation**	**62**	27
(18)	**(13)**	**Effective income and mining tax rate (%)**	**(14)**	(19)

[1] This relates to the decrease in the deferred tax rates related to Freegold (Harmony) Pty Ltd (Freegold) (20.3% to 16.7%) and Randfontein Estates Limited (Randfontein) (18.9% to 14.3%) mainly due to the lower estimated profitability. In 2014, the significant decreases in the deferred tax rates related to Harmony Gold Mining Company Limited (Harmony) (26.4% to 13.4%) and Freegold (22.9% to 20.3%) mainly due to the lower estimated profitability.

[2] This relates to the additional capital allowance that may be deducted from taxable income from mining operations in South Africa. A significant portion relates to Avgold Limited (Avgold), which has a 0% effective tax rate.

[3] In 2015, the Australian deferred tax asset was derecognised as the recoverability is deemed unlikely following the revised LoM for Hidden Valley.

[4] This relates primarily to the Hidden Valley operation and represents tax losses and deductible temporary difference arising in the year for which future taxable profits are not considered probable.

DEFERRED TAX

The analysis of deferred tax assets and liabilities is as follows:

SA rand 2014	SA rand 2015	*Figures in million*	US dollar 2015	US dollar 2014
(993)	**(856)**	Deferred tax assets	**(70)**	(94)
(833)	**(639)**	Deferred tax asset to be recovered after more than 12 months	**(52)**	(79)
(160)	**(217)**	Deferred tax asset to be recovered within 12 months	**(18)**	(15)
3 592	**2 762**	Deferred tax liabilities	**227**	339
3 373	**2 582**	Deferred tax liability to be recovered after more than 12 months	**212**	318
219	**180**	Deferred tax liability to be recovered within 12 months	**15**	21
2 599	**1 906**	**Net deferred tax liability**	**157**	245

Deferred tax liabilities and assets on the balance sheet as of 30 June 2015 and 30 June 2014 relate to the following:

SA rand 2014	SA rand 2015	*Figures in million*	US dollar 2015	US dollar 2014
3 592	**2 762**	Gross deferred tax liabilities	**227**	339
3 572	**2 758**	Amortisation and depreciation	**227**	337
20	**4**	Other	**-**	2
(993)	**(856)**	Gross deferred tax assets	**(70)**	(94)
(624)	**(506)**	Unredeemed capital expenditure	**(41)**	(59)
(160)	**(117)**	Provisions, including non-current provisions	**(10)**	(15)
(209)	**(233)**	Tax losses	**(19)**	(20)
2 599	**1 906**	**Net deferred tax liability**	**157**	245
		Comprises:		
2 680	**1 906**	Net deferred tax liability	**157**	253
(81)	**-**	Net deferred tax asset	**-**	(8)

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the years ended 30 June 2015

11 TAXATION continued

DEFERRED TAX continued

Movement in the net deferred tax liability recognised in the balance sheet is as follows:

SA rand 2014	SA rand 2015	*Figures in million*	US dollar 2015	US dollar 2014
2 917	**2 599**	Balance at beginning of year	**245**	293
(303)	**(699)**	Credit per income statement	**(61)**	(29)
(7)	**3**	Tax directly charged to other comprehensive income	**-**	(1)
(8)	**3**	Foreign currency translation	**(27)**	(18)
2 599	**1 906**	**Balance at end of year**	**157**	245

As at 30 June, the group had the following potential future tax deductions:

SA rand 2014	SA rand 2015	*Figures in million*	US dollar 2015	US dollar 2014
21 512	**22 994**	Unredeemed capital expenditure utilisable against future mining taxable income[1]	**1 891**	2 028
2 963	**4 128**	Tax losses carried forward utilisable against mining taxable income[2]	**339**	280
579	**575**	Capital Gains Tax (CGT) losses available to be utilised against future CGT gains[3,5]	**47**	55
6 646	**7 234**	As at 30 June, the group has not recognised the following deferred tax asset amounts	**595**	626
		The unrecognised temporary differences are:		
18 309	**19 671**	Unredeemed capital expenditure[4]	**1 617**	1 726
2 004	**2 458**	Tax losses	**202**	189
579	**575**	CGT losses[3]	**47**	55

[1] Includes Avgold R12 211 million (US$1 004.2 million) (2014: R11 096 million (US$1 046.2 million)), Freegold R1 355 million (US$111.4 million) (2014: R1 486 million (US$140.1 million)), Randfontein R1 852 million (US$152.3 million) (2014:R1 685 million (US$158.9 million)) and Hidden Valley R7 460 million (US$613.5 million) (2014: R7 214 million (US$680.2 million)). These have an unlimited carry-forward period.
[2] These have an unlimited carry-forward period.
[3] The CGT losses relate to the gross CGT losses available to be utilised against future CGT gains.
[4] Relates to Avgold and Hidden Valley.

DIVIDEND TAX (DT)

A withholding tax of 15% on dividends (excluding a return of capital) and other distributions to the beneficial owners of shares (shareholders) became effective on 1 April 2012. DT is withheld by the company declaring the dividend or the withholding agent, unless specifically exempt. Foreign residents could qualify for an exemption or a reduced DT rate in terms of their relevant tax treaty. The withholding tax is a tax on the shareholder and if applicable will be withheld by the company and will reduce the amount paid to the shareholder.

12 EARNINGS/(LOSS) PER SHARE

BASIC LOSS PER SHARE

Basic earnings/(loss) per share is calculated by dividing the net income attributable to shareholders by the weighted number of ordinary shares in issue during the year.

2014	2015		2015	2014
435 825	**436 187**	Ordinary shares in issue ('000)	**436 187**	435 825
(287)	**(185)**	Adjustment for weighted number of ordinary shares in issue ('000)	**(185)**	(287)
435 538	**436 002**	Weighted number of ordinary shares in issue ('000)	**436 002**	435 538
(2 326)	**(1 578)**	Treasury shares ('000)	**(1 578)**	(2 326)
433 212	**434 424**	**Basic weighted average number of shares in issue ('000)**	**434 424**	433 212

SA rand 2014	SA rand 2015		US dollar 2015	US dollar 2014
(1 270)	**(4 536)**	**Total net loss attributable to shareholders (millions)**	**(374)**	(118)
(293)	**(1 044)**	**Total basic loss per share (cents)**	**(86)**	(27)

12 EARNINGS/(LOSS) PER SHARE continued

DILUTED LOSS PER SHARE

For diluted earnings/(loss) per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares as a result of share options granted to employees under the share option schemes in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the company's shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

2014	2015		2015	2014
433 212	**434 424**	Weighted average number of ordinary shares in issue ('000)	**434 424**	433 212
1 503	**3 667**	Potential ordinary shares ('000)	**3 667**	1 503
434 715	**438 091**	**Weighted average number of ordinary shares for diluted earnings per share ('000)**	**438 091**	434 715

SA rand			US dollar	
2014	2015		2015	2014
(293)	**(1 044)**	**Total diluted loss per share (cents)**	**(86)**	(27)

The inclusion of share options issued to employees, as potential ordinary shares, has a dilutive effect on the earnings/(loss) per share. The issue price and the exercise price include the fair value of any service to be supplied to the entity in the future under the share option or other share-based payment arrangement.

HEADLINE EARNINGS/(LOSS) PER SHARE

The calculation of headline earnings/(loss), net of tax, per share is based on the basic earnings/(loss) per share calculation adjusted for the following items:

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
(1 270)	**(4 536)**	Net loss	**(374)**	(118)
		Adjusted for:		
(30)	**(6)**	Profit on sale of property, plant and equipment	**(1)**	(3)
6	**(1)**	Taxation effect of (loss)/profit on sale of property, plant and equipment	**-**	1
(7)	**(4)**	Profit on disposal of investments[1]	**-**	(1)
1 439	**3 471**	Impairment of assets	**285**	135
(24)	**(169)**	Taxation effect on impairment of assets	**(14)**	(2)
-	**491**	Loss on scrapping of property, plant and equipment	**42**	-
-	**(67)**	Taxation effect on loss of scrapping of property, plant and equipment	**(6)**	-
114	**(821)**	**Headline earnings/(loss)**	**(68)**	12

[1] There is no taxation effect on these items.

SA rand			US dollar	
2014	2015		2015	2014
26	**(189)**	**Basic headline earnings/(loss) per share (cents)**	**(16)**	2
26	**(189)**	**Diluted headline earnings/(loss) per share (cents)**	**(16)**	2

DIVIDENDS

ACCOUNTING POLICY

Dividends declared are recognised in the period in which they are approved by the board of directors. Dividends are payable in South African rand.

Cash flows from dividends paid are classified under financing activities in the cash flow statement.

No dividends were declared for the years ended 30 June 2015 and 30 June 2014.

13 PROPERTY, PLANT AND EQUIPMENT

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
26 483	**22 638**	Mining assets (a)	**1 862**	2 495
1 024	**1 266**	Mining assets under construction (b)	**104**	97
5 425	**5 409**	Undeveloped properties (c)	**445**	511
137	**235**	Other non-mining assets (d)	**19**	13
33 069	**29 548**	**Total property, plant and equipment**	**2 430**	3 116

(a) Mining assets

ACCOUNTING POLICY

Mining assets including mine development costs and mine plant facilities are initially recorded at cost, whereafter they are measured at cost less accumulated depreciation and impairment. Costs include expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

The net assets of operations placed on care and maintenance are impaired to their recoverable amount. Expenditure on the care and maintenance of these operations is charged against income, as incurred. Mineral and surface use rights represent mineral and surface use rights for parcels of land both owned and not owned by the group. Mineral and surface rights include acquired mineral use rights in production, development and exploration phase properties. The amount capitalised related to a mineral and surface right represents its fair value at the time it was acquired, either as an individual asset purchase or as part of a business combination, and is recorded at cost of acquisition.

The group's mineral use rights are enforceable regardless of whether proved or probable reserves have been established. In certain limited situations, the nature of use changes from an exploration right to a mining right upon the establishment of proved and probable reserves. The group has the ability and intent to renew mineral use rights where the existing term is not sufficient to recover all identified and valued proved and probable reserves and/or undeveloped mineral interests.

Depreciation
Depreciation of mining assets is computed principally by the units-of-production method over life-of-mine based on estimated quantities of economically recoverable proved and probable reserves, which can be recovered in future from known mineral deposits.

In most instances, proved and probable reserves provide the best indication of the useful life of the group's mines (and related assets). However, in some instances, proved and probable reserves may not provide a realistic indication of the useful life of the mine (and related assets). This may be the case, for example, where management is confident that further inferred resources will be converted into measured and indicated resources and if they are economically recoverable, they can also be classified as proved and probable reserves. Management is approaching economic decisions affecting the mine on this basis, but has chosen to delay the work required to designate them formally as reserves.

In assessing which resources to include so as to best reflect the useful life of the mine, management considers resources that have been included in the life-of-mine plan. To be included in the life-of-mine plan, resources need to be above the cut-off grade set by management, which means that the resource can be economically mined and is therefore commercially viable. This consistent systematic method for inclusion in the life-of-mine plan takes management's view of the gold price, exchange rates as well as cost inflation into account. In declaring the resource, management would have had to obtain a specified level of confidence of the existence of the resource through drilling as required by the South African Code for Reporting Exploration Results, Mineral Resources and Mineral Reserves (SAMREC).

Additional confidence in the existence, commercial viability and economical recovery of such resources may be based on historical experience and available geological information, such as geological information obtained from other operations that are contiguous to the group's as well as where the group mines continuations of these other operations' orebodies and reefs. This is in addition to the drilling results obtained by the group and management's knowledge of the geological setting of the surrounding areas, which would enable simulations and extrapolations to be done with a reasonable degree of accuracy.

In instances where management is able to demonstrate the economic recovery of such resources with a high level of confidence, such additional resources, which may also include certain, but not all, of the inferred resources, as well as the associated future development costs of accessing those resources, are included in the calculation of depreciation. The future development costs are those costs that need to be incurred to access these inferred resources, for example the costs to complete a decline or level, which may include infrastructure and equipping costs. These amounts have been extracted from the cash flow projections for the life-of-mine plans.

Mineral rights associated with production phase mineral interests are amortised over the life of mine using the units-of-production method in order to match the amortisation with the expected underlying future cash flows.

Impairment
Testing for impairment is done in terms of the group policy as discussed in note 2.5.

Stripping activities
The removal of overburden and other mine waste materials is often necessary during the initial development of a mine site, in order to access the mineral ore deposit. The directly attributable cost of this activity is capitalised in full within mining assets under construction, until the point at which the mine is considered to be capable of commercial production.

The removal of waste material after the point at which a mine is capable of commercial production is referred to as production stripping.

When the waste removal activity improves access to ore extracted in the current period, the costs of production stripping are charged to the income statement as operating costs in accordance with the principles of IAS 2 *Inventories.*

13 PROPERTY, PLANT AND EQUIPMENT continued

(a) Mining assets continued

ACCOUNTING POLICY continued

Stripping activities continued
Where production stripping activity both produces inventory and improves access to ore in future periods the associated costs of waste removal are allocated between the two elements. The portion which benefits future ore extraction is capitalised within stripping and development capital expenditure. If the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. Components are specific volumes of a mine's orebody that are determined by reference to the life-of-mine plan.

In certain instances significant levels of waste removal may occur during the production phase with little or no associated production. The cost of this waste removal is capitalised in full.

All amounts capitalised in respect of waste removal are depreciated using the units-of-production method based on proved and probable ore reserves of the component of the orebody to which they relate.

The effects of changes to the life-of-mine plan on the expected cost of waste removal or remaining reserves for a component are accounted for prospectively as a change in estimate.

Scrapping of assets
Where significant adverse changes have taken place relating to the useful life of an asset, that asset is tested for impairment in terms of the group policy as discussed in note 2.5. Whether or not an impairment is recognised, it is then necessary to review the useful lives and residual values of the assets within the CGU – this is reviewed at least annually. Where necessary, the useful lives and residual values of the individual assets are revised.

Where the useful life of an asset is nil as a result of no future economic benefit expected from the use or disposal of that asset, it is necessary to derecognise the asset. The loss arising from the derecognition is included in profit or loss in the period in which the asset was derecognised.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – GOLD MINERAL RESERVES AND RESOURCES

Gold mineral reserves and resources are estimates of the amount of ounces that can be economically and legally extracted from the group's properties. In order to calculate the gold mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates.

Estimating the quantities and/or grade of the reserves and resources requires the size, shape and depth of the orebodies 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.

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

- Asset carrying values may be affected due to changes in estimated cash flows;
- Scrapping of assets to be recorded in the income statement, following the derecognition of assets as no future economic benefit expected;
- Depreciation and amortisation charged in the income statement may change as they are calculated on the units-of-production method;
- Environmental provisions may change as the timing and/or cost of these activities may be affected by the change in mineral reserves; and
- Useful life and residual values may be affected by the change in mineral reserves.

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

SENSITIVITY ANALYSIS - GOLD MINERAL RESERVES AND RESOURCES EFFECT ON DEPRECIATION

The group includes certain inferred resources in the denominator and future development costs in the numerator when performing the depreciation calculation for certain of its operations, where proved and probable reserves alone do not provide a realistic indication of the useful life of mine (and related assets). During the periods presented, this related to the Doornkop South Reef and Masimong shafts. Had the group only used proved and probable reserves in its calculations, depreciation for 2015 would have amounted to R2 592 million (US$226.4 million) (2014: R2 252 million (US$217.6 million)), compared with the reported totals of R2 472 million (US$215.8 million) (2014: R2 143 million (US$207.0 million)).

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – PRODUCTION START DATE

Various relevant criteria are considered in order to assess when the mine is substantially complete and ready for its intended use and moves into the production phase. Some of the criteria would include but are not limited to the following:

- The level of capital expenditure compared to the total project cost estimates;
- The ability to produce gold in a saleable form (where more than an insignificant amount of gold has been produced); and
- The ability to sustain the ongoing production of gold.

13 PROPERTY, PLANT AND EQUIPMENT continued

(a) Mining assets continued

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – IMPAIRMENT OF ASSETS

The recoverable amount of mining assets is generally determined utilising real discounted future cash flows.

Management also considers such factors as the quality of the individual orebody, market risk, asset specific risks and country risk in determining the fair value.

Key assumptions for the calculations of the mining assets' recoverable amounts are the commodity prices, resource values, marketable discount rates, costs to sell, exchange rates and the annual life-of-mine plans. In determining the commodity prices and resource values to be used, management assesses the long-term views of several reputable institutions on commodity prices and based on this, derives the commodity prices and resource values. The life-of-mine plans are based on the proved and probable reserves as included in the Reserve Declaration, which are determined in terms of SAMREC and The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC), as well as resources where management has high confidence in the orebody and economical recovery of gold, based on historic and similar geological experience.

During the year under review, the group calculated the recoverable amounts (generally fair value less costs to sell) based on updated life-of-mine plans and the following gold price, silver price and exchange rates assumptions:

	2015			2014
	Short term Year 1	Medium term Year 2	Long term Year 3+	
US$ gold price per ounce	**1 150**	**1 180**	**1 200**	1 300
US$ silver price per ounce	**14.00**	**14.50**	**17.00**	21.00
Exchange rate (R/US$)	**12.17**	**11.86**	**11.66**	10.17
Exchange rate (PGK/US$)	**2.75**	**2.75**	**2.75**	2.27
Rand gold price (R/kg)	**450 000**	**450 000**	**450 000**	425 000

The post-tax real discount rate for Hidden Valley was 12.03% (2014: 9.33%) and the post-tax real discount rates for the South African operations ranged between 7.99% and 11.38% (2014: 7.03% and 11.56%), depending on the asset, were used to determine the recoverable amounts (generally fair value less costs to sell). Cash flows used in the impairment calculations are based on life-of-mine plans which exceed five years for the majority of the mines. Refer to note 5 for details of impairments recorded. The attributable gold resource value assumptions:

	South Africa		**Hidden Valley**	
US dollar per ounce	**2015**	2014	**2015**	2014
Measured	**40.86**	45.40	**n/a**	n/a
Indicated	**23.35**	25.94	**15.00**	76.79
Inferred	**5.84**	6.49	**6.00**	25.00

Should management's estimate of the future not reflect actual events, further impairments may be identified.
Factors affecting the estimates include:
- Changes to proved and probable ore reserves;
- Economical recovery of resources;
- The grade of the ore reserves may vary significantly from time to time;
- Review of strategy;
- Unforeseen operational issues at the mines;
- Differences between actual commodity prices and commodity price assumptions;
- Changes in the discount rate and foreign exchange rates; and
- Changes in capital, operating mining, processing and reclamation costs.

SENSITIVITY ANALYSIS - IMPAIRMENT OF ASSETS

The sensitivity scenario of a 10% decrease in the commodity prices in the discounted cash flow models and the resource values used would have resulted in an additional impairment at Phakisa of R1.25 billion (US$103.1 million), Doornkop of R923 million (US$75.9 million) and Hidden Valley of R461 million (US$37.9 million). The decreases noted would have resulted in impairments at Target 1 of R938 million (US$77.1 million), Target 3 of R33 million (US$2.7 million), Tshepong of R693 million (US$57.0 million) (of which R581 million (US$47.8 million) is goodwill), Unisel of R6 million (US$0.5 million) and other Harmony assets of R393 million (US$32.3 million).

13 PROPERTY, PLANT AND EQUIPMENT continued

(a) Mining assets continued

The movement in the mining assets balance is as follows:

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
		Cost		
40 521	**44 368**	Balance at beginning of year	**4 181**	4 060
(65)	**(583)**	Elimination of fully depreciated and impaired assets no longer in use	**(55)**	(7)
2 356	**2 368**	Additions	**207**	227
(2)	**(41)**	Disposals	**(4)**	-
-	**(975)**	Scrapping of assets	**(83)**	-
13	**42**	Adjustment to rehabilitation asset	**3**	1
1 561	**107**	Transfers and other movements	**9**	151
(16)	**82**	Translation	**(527)**	(251)
44 368	**45 368**	**Balance at end of year**	**3 731**	4 181
		Accumulated depreciation and impairments		
15 663	**17 885**	Balance at beginning of year	**1 686**	1 569
(65)	**(583)**	Elimination of fully depreciated and impaired assets no longer in use	**(55)**	(7)
132	**3 471**	Impairment of assets	**285**	13
(1)	**(31)**	Disposals	**(3)**	-
-	**(484)**	Scrapping of assets	**(41)**	-
2 137	**2 467**	Depreciation	**215**	206
-	**(15)**	Transfers and other movements	**(1)**	-
19	**20**	Translation	**(217)**	(95)
17 885	**22 730**	**Balance at end of year**	**1 869**	1 686
26 483	**22 638**	**Net carrying value**	**1 862**	2 495

Scrapping of assets

During the 2015 financial year, Harmony management embarked on a life-of-mine optimisation process in respect of the South African operations. The optimisation ensured greater focus on mining profitable and higher grade areas at our operations and therefore resulted in the abandonment of lower grade and unprofitable areas from the life-of-mine plan for certain of the operations. A loss on scrapping of R491 million (US$42.2 million) (2014: Rnil (US$nil)) was recorded.

The abandonment of unprofitable areas in the plans resulted in the derecognition of property, plant and equipment as no future economic benefits are expected from their use or disposal and a loss on scrapping of property, plant and equipment amounting to R235 million (US$20.2 million) and R229 million (US$19.8 million) was recorded for Kusasalethu and Masimong respectively. Losses of R23 million (US$1.9 million) and R4 million (US$0.3 million) were also recorded for Tshepong and Phakisa.

Stripping activities

Included in the balance for mining assets is an amount of R31 million (US$2.5 million) (2014: R458 million (US$43.2 million)) for stripping activities. Depreciation of R284 million (US$24.8 million) (2014: R201 million (US$19.4 million)) and impairment of R393 million (US$32.3 million) (2014: Rnil) related to Hidden Valley were recorded for these activities.

(b) Mining assets under construction

ACCOUNTING POLICY

At the group's surface mines, when it has been determined that a mineral property can be economically developed as a result of establishing proved and probable reserves, costs incurred to develop the property are capitalised as incurred until the mine is considered to have moved into the production phase. These costs include costs to further delineate the orebody and remove overburden to initially expose the orebody. At the group's underground mines, all costs incurred to develop the property, including costs to access specific ore blocks or other areas of the underground mine, are capitalised to the extent that such costs will provide future economic benefits. These costs include the cost of shaft sinking and access, the costs of building access ways, lateral development, drift development, ramps, box cuts and other infrastructure development.

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition and construction of qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use. These costs are capitalised until the asset moves into the production phase. Other borrowing costs are expensed.

Where a depreciable asset is used in the construction or extension of a mine, the depreciation is capitalised against the mine's cost.

Exploration properties acquired are recognised in the balance sheet within development cost and are shown at cost less provisions for impairment determined in accordance with the group's accounting policy on impairment of non-financial assets.

Mineral interests associated with development and exploration phase mineral interests are not amortised until such time as the underlying property is converted to the production stage.

Capitalisation of pre-production costs ceases when commercial levels of production are reached. Commercial levels of production are discussed under "production start date" above.

13 PROPERTY, PLANT AND EQUIPMENT continued

(b) Mining assets under construction continued

The movement in the mining assets under construction balance is as follows:

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
		Cost		
2 029	**1 024**	Balance at beginning of year	**97**	203
233	**340**	Additions	**30**	23
14	**19**	Finance costs capitalised[1]	**2**	1
-	**(3)**	Disposals	**-**	-
(1 159)	**(124)**	Transfers and other movements	**(11)**	(112)
(93)	**10**	Translation	**(14)**	(18)
1 024	**1 266**	**Balance at end of year**	**104**	97

[1] The average capitalisation rate applied was 3.4% (2014:3.4%).

(c) Undeveloped properties

ACCOUNTING POLICY

Undeveloped properties are initially valued at the fair value of resources obtained through acquisitions. The carrying values of these properties are annually tested for impairment. Once development commences, these properties are transferred to mining properties and accounted for in accordance with the related accounting policy.

The movement in the undeveloped properties balance is as follows:

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
		Cost		
5 817	**5 439**	Balance at beginning of year	**512**	582
(402)	**-**	Transfers and other movements	**-**	(39)
24	**(17)**	Translation	**(66)**	(31)
5 439	**5 422**	**Balance at end of year**	**446**	512
		Accumulated depreciation and impairments		
-	**14**	Balance at beginning of year	**1**	1
13	**-**	Transfers and other movements	**-**	-
1	**(1)**	Translation	**-**	-
14	**13**	**Balance at end of year**	**1**	1
5 425	**5 409**	**Net carrying value**	**445**	511

(d) Other non-mining assets

ACCOUNTING POLICY

Land is shown at cost and not depreciated. Other non-mining fixed assets are shown at cost less accumulated depreciation and accumulated impairment losses.

Other non-mining fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:
• Vehicles at 20% per year.
• Computer equipment at 33.3% per year.
• Furniture and equipment at 16.67% per year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

13 PROPERTY, PLANT AND EQUIPMENT continued

(d) Other non-mining assets continued

The movement in the other non-mining assets balance is as follows:

SA rand			US dollar	
2014	2015	Figures in million	2015	2014
		Cost		
387	**481**	Balance at beginning of year	**45**	39
(15)	**(207)**	Elimination of fully depreciated and impaired assets no longer in use	**(20)**	(2)
109	**126**	Additions	**11**	11
-	**18**	Transfers and other movements	**2**	-
-	**-**	Translation	**(4)**	(3)
481	**418**	**Balance at end of year**	**34**	45
		Accumulated depreciation and impairments		
346	**344**	Balance at beginning of year	**32**	35
(15)	**(207)**	Elimination of fully depreciated and impaired assets no longer in use	**(20)**	(2)
13	**31**	Depreciation	**3**	1
-	**15**	Transfers and other movements	**1**	-
-	**-**	Translation	**(1)**	(2)
344	**183**	**Balance at end of year**	**15**	32
137	**235**	**Net carrying value**	**19**	13

14 INTANGIBLE ASSETS

ACCOUNTING POLICY

Intangible assets consist of all identifiable non-monetary assets without physical substance. They are stated at cost less accumulated amortisation and accumulated impairment losses, if any. The following are the main categories of intangible assets:

Goodwill

Goodwill is an intangible asset with an indefinite useful life which is not amortised but tested for impairment on an annual basis, or when there is an indication of impairment. The excess of consideration transferred over the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill on acquisition of subsidiaries, joint ventures and businesses is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates and tested for impairment as part of the overall balance.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. If the composition of one or more cash-generating units to which goodwill has been allocated changes due to a re-organisation, the goodwill is re-allocated to the units affected.

The gain or loss on disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Technology-based assets

Acquired computer software licences that require further internal development are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These technology-based assets are classified as intangible assets with a finite useful life. These assets are amortised on a straight-line basis over their estimated useful lives, which are reviewed annually, as follows:

- Computer software at 20% per year.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS - IMPAIRMENT OF GOODWILL

Due to the wasting nature of mining assets and the finite life of a mine's reserves, the allocation of goodwill to a shaft will eventually result in an impairment charge for the goodwill. The group tests annually whether separately identifiable goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.5. These calculations use estimates as per note 13.

SA rand			US dollar	
2014	2015	Figures in million	2015	2014
846	**846**	Goodwill (a)	**70**	80
40	**39**	Technology-based assets (b)	**3**	4
886	**885**	**Total**	**73**	84

14 INTANGIBLE ASSETS continued

(a) Goodwill

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
		Cost		
2 373	**2 373**	Balance at beginning of year	**224**	238
-	**-**	Translation	**(29)**	(14)
2 373	**2 373**	**Balance at end of year**	**195**	224
		Accumulated amortisation and impairments		
220	**1 527**	Balance at beginning of year	**144**	22
1 307	**-**	Impairment for the year[1]	**-**	123
-	**-**	Translation	**(19)**	(1)
1 527	**1 527**	**Balance at end of year**	**125**	144
846	**846**	**Net carrying value**	**70**	80
		The net carrying value of goodwill has been allocated to the following cash-generating units:		
224	**224**	Bambanani	**19**	21
581	**581**	Tshepong	**48**	55
41	**41**	Joel	**3**	4
846	**846**	**Net carrying value**	**70**	80

[1] The goodwill of Phakisa amounting to R1 307 million (US$123.2 million), was impaired on 30 June 2014 as the carrying value exceeded the fair value less costs to sell of the cash-generating unit. Refer to note 13 for details of the assumptions used in the impairment test.

(b) Technology-based assets

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
		Cost		
169	**182**	Balance at beginning of year	**17**	17
13	**14**	Additions	**1**	1
-	**-**	Translation	**(2)**	(1)
182	**196**	**Balance at end of year**	**16**	17
		Accumulated amortisation and impairments		
131	**142**	Balance at beginning of year	**13**	13
11	**15**	Amortisation charge for the year	**1**	1
-	**-**	Translation	**(1)**	(1)
142	**157**	**Balance at end of year**	**13**	13
40	**39**	**Net carrying value**	**3**	4

Technology-based assets includes computer software and intellectual property which has been acquired and developed for the group. These assets are amortised over five years.

ACCOUNTING POLICY - FINANCIAL ASSETS (APPLICABLE TO NOTES 15, 16, 17 AND 18)

Financial assets are initially measured at fair value when the group becomes a party to their contractual arrangements, with the exception of loans and receivables which are recognised on origination date. Transaction costs are included in the initial measurement of financial instruments, with the exception of financial instruments classified as at fair value through profit or loss. The subsequent measurement of financial assets is discussed below.

A financial asset is derecognised when the right to receive cash flows from the asset has expired or the group has transferred its rights to receive cash and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss recognised in equity is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

ACCOUNTING POLICY - FINANCIAL ASSETS (APPLICABLE TO NOTES 15, 16, 17 AND 18) continued

The group classifies financials assets as follows:

- **Loans and receivables** are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are subsequently measured at amortised cost using the effective interest method. Loans and receivables include trade and other receivables (excluding VAT and prepayments), restricted cash and cash and cash equivalents.

    - **Cash and cash equivalents** are defined as cash on hand, deposits held at call with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents exclude restricted cash.

    - **Trade and other receivables** are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision for impairment (allowance account) and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

- **Available-for-sale financial assets** are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the balance sheet date.

  Available-for-sale financial assets are subsequently carried at fair value. The fair values of quoted investments are based on current bid prices. If the fair value for a financial instrument cannot be obtained from an active market, the group establishes fair value by using valuation techniques.

  The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If considered impaired, the cumulative loss is removed from other reserves and recognised in the income statement. Subsequent increases in the fair value are recognised in equity as impairment losses recognised in the income statement are not reversed through the income statement.

- **Held-to-maturity** investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. The group's held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. The group assesses at the end of each reporting period whether there is objective evidence that a held-to-maturity investment is impaired as a result of an event.

  A portion of restricted investments held by the environmental trust funds (refer to note 16) are classified as held-to-maturity investments.

- **Financial assets at fair value through profit or loss** have two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. These assets are subsequently measured at fair value with gains or losses arising from changes in fair value recognised in the income statement in the period in which they arise.

15 RESTRICTED CASH

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
42	**48**	**Non-current**	**4**	4
33	**46**	Environmental guarantees (a)	**4**	3
9	**2**	Lease security deposits	**-**	1
15	**16**	**Current**	**1**	1
15	**16**	Environmental rehabilitation (b)	**1**	1
57	**64**	**Total restricted cash**	**5**	5

(a) The amount relates to funds set aside to serve as collateral against guarantees made to the Department of Mineral Resources (DMR) in South Africa for environmental and rehabilitation obligations. Refer to note 24. A portion of the funds are held on call account and the balance is invested in money market funds.

(b) The amount relates to monies released from the environmental trust funds as approved by the DMR. These funds may only be used for further rehabilitation.

16 RESTRICTED INVESTMENTS

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
2 252	**2 338**	Investments held by environmental trust funds (a)	**192**	213
47	**46**	Investments held by social trust funds (b)	**4**	4
2 299	**2 384**	**Total restricted investments**	**196**	217

16 RESTRICTED INVESTMENTS continued

(a) Environmental trust funds

The environmental trust funds consist of:

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
1 086	**1 368**	Held-to-maturity financial assets	**113**	103
415	**478**	Cash and cash equivalents (loans and receivables)	**39**	39
751	**492**	Fair value through profit or loss financial assets	**40**	71
2 252	**2 338**	**Total environmental trust funds**	**192**	213

ACCOUNTING POLICY

Contributions are made to the group's environmental trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the group's mines. The trusts are consolidated into the group as the group exercises control of the trusts. The measurement of the investments held by the trust funds is dependent on their classification under financial assets. Income received and gains are treated in accordance with these classifications.

The environmental trust funds are irrevocable trusts under the group's control. Contributions to the trusts are invested in interest-bearing short-term and medium-term cash investments and medium term equity-linked notes issued by commercial banks that provide guaranteed interest and additional interest or growth linked to the growth of the Shareholder Weighted Top 40 (SWIX 40) or the Top 40 index of the JSE. The equity-linked notes are designated fair value through profit or loss investments and recorded at fair value whilst the interest-bearing short-term investments are classified either as held-to-maturity and recorded at amortised cost or as cash and cash equivalents and recorded at fair value. These investments provide for the estimated cost of rehabilitation at the end of the life of the group's mines. Income earned on the investments is retained in the funds and reinvested.

Reconciliation of the movement in the investments held by environmental trust funds:

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
2 009	**2 252**	Balance at beginning of year	**213**	201
66	**121**	Interest income	**11**	6
168	**9**	Fair value gain	**1**	16
(15)	**(44)**	Withdrawal of funds	**(4)**	(1)
(413)	**(250)**	Equity-linked deposits matured	**(22)**	(40)
(2)	**209**	Acquisition/(maturity) of held-to-maturity investments	**18**	-
415	**41**	Net acquisition of cash and cash equivalents	**4**	40
24	**-**	Contributions made	**-**	2
-	**-**	Translation	**(29)**	(11)
2 252	**2 338**	**Balance at end of year**	**192**	213

(b) The social trust fund

The social trust fund is an irrevocable trust under the group's control. The group undertook to donate over a period of 10 years to The Harmony Gold Mining Group Social Plan Trust in terms of an agreement signed on 3 November 2003. An initial donation of R18.5 million (US$2.7 million) was made during the 2004 year. Thereafter instalments of R3.5 million per annum were made with the final instalment in 2013. The purpose of the trust is to fund the social plan to reduce the negative effects of restructuring on the group's workforce, to put measures in place to ensure that the technical and life skills of the group's workforce are developed and to develop the group's workforce in such a manner as to avoid or minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.

The social trust fund investment comprises a unit trust portfolio that is exposed to the fair value changes in the equity market and is classified as a fair value through profit or loss investment.

Reconciliation of the movement in the investments held by the social trust fund:

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
45	**47**	Balance at beginning of year	**4**	5
2	**2**	Interest income	**-**	-
2	**-**	Fair value gain	**-**	-
(2)	**(3)**	Claims paid	**-**	-
-	**-**	Translation	**-**	(1)
47	**46**	**Balance at end of year**	**4**	4

17 INVESTMENTS IN FINANCIAL ASSETS

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
		Available-for-sale financial assets		
49	**4**	Balance at beginning of year	**-**	5
6	**-**	Fair value movement of available-for-sale investments (a)	**-**	1
-	**1**	Additions	**-**	-
(51)	**-**	Disposals (a)	**-**	(5)
-	**-**	Translation	**-**	(1)
4	**5**	**Balance at end of year**	**-**	-

At the end of 2015 and 2014, all investments are unlisted shares and have been valued by the directors by performing independent valuations on an annual basis to ensure that no permanent impairment in the value of the investments has occurred.

(a) Included in the amount for 2014 is a net increase in fair value of R7 million (US$0.7 million) for the investment in Wits Gold. During 2014, a cash offer for Wits Gold's entire share capital was made to all Wits Gold shareholders by Sibanye. Harmony accepted the offer and on 14 April 2014 a total consideration of R51 million (US$4.9 million) was received. The accumulated gain of R14 million (US$1.3 million) recognised in equity was reclassified to the income statement, resulting in a profit on disposal.

18 TRADE AND OTHER RECEIVABLES

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
		Current assets		
		Financial assets		
147	**428**	Trade receivables (gold)	**35**	14
190	**117**	Other trade receivables	**10**	18
(59)	**(58)**	Provision for impairment	**(5)**	(6)
278	**487**	Trade receivables - net	**40**	26
4	**-**	Loans to associates and joint arrangements	**-**	-
400	**54**	Interest and other receivables (a)	**4**	38
12	**10**	Employee receivables	**1**	1
		Non-financial assets		
50	**54**	Prepayments	**5**	5
207	**141**	Value added tax	**12**	20
951	**746**	**Total current trade and other receivables**	**62**	90
		Non-current assets		
		Financial assets		
116	**211**	Loans to associates (b)	**17**	11
(116)	**(131)**	Provision for impairment (b)	**(10)**	(11)
-	**80**	**Total non-current trade and other receivables**	**7**	-

(a) Included in the balance for the 2014 financial year is the self-insurance fund of R173 million (US$16.3 million). The self-insurance fund was terminated during the 2015 financial year.

No impairment allowance is necessary in respect of any balances included in interest and other receivables as all amounts are classified as fully performing.

(b) (i) During 2015, Rand Refinery drew down on the facility provided by its shareholders. Harmony's portion of the shareholders' loan was R120 million. As the loan is considered to be part of the net investment in the associate, Harmony's share of Rand Refinery's losses of R25 million (US$2.1 million) was recorded against the loan. At year end, the loan was tested for impairment and an amount of R15 million (US$1.2 million) was provided for. Refer to note 19 for more details.
(ii) Included in the 2015 balance is a loan of R116 million (US$9.5 million) (2014: R116 million (US$10.9 million)) owed by Pamodzi Gold Limited (Pamodzi). Pamodzi was placed into liquidation during 2009 and the loan was provided in full. Harmony is a concurrent creditor in the Pamodzi Orkney liquidation.

The movement in the provision for impairment of current trade and other receivables during the year was as follows:

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
35	**59**	Balance at beginning of year	**6**	3
28	**3**	Impairment loss recognised	**-**	3
(4)	**(4)**	Reversal of impairment loss	**-**	-
-	**-**	Translation	**(1)**	-
59	**58**	**Balance at end of year**	**5**	6

18 TRADE AND OTHER RECEIVABLES continued

The movement in the provision of loans receivable during the year was as follows:

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
116	**116**	Balance at beginning of year	**11**	12
-	**15**	Impairment loss recognised	**1**	-
-	**-**	Translation	**(2)**	(1)
116	**131**	**Balance at end of year**	**10**	11

The ageing of trade receivables at the reporting date was:

SA rand			US dollar	
Impairment	Gross	*Figures in million*	Gross	Impairment
		30 June 2015		
-	**461**	Fully performing	**38**	**-**
-	**10**	Past due by 1 to 30 days	**1**	**-**
-	**2**	Past due by 31 to 60 days	**-**	**-**
-	**2**	Past due by 61 to 90 days	**-**	**-**
14	**17**	Past due by more than 90 days	**1**	**1**
44	**53**	Past due by more than 361 days	**5**	**4**
58	**545**		**45**	**5**
		30 June 2014		
-	229	Fully performing	22	-
-	24	Past due by 1 to 30 days	2	-
-	4	Past due by 31 to 60 days	-	-
-	10	Past due by 61 to 90 days	1	-
14	16	Past due by more than 90 days	2	2
45	54	Past due by more than 361 days	5	4
59	337		32	6

The ageing of loans receivable at the reporting date was:

SA rand			US dollar	
Impairment	Gross	*Figures in million*	Gross	Impairment
		30 June 2015		
15	**95**	Fully performing	**7**	**1**
-	**-**	Past due by 1 to 30 days	**-**	**-**
-	**-**	Past due by 31 to 60 days	**-**	**-**
-	**-**	Past due by 61 to 90 days	**-**	**-**
116	**116**	Past due by more than 361 days	**10**	**9**
131	**211**		**17**	**10**
		30 June 2014		
-	-	Fully performing	-	-
-	-	Past due by 1 to 30 days	-	-
-	-	Past due by 31 to 60 days	-	-
-	-	Past due by 61 to 90 days	-	-
116	116	Past due by more than 361 days	11	11
116	116		11	11

Based on past experience, the group believes that no impairment allowance is necessary in respect of fully performing receivables as the amount relates to customers that have a good track record with the group. The majority of fully performing trade receivables are indirectly associated with financial institutions of good credit quality. Similarly, the other loans and receivables noted above, other than those provided for, are fully performing and considered to be a low credit risk.

During the 2015 and 2014 years there was no renegotiation of the terms of any receivable.

As at 30 June 2015 and 30 June 2014, there was no collateral pledged or held for any of the receivables.

19 INVESTMENTS IN ASSOCIATES

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The investments in associates are evaluated annually for impairment by comparing the entire carrying value of the investment (including loans to associates) to the recoverable amount, which is the higher of value in use or fair value less costs to sell. Discounted cash flow models are used to calculate the net present value of the investments. The cash flows in the models include expected interest and capital payments on loans, dividends and proceeds on disposal.

(a) Harmony acquired a 32.4% interest in Pamodzi on 27 February 2008, initially valued at R345 million (US$46.5 million). Pamodzi was listed on the JSE and had interests in operating gold mines in South Africa. Pamodzi was placed in liquidation in March 2009 and the trading of its shares on the JSE was suspended. As at 30 June 2015, the liquidation process has not been concluded. No financial information subsequent to 31 March 2009 is available and therefore no information has been disclosed.

(b) Rand Refinery provides precious metal smelting and refining services in South Africa. Harmony holds a 10.38% share in Rand Refinery. Although the group holds less than 20% of the equity shares of Rand Refinery, the group is able to exercise significant influence by virtue of having a right to appoint a director on the board. Through the 10% shareholding and the right to appoint a director on the board, the investment has been accounted for as an associate.

(i) The movement in the investment in associate during the year is as follows:

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
109	**-**	Balance at beginning of year	**-**	11
(109)	**-**	Share of losses	**-**	(10)
-	**-**	Translation	**-**	(1)
-	**-**	**Balance at end of year**	**-**	-

Harmony has equity accounted for its share of the profits and losses based on Rand Refinery's most recent available management accounts.

Due to issues experienced at Rand Refinery following the implementation of a new Enterprise Resource Planning (ERP) system on 1 April 2013, a discrepancy between the actual inventory and the accounting records was noted. Harmony provided for its estimated share of loss for the inventory discrepancy and recognised a R127 million (US$12.0 million) loss in the 2014 financial year. This resulted in the investment being written down to Rnil during the 2014 financial year.

(ii) As a precautionary measure following the challenges experienced by the implementation of the software system, Rand Refinery's shareholders have extended Rand Refinery an irrevocable, subordinated loan facility of up to R1.2 billion (US$114.2 million). The facility is convertible to equity after a period of two years. Harmony's maximum commitment in terms of this facility is R140 million (US$13.3 million). The agreements relating to the facility were signed on 23 July 2014. In December 2014, Rand Refinery drew down R1.02 billion (US$88.1 million) on the shareholders' loan. Harmony's portion of the shareholders' loan drawn down was R120 million (US$10.4 million). Interest on the facility is JIBAR plus a margin of 3.5%. During the 2015 financial year, interest received on the drawn loan amounted to R6 million (US$0.5 million).

Following the finalisation of Rand Refinery's 2013 and 2014 audited financial statements, which accounted for the known inventory discrepancy at that date, Harmony has recorded a further R25 million (US$2.1 million) loss against the loan to Rand Refinery (loan to associate) for its share of Rand Refinery's losses. The loan, in substance, forms part of Harmony's net investment in Rand Refinery.

At 30 June 2015, the loan to associate was tested for impairment and a provision for impairment of R15 million (US$1.2 million) was required. This impairment is included in "Other expenses (net)" in the income statement.

The movement in the loan to associate during the year is as follows:

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
-	**-**	Balance at beginning of year	**-**	-
-	**120**	Draw down	**10**	-
-	**6**	Interest accrued	**1**	-
-	**(6)**	Interest received	**(1)**	-
-	**(25)**	Share of losses	**(2)**	-
-	**(15)**	Impairment recognised	**(1)**	-
-	**80**	**Balance at end of year**	**7**	-

19 INVESTMENTS IN ASSOCIATES continued

The results of Rand Refinery, and its aggregated assets (including goodwill) and liabilities are as follows as at 30 June 2015:

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
663	**536**	Non-current assets	**44**	62
1 419	**378**	Current assets	**31**	134
1 196	**288**	Other current assets (excluding cash and cash equivalents)	**24**	113
223	**90**	Cash and cash equivalents	**7**	21
2 082	**914**		**75**	196
(1 227)	**-**	Provision for estimated inventory discrepancy	**-**	(116)
855	**914**	**Total assets**	**75**	80
54	**1 068**	Non-current liabilities[1]	**88**	5
926	**283**	Current liabilities	**23**	87
980	**1 351**	**Total liabilities**	**111**	92
850	**616**	Revenue	**54**	82
169	**(379)**	(Loss)/profit from continuing operations	**(33)**	16
(7)	**-**	Other comprehensive income	**-**	(1)
162	**(379)**	Total comprehensive income	**(33)**	15
(1 227)	**-**	Provision for estimated inventory discrepancy	**-**	(116)
10%	**10%**	**Percentage interest held**	**10%**	10%

[1] Includes the loans to shareholders.

Rand Refinery's year end is 30 September.

20 INVESTMENT IN JOINT OPERATIONS

MOROBE MINING JOINT VENTURES (MMJV) PARTNERSHIP AGREEMENT

The group has a 50% interest in mining and exploration assets located in the Morobe province, PNG. Newcrest Mining Limited (Newcrest) owns the remaining 50% interest in these assets. The assets include the Hidden Valley mine and the Wafi-Golpu projects. This partnership was formed during the 2009 financial year through a range of transactions, which included Newcrest's purchase of a 30.01% participating interest and a further farm-in of an additional 19.99% participating interest in the assets. The total value of the transaction was estimated at US$530 million (R3 609 million) and was completed by 30 June 2009. The joint arrangement is accounted for as a joint operation.

21 INVENTORIES

ACCOUNTING POLICY

Inventories, which include bullion on hand, gold-in-process, gold in lock-up, ore stockpiles and consumables, are measured at the lower of cost and net realisable value. Net realisable value is assessed at each reporting date and is determined with reference to relevant market prices.

The cost of bullion, gold-in process and gold in lock-up is determined by reference to production cost, including amortisation and depreciation at the relevant stage of production. Ore stockpiles are valued at average production cost. Stockpiles and gold in lock-up are classified as non-current assets where the stockpile exceeds current processing capacity and where a portion of static gold in lock-up is expected to be recovered more than 12 months after balance sheet date.

Gold in-process inventories represent materials that are currently in the process of being converted to a saleable product. In-process material is measured based on assays of the material fed to process and the projected recoveries at the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine or stockpile plus the in-process conversion costs, including the applicable depreciation relating to the process facility, incurred to that point in the process. Gold in-process includes gold in lock-up which is generally measured from the plants onwards. Gold in lock-up is expected to be extracted when plants are demolished at the end of their useful lives, which is largely dependent on the estimated useful life of the operations feeding the plants. Where mechanised mining is used in underground operations, in-progress material is accounted for at the earliest stage of production when reliable estimates of quantities and costs are capable of being made. At the group's open pit operations, gold in-process represents production in broken ore form.

Consumables are valued at weighted average cost value after appropriate allowances for slow moving and redundant items.

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
50	**36**	Gold in lock-up	**3**	5
797	**609**	Gold in-process, ore stockpiles and bullion on hand	**50**	75
737	**683**	Consumables at weighted average cost	**56**	70
1 584	**1 328**	Total inventories	**109**	150
(50)	**(36)**	Non-current portion of gold in lock-up and gold in-process	**(3)**	(5)
1 534	**1 292**	**Total current portion of inventories**	**106**	145
		Included in the balance above is:		
221	**535**	Inventory valued at net realisable value	**44**	21

21 INVENTORIES continued

During the 2015 financial year, a write-down of R14 million (US$1.2 million) (2014: R7 million (US$0.7 million)) was made for the net realisable value adjustment for gold in lock-up.

During the year, an increase of R54 million (US$4.7 million) (2014: R15 million (US$1.4 million)) to the provision for slow moving and redundant stock was made. The increase in 2015 and 2014 in the provision was primarily the result of additional redundant stock items being identified in PNG and taken into account. The total provision at 30 June 2015 was R122 million (US$10.0 million) (2014: R68 million (US$6.4 million)).

22 SHARE CAPITAL

ACCOUNTING POLICY

Ordinary shares are classified as equity, incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The cost of treasury shares is eliminated against the share capital balance.

Authorised

1 200 000 000 (2014: 1 200 000 000) ordinary shares of 50 SA cents each.

Issued

436 187 133 (2014: 435 825 447) ordinary shares of 50 SA cents each. All issued shares are fully paid.

Annexure B of this report and note 31 set out details in respect of the share option scheme.

Share issues

Shares issued in the 2015 and 2014 financial years relate to the exercise of share incentives by employees.

Treasury shares

Included in the total of issued shares is an amount of 335 shares held by Lydenburg Exploration Limited, a wholly owned subsidiary of the company.

During August 2012, 3.5 million shares were issued to the Tlhakanelo Employee Share Trust. As the trust is controlled by the group, the shares are treated as treasury shares. During 2015, 670 859 (2014: 828 921) shares were exercised by employees and the remaining 1 062 672 shares are still held as treasury shares.

23 OTHER RESERVES

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
2 525	**2 579**	Foreign exchange translation reserve (a)	**(1 378)**	(1 010)
(2)	**(2)**	Fair value movement of available-for-sale financial assets (b)	**-**	-
277	**277**	Equity component of convertible bond (c)	**41**	41
(381)	**(381)**	Acquisition of non-controlling interest in subsidiary (d)	**(57)**	(57)
1 278	**1 467**	Share-based payments (e)	**175**	159
(98)	**(98)**	Repurchase of equity interest (f)	**(13)**	(13)
(60)	**(55)**	Other (g)	**(6)**	(7)
3 539	**3 787**	**Total other reserves**	**(1 238)**	(887)

(a) The balance of the foreign exchange translation reserve movement represents the cumulative translation effect of the group's off-shore operations. The US dollar amount includes the translation effect from rand to US dollar.

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
2 633	**2 525**	Balance at beginning of year	**(1 010)**	(804)
(108)	**54**	Current year's foreign exchange translation gain/(loss)	**(368)**	(206)
2 525	**2 579**	**Balance at end of year**	**(1 378)**	(1 010)

23 OTHER RESERVES continued

(b) The balance of the fair value movement reserve represents the movement in the fair value of the available-for-sale financial assets. For details on the movement, refer to note 17.

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
(1)	**(2)**	Balance at beginning of year	**-**	-
13	**-**	Fair value movement - unrealised	**-**	1
(14)	**-**	Fair value movement - realised portion reclassified to profit or loss	**-**	(1)
(2)	**(2)**	**Balance at end of year**	**-**	-

(c) On 24 May 2004, the group issued a convertible bond. The amount representing the value of the equity conversion component is included in other reserves, net of deferred income taxes. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. The convertible bonds were repaid in 2009.

(d) On 15 March 2004, Harmony announced that it had made an off-market cash offer to acquire all the ordinary shares, listed and unlisted options of Abelle Limited, held by non-controlling interests. The excess of the purchase price of R579 million (US$86.5 million) (A$123 million) over the carrying amount of non-controlling interest acquired, amounting to R381 million (US$57 million), has been accounted for under other reserves.

(e) Share-based payments

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
1 041	**1 278**	Balance at beginning of year	**159**	136
237	**189**	Share-based payments expensed	**16**	23
1 278	**1 467**	**Balance at end of year**	**175**	159

The group issues equity-settled instruments to certain qualifying employees under an employee share option scheme and employee share ownership plan (ESOP) 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. Share-based payments are expensed over the vesting period, based on the group's estimate of the shares that are expected to eventually vest. During the 2015 financial year, the equity-settled share-based payment expense of R189 million (US$16.4 million) (2014: R237 million (US$22.9 million)) was charged to the income statement (refer to note 31 for more details).

(f) On 19 March 2010, Harmony Gold Mining Company Limited concluded an agreement with African Vanguard Resources (Proprietary) Limited (AVRD), for the purchase of its 26% share of the mining titles of the Doornkop South Reef. The original sale of the 26% share in the mining titles was accounted for as an in-substance call option by AVRD over the 26% mineral right. The agreement to purchase AVRD's 26% interest during the 2010 financial year is therefore considered to be a repurchase of the option (equity interest). The 26% interest was transferred from AVRD to Harmony in exchange for Harmony repaying the AVRD Nedbank loan and the issue of 2 162 359 Harmony shares. The difference between the value of the shares issued of R152 million (US$20.5 million), the liability to the AVRD and transaction costs, have been taken directly to equity.

(g) Included in the 2015 financial year is an actuarial gain of R5 million (US$0.4 million) (2014: actuarial loss of R31 million (US$2.9 million)), net of tax of R3 million (US$0.2 million) (2014: R7 million (US$0.7 million)), on post-retirement benefits recognised in other comprehensive income (refer to note 25 for more details).

ACCOUNTING POLICY - PROVISIONS (APPLICABLE TO NOTES 24, 25 AND 26)

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the net present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The estimate takes into account the associated risks and uncertainties. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed.

24 PROVISION FOR ENVIRONMENTAL REHABILITATION

ACCOUNTING POLICY

Estimated long-term environmental obligations, 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.

Based on disturbances to date, the net present value of expected rehabilitation cost estimates is recognised and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created are capitalised to mining assets against an increase in the rehabilitation provision. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, impairment is performed in accordance with the accounting policy dealing with impairments of non-financial assets. Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of ongoing current programmes to prevent and control pollution is charged against income as incurred. Over time, the liability is increased to reflect an interest element, and the capitalised cost is depreciated over the life of the related asset.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Significant judgement is applied in estimating ultimate rehabilitation cost that will be required in future to rehabilitate the group's mines. Ultimate cost may significantly differ from current estimates.

For the South African operations, management used an inflation rate of 6.50% (2014: 6.50%) and the expected life of the mines according to the life-of-mine plans in the calculation of the estimated net present value of the rehabilitation liability. The discount rates used for the calculation are dependent on the shaft's life of mine and are as follows: for 12 months – 6.50% (2014: 6.75%); for one to five years – 7.30% (2014: 7.75%); for six to nine years – 7.80% (2014: 8.00%) and for ten years or more – 8.00% (2014: 8.25%). These estimates were based on recent yields determined on government bonds.

In calculating the rehabilitation liability in PNG for 2015, an inflation rate of 5.0% (2014: 2.9%) was used, together with a discount rate of 6.25% (2014: 6.25%).

The group's mining and exploration activities are subject to extensive environmental laws and regulations. The group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

The following is a reconciliation of the total liability for environmental rehabilitation:

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
		Provision raised for future rehabilitation		
1 997	**2 098**	Balance at beginning of year	**198**	200
13	**42**	Change in estimate - Balance sheet	**3**	1
(45)	**(72)**	Change in estimate - Income statement	**(6)**	(4)
138	**144**	Time value of money and inflation component of rehabilitation costs	**13**	13
(5)	**6**	Translation	**(26)**	(12)
2 098	**2 218**	**Total provision for environmental rehabilitation**	**182**	198

The provision for environmental rehabilitation for PNG amounts to R443 million (US$36.4 million) (2014: R342 million (US$32.2 million) and is unfunded.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the group has estimated that, based on current environmental and regulatory requirements, the total undiscounted cost for the mines, in the current monetary terms, is approximately R 2 885 million (US$237.3 million) (2014: R3 004 million (US$283.1 million)).

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
		Future net undiscounted obligation		
3 004	**2 885**	Ultimate estimated rehabilitation cost	**237**	283
(2 252)	**(2 338)**	Amounts invested in environmental trust funds (refer to note 16)	**(192)**	(213)
752	**547**	**Total future net undiscounted obligation**	**45**	70

The group intends to finance the ultimate rehabilitation costs from the money invested in environmental trust funds as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The group has guarantees in place, some cash-backed, relating to some of the environmental liabilities. Refer to notes 15 and 33.

During 2014 and 2015, the group rehabilitated certain decommissioned operations in the Free State as part of its overall strategy of eliminating safety and health exposures and reducing environmental liability. Following several years of working closely with the DMR to determine the best solution for rehabilitating certain pits, Kalgold received a decision from the DMR during 2015 to use tailings to backfill pits that have been mined out and as a result the deposition into these pits is in progress.

25 RETIREMENT BENEFIT OBLIGATION

ACCOUNTING POLICY

The group provides medical cover to current employees and certain retirees through certain funds. The medical accounting costs for the defined benefit plan are assessed using the projected unit credit method. The health care obligation is measured at the present value of the estimated future cash outflows using government bond interest rates consistent with the terms and risks of the obligation. Actuarial gains and losses as a result of these valuations are recognised in other comprehensive income (OCI) at revaluation date. Actuarial gains and losses recognised in OCI will not be recycled to profit or loss. The future liability for current and retired employees and their dependants is accrued in full based on actuarial valuations obtained annually.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

An updated actuarial valuation is carried out at the end of each financial year. Assumptions used to determine the liability include a discount rate of 9%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA 1956/62 mortality table (SA “”a mf”” tables) (retirement age of 60 years) and a medical inflation rate of 7% (2014: discount rate of 10.5%, retirement age of 60 years and 8.6% inflation rate).

Management determined the discount rate by assessing government bonds with similar terms to the liability. The changes to the discount rate and medical inflation rate are similar to changes in interest and inflation rates in South Africa.

(a) Pension and provident funds

The group contributes to several pension and provident funds governed by the Pension Funds Act, 1956 for the employees of its South African subsidiaries. The pension funds are multi-employer defined contribution industry plans. The group’s liability is therefore limited to its monthly determined contributions.

The provident funds are funded on a “monetary accumulative basis” with the member’s and employer’s contributions having been fixed in the constitution of the funds.

The Australian group companies make contributions to each employee’s superannuation (pension) funds in accordance with the Superannuation Guarantee Scheme (SGS). The SGS is a Federal Government initiative enforced by law which compels employers to make regular payments to regulated funds providing for each employee on their retirement. The SGS were set at a minimum of 9.50% of gross salary and wages for the 2015 year (2014: 9.25%). The fund is a defined contribution plan.

The PNG Superannuation Act 2002 requires a compulsory employer contribution of 8.4% (2014: 8.4%) into an approved superannuation (pension) fund if an employee is appointed for a period of three months or more. The approved superannuation funds are defined contribution plans.

Substantially all the group’s employees are covered by the above mentioned retirement benefit plans. Funds contributed by the group for the 2015 financial year amounted to R492 million (US$43.0 million) (2014: R494 million (US$47.7 million)).

(b) Post-retirement benefits other than pensions

Harmony inherited a post-retirement medical benefit obligation, which existed at the time of the Freegold acquisition in 2002. The group’s obligation in this regard is to pay a subsidy of 2% for every completed year of employment up to a maximum of 50% of total medical aid contributions, commencing on date of retirement. Should the employee die, either in service or after retirement, this benefit will transfer to his/her dependants. The medical aid tariffs are based on the Bestmed medical scheme (Bestmed) options. Except for the pre-mentioned employees, Harmony has no other post-retirement obligation for the other group employees.

The liability is unfunded and will be settled out of cash and cash equivalents when it becomes due. The liability is based on an actuarial valuation conducted during the year ended 30 June 2015, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2016.

The principal actuarial assumptions used to determine the present value of unfunded obligations are discussed above. In addition the following was also considered:

- It is assumed that all Continuation and Widow Members (CAWMs) will remain on the current benefit option and income band. For employed members, post-employment contributions were assumed to be equal to the average payable for the current CAWMs membership;
- It is assumed that not all employed members will remain employed until retirement therefore estimated resignation and ill-health retirement rates are also taken into account;
- It is assumed that 90% of employed members will be married at retirement or earlier death and that wives are four years younger than their husbands. It is assumed that the only dependants will be spouses.

Through the post-employment medical plan, the group is exposed to a number of risks, the most significant of which are discussed below:

- **Change in bond yields:** A decrease in the bond yields will increase the plan liability.
- **Inflation risk:** The obligation is linked to inflation and higher inflation will lead to a higher liability.
- **Life expectancy:** The obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan’s liabilities.

The net actuarial gain for 2015 was mainly a result of exits of current employees being higher than expected (2014: net actuarial loss due to change in medical scheme from Minemed to Bestmed).

25 RETIREMENT BENEFIT OBLIGATION continued

(b) Post-retirement benefits other than pensions continued

SA rand 2014	SA rand 2015	*Figures in million*	US dollar 2015	US dollar 2014
247	**163**	Present value of unfunded obligations	**13**	23
149	**61**	Current employees	**5**	14
98	**102**	Retired employees	**8**	9
		Movement in the liability recognised in the balance sheet		
194	**247**	Balance at beginning of year	**23**	19
(7)	**(7)**	Contributions paid	**(1)**	(1)
4	**2**	Other expenses included in staff costs/current service cost	**-**	-
-	**(87)**	Curtailments[1]	**(8)**	-
18	**16**	Finance cost	**1**	2
38	**(8)**	Net actuarial (gain)/loss recognised during the year[2]	**(1)**	4
-	**-**	Translation	**(1)**	(1)
247	**163**	**Balance at end of year**	**13**	23

[1] The curtailment relates to the significant reduction in members qualifying for the post-retirement benefit, mainly arising from the change in the terms of employment of members, resulting in a reduction of the liability of R87 million (US$8.2 million).
[2] The net actuarial (gain)/loss has been recorded in other comprehensive income.

SA rand 2014	SA rand 2015	*Figures in million*	US dollar 2015	US dollar 2014
		The net liability of the defined benefit plan is as follows:		
247	**163**	Present value of defined benefit obligation	**13**	23
-	**-**	Fair value of plan assets	**-**	-
247	**163**	**Balance at end of year**	**13**	23

The effect of a percentage point increase and decrease in the assumed medical cost trend rate is as follows:

SA rand 2014	SA rand 2015	*Figures in million*	US dollar 2015	US dollar 2014
		Effect of a 1% increase on:		
3	**3**	Aggregate of service cost and finance cost	**-**	-
36	**21**	Defined benefit obligation	**2**	3
		Effect of a 1% decrease on:		
3	**2**	Aggregate of service cost and finance cost	**-**	-
30	**18**	Defined benefit obligation	**2**	3

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The analysis is performed on the same basis for 2014.

The group expects to contribute approximately R8.1 million (US$0.7 million) to the benefit plan in 2016.

The weighted average duration of the defined benefit obligation is 16.1 years.

ACCOUNTING POLICY - FINANCIAL LIABILITIES (APPLICABLE TO NOTES 26, 27 AND 28)

Financial liabilities are initially measured at fair value when the group becomes a party to their contractual arrangements. Transaction costs are included in the initial measurement of financial liabilities, with the exception of financial liabilities classified at fair value through profit or loss. The subsequent measurement of financial liabilities is discussed below.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

The group classifies financial liabilities as follows:

- **Borrowings** are initially recognised at fair value net of transaction costs incurred and subsequently measured at amortised cost, comprising original debt less principal payments and amortisation, using the effective yield method. Any difference between proceeds (net of transaction cost) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest rate method.

  Fees paid on the establishment of the loan facilities are capitalised as a pre-payment and amortised over the period of the facility to which it relates, to the extent it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is expensed.

  Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

- **Trade and other payables** are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables are classified as current liabilities if payment is due within a year or less. If not, they are presented as non-current liabilities.

26 OTHER NON-CURRENT LIABILITIES

ACCOUNTING POLICY

Refer to the accounting policy on provisions above, accounting policies on financial liabilities below and note 31 for the accounting policy on share-based payments.

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
		Financial liabilities		
22	**26**	Sibanye Beatrix ground swap royalty provision (a)	**2**	2
-	**2**	Other	**-**	-
		Non-financial liabilities		
15	**9**	ESOP share-based payment liability (b)	**1**	1
58	**-**	Other (c)	**-**	6
95	**37**	**Total**	**3**	9

(a) During 2014, Harmony and Sibanye entered into an agreement whereby the Joel mine exchanged two portions of its mining right for two portions of Sibanye's Beatrix mine's mining right, as well as acquiring two additional portions from Beatrix (sale portions). The transaction was completed in May 2014. The purchase consideration of the sale portions acquired by Joel is payable as a royalty of 3% on gold revenue generated from these two portions. The royalty liability recorded is the net present value of 3% of future gold revenue of the sale portions. During 2015, an amount of R2 million (US$0.2 million) was recorded relating to time value of money and R4 million (US$0.3 million) relating to changes in estimates. Refer to note 13(a) for further details on the key assumptions for the calculation of the provision, which is based on the life-of-mine plan of Joel. Refer to note 6 for details on the profit recognised.

(b) The liability relates to the cash-settled share-based payment transaction following the award of ESOP share appreciation rights (SARs) to qualifying employees through the Tlhakanelo Employee Share Trust. Refer to note 31 for more details.

(c) Included in Other in the 2014 financial year is a provision of R57 million (US$5.4 million) relating to the pumping and treatment costs of fissure water in the Klerksdorp, Orkney, Stilfontein and Hartbeesfontein (KOSH) Basin. This provision was raised following the High Court's dismissal of Harmony's application to have a directive issued by the Department of Water Affairs (DWAF) in November 2005 set aside, as it relates to the Orkney operations, which were sold in 2008. The appeal application heard in November 2013 was unsuccessful and Harmony has consequently entered into separate negotiations with the claimants. During 2015, Harmony made a payment to Simmer and Jack Investments (Proprietary) Limited amounting to R24 million (US$2.3 million) and a payment of R30 million (US$2.8 million) to AngloGold Ashanti Limited, the two claimants in the matter, as full and final settlement.

27 BORROWINGS

Westpac Bank

In July 2007, Morobe Consolidated Goldfields entered into US dollar finance lease agreements with Westpac Bank for the purchase of mining fleet to be used on the Hidden Valley project. There is no debt covenant clause in the agreements. The repayments on the finance lease from Westpac Bank were completed in December 2013.

Nedbank Limited

On 11 December 2009, the company entered into a loan facility with Nedbank Limited, comprising a term facility of R900 million (US$119.4 million) and a revolving credit facility of R600 million (US$79.6 million). The facility was utilised to fund the acquisition of the Pamodzi Free State assets as well as the group's major capital projects and working capital requirements. Interest accrued on a day-to-day basis over the term of the loan at a variable interest rate. The outstanding amount on the term loan was settled in December 2013 by drawing against the new facility (discussed below).

On 30 November 2010, the company entered into an additional loan facility with Nedbank Limited, comprising a term facility of R500 million (US$70.1 million) and a revolving credit facility of R250 million (US$35.0 million). Interest terms are identical to the original facility. The repayment terms of the original revolving credit facility were amended to coincide with the repayment on the new facility. The outstanding amount on the term loan was settled in December 2013 by drawing against the new facility (discussed below).

On 20 December 2013, the company entered into a loan facility with Nedbank Limited, comprising a revolving credit facility of R1 300 million (US$125.6 million). Interest accrues on a day-to-day basis over the term of the loan at a variable interest rate. R467 million (US$45.4 million) was drawn down during December 2013 to repay the outstanding amounts on the Nedbank term loans. The facility was repaid in March 2014. In January 2015, R400 million was drawn down.

27 BORROWINGS continued

US dollar revolving credit facilities

On 11 August 2011, the company entered into a loan facility which was jointly arranged by Nedbank Limited and FirstRand Bank Limited (acting through its Rand Merchant Bank division) (syndicate), comprising a US$300 million (R2 156 million) syndicated revolving credit facility, of which only US$270 million was drawn down. The facility was utilised to fund exploration projects in PNG. Interest at LIBOR plus 260 basis points was paid quarterly. The syndicated revolving facility was settled in February 2015 by drawing against the new facility (discussed below).

On 22 December 2014, the company entered into a loan facility agreement which was jointly arranged by Nedbank Limited and Barclays Bank Plc, comprising a revolving credit facility of up to US$250 million (R2 892 million). All conditions precedent were met during February 2015 and US$205 million (R2 351 million) was drawn down to repay the syndicated revolving credit facility, resulting in a net cash outflow of US$65 million (R746 million). The remaining US$45 million (R541 million) was drawn down during May 2015. Interest accrues on a day-to-day basis over the term of the loan at a variable interest rate.

Terms and debt repayment schedule at 30 June 2015

	Interest charge	Repayment terms	Repayment date	Security
Nedbank Limited (secured loan - rand revolving credit facility)	1, 3 or 6 month JIBAR plus 3.5%, payable at the elected interest interval	Repayable on maturity	23 December 2016	Cession and pledge of operating subsidiaries' shares
US dollar revolving credit facility (secured loan)	3 or 6 month LIBOR plus 3%, payable at the elected interest interval	Repayable on maturity	6 February 2018	Cession and pledge of operating subsidiaries' shares

Debt covenants

The debt covenant tests for both the rand and US dollar revolving credit facilities were renegotiated during December 2014 and are as follows:

- The group's interest cover ratio shall not be less than five (EBITDA[1]/Total interest paid);
- Tangible Net Worth[2] to total net debt ratio shall not be less than six times or eight times when dividends are paid;
- Leverage[3] shall not be more than 2.5 times.

[1] Earnings before interest, taxes, depreciation and amortisation (EBITDA) as defined in the agreement excludes unusual items such as impairment and restructuring cost.
[2] Tangible Net Worth is defined as total equity less intangible assets.
[3] Leverage is defined as total net debt to EBITDA.

The debt covenant tests are performed on a quarterly basis. No breaches of the covenants were identified during the tests in the 2015 financial year.

for the years ended 30 June 2015

27 BORROWINGS continued

Interest-bearing borrowings

SA rand 2014	SA rand 2015	*Figures in million*	US dollar 2015	US dollar 2014
		Non-current borrowings		
-	**-**	Westpac Bank (secured finance lease)	**-**	-
-	**-**	Balance at beginning of year	**-**	-
(3)	**-**	Repayments	**-**	-
4	**-**	Net adjustments to current portion	**-**	-
(1)	**-**	Translation	**-**	-
-	**-**	Nedbank Limited (secured loan - term facilities)	**-**	-
155	**-**	Balance at beginning of year	**-**	16
(458)	**-**	Repayments	**-**	(44)
2	**-**	Amortisation of issue costs	**-**	-
301	**-**	Net adjustments to current portion	**-**	30
-	**-**	Translation	**-**	(2)
(3)	**398**	Nedbank Limited (secured loan - rand revolving credit facilities)	**33**	-
-	**(3)**	Balance at beginning of year	**-**	-
467	**400**	Draw down	**35**	45
(467)	**-**	Repayments	**-**	(44)
(4)	**-**	Issue cost	**-**	-
1	**1**	Amortisation of issue costs	**-**	-
-	**-**	Translation	**(2)**	(1)
2 863	**-**	Syndicated (secured loan - US$ revolving credit facility)	**-**	270
2 097	**2 863**	Balance at beginning of year	**270**	210
612	**-**	Draw down	**-**	60
-	**(3 097)**	Repayments	**(270)**	-
22	**-**	Issue cost	**-**	2
(23)	**-**	Net adjustments to current portion	**-**	(2)
155	**234**	Translation	**-**	-
-	**3 001**	US dollar revolving credit facility (secured loan)	**247**	-
-	**-**	Balance at beginning of year	**-**	-
-	**2 893**	Draw down	**250**	-
-	**(46)**	Issue cost	**(4)**	-
-	**6**	Amortisation of issue costs	**1**	-
-	**148**	Translation	**-**	-
2 860	**3 399**	**Total non-current borrowings**	**280**	270
2 860	**3 399**	**Total interest-bearing borrowings**	**280**	270
		The maturity of borrowings is as follows:		
-	**-**	Current	**-**	-
2 860	**398**	Between one to two years	**33**	270
-	**3 001**	Between two to five years	**247**	-
2 860	**3 399**		**280**	270
		Undrawn committed borrowing facilities:		
318	**-**	Expiring within one year	**-**	30
1 300	**900**	Expiring after one year	**74**	123
1 618	**900**		**74**	153

	Effective rate 2015 %	Effective rate 2014 %
Westpac Bank	**n/a**	1.9
Nedbank Limited - rand revolving credit facility	**9.7**	8.7
US dollar revolving credit facility	**3.0**	2.8

28 TRADE AND OTHER PAYABLES

ACCOUNTING POLICY

The group accrues for the cost of the leave days granted to employees during the period in which the leave days accumulate.

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
		Financial liabilities		
492	**525**	Trade payables	**43**	46
48	**64**	Other liabilities	**5**	4
		Non-financial liabilities		
380	**324**	Payroll accruals	**27**	36
332	**318**	Leave liabilities (a)	**26**	31
306	**263**	Shaft related accruals	**22**	29
231	**108**	Other accruals	**9**	22
17	**14**	ESOP share-based payment liability (b)	**1**	2
42	**44**	Value added tax	**4**	4
1 848	**1 660**	**Total trade and other payables**	**137**	174

(a) Leave liabilities

Employee entitlements to annual leave are recognised on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognised in the balance sheet is as follows:

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
323	**332**	Balance at beginning of year	**31**	32
(348)	**(379)**	Benefits paid	**(33)**	(34)
356	**365**	Total expense per income statement	**32**	34
1	**-**	Translation	**(4)**	(1)
332	**318**	**Balance at end of year**	**26**	31

(b) ESOP share-based payment liability

The liability relates to the cash-settled share-based payment transaction following the award of ESOP SARs to qualifying employees through the Tlhakanelo Employee Share Trust. Refer to note 31 for more details.

29 CASH GENERATED BY OPERATIONS

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
		Reconciliation of loss before taxation to cash generated by operations:		
(1 549)	**(5 240)**	Loss before taxation	**(436)**	(145)
		Adjustments for:		
2 143	**2 472**	Amortisation and depreciation	**216**	207
1 439	**3 471**	Impairment of assets	**285**	135
270	**208**	Share-based payments	**18**	26
(7)	**(94)**	Net decrease in provision for post-retirement benefits	**(8)**	(1)
(45)	**(72)**	Net decrease in provision for environmental rehabilitation	**(6)**	(4)
(30)	**(6)**	Profit on sale of property, plant and equipment	**(1)**	(3)
-	**491**	Loss on scrapping of property, plant and equipment	**42**	-
109	**25**	Loss from associates	**2**	10
(7)	**(4)**	Profit on disposal of investments	**-**	(1)
(170)	**(9)**	Net gain on financial instruments	**(1)**	(16)
(220)	**(229)**	Interest received	**(20)**	(21)
277	**264**	Finance cost	**22**	27
(96)	**208**	Inventory adjustments	**18**	(9)
162	**395**	Foreign exchange translation difference	**34**	16
21	**17**	Provision for bad debts	**1**	2
45	**48**	Exploration (amortisation and depreciation)	**4**	4
9	**29**	Other non-cash adjustments	**2**	1
		Effect of changes in operating working capital items		
189	**115**	Receivables	**10**	18
(43)	**5**	Inventories	**-**	(4)
(250)	**(166)**	Payables	**(14)**	(24)
2 247	**1 928**	**Cash generated by operations**	**168**	218

ADDITIONAL CASH FLOW INFORMATION

(i) The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received.

(ii) At 30 June 2015, R900 million (US$74.0 million) (2014: R1 618 million (US$152.6 million)) of borrowing facilities had not been drawn down and is therefore available for future operating activities and future capital commitments. Refer to note 27.

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015

(a) Principal non-cash transactions

Share-based payments (refer to note 31).

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014

(a) Acquisitions and disposal of investments/businesses

(i) Profit on sale of property, plant and equipment

During May 2014, the ground swap between Joel mine and Sibanye's Beatrix mine was completed, resulting in a non-cash profit being recognised for the difference between the carrying value of the Joel portion and the fair value of the Beatrix portion.

(ii) Investments in financial assets

Refer to note 17(a) for details on the disposal of the Wits Gold investment.

(b) Principal non-cash transactions

Share-based payments (refer to note 31).
Joel/Sibanye ground swap (refer to note 26).

30 EMPLOYEE BENEFITS

ACCOUNTING POLICY

- **Pension, provident and medical benefit plans** are funded through annual contributions. The group pays fixed contributions into a separate entity in terms of the defined contribution pension, provident and medical plans which are charged to the income statement in the year to which they relate. The group's liability is limited to its monthly determined contributions and it has no further liability, legal or constructive, if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Refer to note 25 for details of the post-retirement medical benefit plan.

- **Termination benefits** are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

	2015	2014
Number of permanent employees as at 30 June:		
South African operations	**26 000**	28 991
International operations[1]	**1 465**	1 593
Total number of permanent employees	**27 465**	30 584

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
		Aggregate earnings		
		The aggregate earnings of employees including directors were:		
6 552	**6 778**	Salaries and wages and other benefits	**592**	633
494	**492**	Retirement benefit costs	**43**	48
182	**183**	Medical aid contributions	**16**	17
7 228	**7 453**	**Total aggregated earnings[2]**	**651**	698

[1] The total number of employees in Australia, including the Brisbane office, at 30 June 2015 was 75 (2014: 59). The total for the international operations includes the MMJV employees.
[2] These amounts have been included in cost of sales, corporate expenditure and capital expenditure.

Remuneration for directors and executive management is fully disclosed in Annexure B of this report.

During the 2015 financial year R289 million (US$25.2 million) (2014: R270 million (US$26.1 million)) was included in the payroll costs for termination costs. Termination costs include the cost relating to the voluntary retrenchment and restructuring process as well as retrenchments due to shaft closures (refer to note 5).

31 SHARE-BASED PAYMENTS

ACCOUNTING POLICY

The group operates the following employee share incentive plans:
- Equity-settled share-based payments plan where the group grants share options to certain employees in exchange for services received;
- Equity-settled and cash-settled employee share ownership plan.

Equity-settled share-based payments are measured at fair value that includes market performance conditions but excludes the impact of any service and non-market performance conditions of the equity instruments at the date of the grant. The share-based payments are expensed over the vesting period, based on the group's estimate of the shares that are expected to eventually vest. The group used an appropriate option pricing model in determining the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the estimates of the number of options that are expected to become exercisable are revised. The impact of the revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Cash-settled share-based payments are measured at fair value. The liability is remeasured at each balance sheet date until the date of settlement.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The fair value of options granted is being determined using either a binomial, Black-Scholes or a Monte Carlo valuation model. The significant inputs into the model are: vesting period, risk free interest rate, volatility, price on date of grant and dividend yield.

EMPLOYEE SHARE-BASED PAYMENTS

The group has the 2012 employee share ownership plan (ESOP) and the 2006 share plan that are active. The objective of these schemes is to recognise the contributions of employees to the group's financial position and performance and to retain key employees.

The total cost relating to employee share-based payments is made up as follows:

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
111	**57**	2012 employee share ownership plan (a)	**5**	11
159	**151**	2006 share plan (b)	**13**	15
270	**208**	**Total employee share-based payments included in cost of sales**	**18**	26

The 2003 scheme expired during 2015. There was no cost for the 2014 and 2015 years. Refer to (c) below for detail on the scheme.

The directors are authorised to issue up to 60 011 669 ordinary shares to participants who have received awards in accordance with Harmony's employee share incentive schemes.

Subsequent to the annual general meeting held on 1 December 2010, 1 039 794 ordinary shares have been issued in terms of the 2003 scheme and 35 902 437 share option awards have been granted in terms of the 2006 share plan. The Tlhakanelo Employee Share Trust is authorised to allocate 12 864 000 ordinary shares to the employee share ownership plan.

(a) 2012 employee share ownership plan

During August 2012, Harmony issued the first awards under its ESOP. The ESOP is overseen by the Tlhakanelo Employee Share Trust. In terms of the ESOP rules, qualifying employees are offered one scheme share for every two share appreciation rights (SARs).

On the fifth anniversary of the first allocation date, any unallocated scheme shares and SARs will be distributed to all employees who participated in the ESOP and who are still employed with the company pro rata in accordance with the number of scheme shares previously allocated to the employees.

The scheme shares are accounted for as equity-settled.

The SARs incorporate a cash bonus with a minimum pay-out guarantee of R18 and a maximum pay-out ceiling of R32 per SAR over the vesting period. The SARs include an equity-settled portion as well as a cash-settled portion related to the cash bonus. The cash-settled portion has been recognised as a liability in the balance sheet (refer to note 26 and 28), the fair value of which will be remeasured at each reporting date.

The total cost relating to the 2012 ESOP is made up as follows:

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
		2012 employee share ownership plan		
78	**38**	Equity-settled	**3**	8
33	**19**	Cash-settled	**2**	3
111	**57**		**5**	11

31 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

(a) 2012 employee share ownership plan continued

Activity on awards

Activity on awards outstanding	Scheme shares Number of awards	SARs Number of awards	SARs Weighted average award price
For the year ended 30 June 2015			
Balance at beginning of year	**1 699 748**	**3 399 496**	**77.65**
Awards granted	**46 760**	**93 520**	**20.47**
Awards exercised	**(651 442)**	**(1 302 884)**	**77.95**
Awards forfeited	**(43 034)**	**(86 068)**	**73.06**
Balance at end of year	**1 052 032**	**2 104 064**	**75.11**
For the year ended 30 June 2014			
Balance at beginning of year	2 492 868	4 985 736	79.08
Awards granted	62 930	125 860	40.32
Awards exercised	(805 654)	(1 611 308)	79.24
Awards forfeited	(50 396)	(100 792)	76.50
Balance at end of year	1 699 748	3 399 496	77.65

List of awards granted but not yet exercised (listed by grant date)	Number of awards	Award price (SA rand)	Remaining life (years)
As at 30 June 2015			
Scheme shares			
8 August 2012 allocation	**927 232**	**n/a**	**1.7**
8 March 2013 allocation	**42 600**	**n/a**	**1.7**
15 March 2014 allocation	**36 520**	**n/a**	**1.7**
15 March 2015 allocation	**45 680**	**n/a**	**1.7**
	1 052 032		
Share appreciation rights			
8 August 2012 allocation	**1 854 464**	**80.03**	**1.7**
8 March 2013 allocation	**85 200**	**56.35**	**1.7**
15 March 2014 allocation	**73 040**	**40.32**	**1.7**
15 March 2015 allocation	**91 360**	**31.01**	**1.7**
	2 104 064		
Total awards granted but not yet exercised	**3 156 096**		

SA rand 2014	SA rand 2015	*Figures in million*	US dollar 2015	US dollar 2014
59	**44**	Gain realised by participants on awards traded during the year	**4**	6
59	**44**	Fair value of awards exercised during the year	**4**	6

31 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

(a) 2012 employee share ownership plan continued

Measurement

The fair value of equity instruments granted during the year was valued using the Cox-Ross-Rubinstein binomial tree on the equity-settled portion of the SARs. The minimum payout guarantee is valued at net present value and the spot share price on grant date was used for the scheme shares.

(i) Assumptions applied at grant date for awards granted during the year

	Scheme shares	SARs
Price at date of grant (SA rand per share):		
15 March 2014 allocation	40.32	40.32
15 March 2015 allocation	20.47	20.47
Risk-free interest rate:		
15 March 2014 allocation	n/a	6.90%
15 March 2015 allocation	n/a	6.53%
Expected volatility: *		
15 March 2014 allocation	n/a	34.94%
15 March 2015 allocation	n/a	52.62%
Expected dividend yield:		
for all allocations	n/a	1%
Minimum payout guarantee (SA rand per SAR):		
for all allocations	n/a	18.00 to 32.00
Vesting period (from grant date):		
15 March 2014 allocation	3 years	3 years
15 March 2015 allocation	2 years	2 years

* The volatility is measured as an annualised standard deviation of historical share price returns, using an exponentially weighted moving average (EWMA) model, with a lambda of 0.99. The volatility is calculated on the grant date, and takes into account the previous three years of historical data.

(ii) Fair values used as a basis to recognise share-based cost

	SA rand per award		
	Scheme shares	SARs	Minimum payout guarantee
15 March 2014 allocation	39.82	2.09	17.11
15 March 2015 allocation	19.97	0.50	16.61

(iii) Cash-settled liability

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
		Cash-settled liability		
15	**9**	Non-current	**1**	1
17	**14**	Current	**1**	2
32	**23**	**Total cash-settled liability**	**2**	3
		Movement in the cash-settled liability recognised in the balance sheet:		
26	**32**	Balance at beginning of year	**3**	2
33	**19**	IFRS 2 share-based payment charge for the year	**2**	3
(27)	**(28)**	Awards paid	**(2)**	(3)
-	**-**	Translation	**(1)**	1
32	**23**	**Balance at end of year**	**2**	3

31 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

(b) Options granted under the 2006 share plan

The 2006 share plan consists of share appreciation rights (SARs), performance shares (PS) and restricted shares (RS).
The share plan is equity-settled.

Award	Vesting	Performance criteria
SARs	SARs will vest in equal thirds in year three, four and five, subject to the performance conditions having been satisfied. The SARs will have an expiry date of six years from the grant date and the offer price equals the closing market prices of the underlying shares on the trading date immediately preceding the grant.	The group's headline earnings per share must have grown since the allocation date by more than the South African Consumer Price Index (CPI).
PS	The PS will vest after three years from the grant date, if and to the extent that the performance conditions have been satisfied.	2014 allocation: ● the number of the rights awarded are linked to the group's performance in comparison to the South African Gold Index. 2011 to 2013 allocation: ● 50% (senior management) or 70% (management) of the number of the rights awarded are linked to the annual gold production of the group in relation to the targets set annually. ● 50% (senior management) or 30% (management) of the number of the rights awarded are linked to the group's performance in comparison to the South African Gold Index.
RS	The RS will vest after three years from grant date.	The participant is still employed within the group.

Termination of employees' participation in the share plan is based on "no fault" and "fault" definitions.

- Fault — All unvested and unexercised SARs and all PS and RS not yet vested are lapsed and cancelled.
- No fault — Accelerated vesting occurs and all unvested and unexercised share options are settled in accordance with the rules of the plan.

Activity on share options

	SARs		PS	RS
Activity on options and rights granted but not yet exercised	**Number of options and rights**	**Weighted average option price (SA rand)**	**Number of rights**	**Number of rights**
For the year ended 30 June 2015				
Balance at beginning of year	**12 222 725**	**54.85**	**9 123 758**	**629 056**
Options granted	**6 998 079**	**18.46**	**7 255 423**	**83 000**
Options exercised	**(137 276)**	**20.41**	**(336 931)**	**(29 350)**
Options forfeited and lapsed	**(2 663 561)**	**59.55**	**(1 719 742)**	**(9 604)**
Balance at end of year	**16 419 967**	**38.86**	**14 322 508**	**673 102**
For the year ended 30 June 2014				
Balance at beginning of year	7 244 801	78.72	4 034 298	668 273
Options granted	7 031 605	34.38	6 814 713	155 780
Options exercised	(102 027)	33.18	(352 714)	(185 192)
Options forfeited and lapsed	(1 951 654)	70.85	(1 372 539)	(9 805)
Balance at end of year	12 222 725	54.85	9 123 758	629 056

	SARs		PS		RS	
Options and rights vested but not exercised at year end	**2015**	2014	**2015**	2014	**2015**	2014
Options and rights vested bot not exercised	**1 884 175**	2 117 574	**-**	-	**-**	-
Weighted average option price (SA rand)	**82.29**	78.40	**n/a**	n/a	**n/a**	n/a

31 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

(b) Options granted under the 2006 share plan continued

List of options and rights granted but not yet exercised (listed by grant date)	Number of options and rights	Award price (SA rand)	Remaining life (years)
As at 30 June 2015			
Share appreciation rights			
16 November 2009	**1 223 601**	**77.28**	**0.4**
15 November 2010	**655 746**	**84.81**	**1.4**
15 November 2011	**670 229**	**104.79**	**2.4**
16 November 2012	**1 602 170**	**68.84**	**3.4**
15 November 2013	**5 524 192**	**33.18**	**4.4**
17 November 2014	**6 744 029**	**18.41**	**5.4**
	16 419 967		
Performance shares			
27 September 2012	**6 160**	**n/a**	**0.2**
16 November 2012	**1 672 128**	**n/a**	**0.4**
15 November 2013	**5 562 559**	**n/a**	**1.4**
17 November 2014	**7 081 661**	**n/a**	**2.4**
	14 322 508		
Restricted shares			
15 November 2010[1]	**127 766**	**n/a**	**1.4**
15 November 2011[1]	**87 000**	**n/a**	**2.4**
27 September 2012	**30 802**	**n/a**	**0.2**
16 November 2012	**216 768**	**n/a**	**0.4**
15 November 2013[1]	**127 766**	**n/a**	**1.4**
17 November 2014[1]	**83 000**	**n/a**	**2.4**
	673 102		
Total options and rights granted but not yet exercised	**31 415 577**		

[1] The 2010 and 2011 restricted shares vested in November 2013 and November 2014 respectively. Restricted shares that were not exercised, partially or fully, at that time remain restricted for a further three years, but were supplemented by a matching grant of restricted shares. All restricted shares are then only settled after the end of a further three year period.

SA rand 2014	SA rand 2015	*Figures in million*	US dollar 2015	US dollar 2014
18	**7**	Gain realised by participants on options and rights traded during the year	**1**	2
22	**10**	Fair value of options and rights exercised during the year	**1**	2

Measurement

The fair value of equity instruments granted during the year was valued using the Monte Carlo simulation on the market-linked PS, Cox-Ross-Rubinstein binomial tree on the SARs and spot share price on grant date for the RS.

(i) Assumptions applied at grant date for awards granted during the year

	SARs	Performance shares	Restricted shares
Price at date of grant (SA rand per share):			
15 November 2013 allocation	32.90	n/a	32.90
17 November 2014 allocation	17.95	n/a	17.95
Risk-free interest rate:			
15 November 2013 allocation	7.34%	6.80%	n/a
17 November 2014 allocation	7.21%	7.44%	n/a
Expected volatility: *			
15 November 2013 allocation	36.49%	51.25%	n/a
17 November 2014 allocation	44.39%	53.81%	n/a
Expected dividend yield:			
15 November 2013 allocation	1.50%	0.00%	0.00%
17 November 2014 allocation	1.00%	0.00%	0.00%
Vesting period (from grant date)			
for all allocations	5 years	3 years	3 years

* The volatility is measured as an annualised standard deviation of historical share price returns, using an exponentially weighted moving average (EWMA) model, with a lambda of 0.99. The volatility is calculated on the grant date, and takes into account the previous three years of historical data.

In all cases, valuation date is the same as the allocation date, except for the 17 November 2014 allocation of performance shares with a valuation date of 2 June 2015.

31 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

(b) Options granted under the 2006 share plan continued

Measurement continued

(ii) Fair values used as a basis to recognise share-based cost

	SA rand per award		
	SARs	Performance shares	Restricted shares
17 November 2014 allocation	**7.86**	**11.19**	**17.95**
15 November 2013 allocation	12.44	31.50	32.90

(c) Options granted under the 2003 scheme

A fifth of the options granted under the 2003 scheme are exercisable annually from the grant date with an expiry date of 10 years from the grant date. The offer price of these options equalled the closing market price of the underlying shares on the trading date immediately preceding the granting of options. The options are equity-settled.

On resignation and retirement, share options which have vested may be taken up at the employee's election before the last day of service. On death, the deceased estate has a period of twelve months to exercise these options.

Following the introduction of the 2006 share plan, no further options were granted for the 2003 options scheme and all options are vested.

Activity on share options

	2015		2014	
Activity on share options granted but not yet exercised	**Number of options**	**Weighted average option price (SA rand)**	Number of options	Weighted average option price (SA rand)
For the year ended 30 June				
Balance at beginning of year	**614 476**	**44.76**	745 346	45.97
Options forfeited and lapsed	**(614 476)**	**44.76**	(130 870)	51.65
Balance at end of year	**-**	**-**	614 476	44.76

OTHER SHARE-BASED PAYMENTS

On 20 March 2013, Harmony signed transaction and funding agreements to give effect to an empowerment transaction to dispose of 30% of its Free State based Phoenix operation (Phoenix) to BEE shareholders, which includes a free-carry allocation of 5% to a community trust that has been created and is currently controlled by Harmony. The transaction closed on 25 June 2013, following the fulfilment of the last condition precedent. In terms of the agreements Phoenix was transferred to a newly incorporated subsidiary (PhoenixCo).

The awards to the BEE partners have been accounted for as in-substance options as the BEE partners will only share in the upside, and not the downside of their equity interest in PhoenixCo until the date the financing provided by Harmony is fully repaid. On this date the options will be exercised. The award of the options to the BEE partners is accounted for by the group as an equity-settled share-based payment arrangement. The in-substance options carry no vesting conditions and the fair value of the options of R23 million (US$2.3 million) was expensed on the grant date, 25 June 2013.

A subscription price paid by the BEE shareholders of R2 million was received and was recorded in other reserves as an option premium.

Measurement

The share-based cost was calculated using the Monte Carlo simulation. The fair value of the option is the difference between the expected future enterprise value of PhoenixCo and the expected loan balances at redemption date, and the present value of the trickle dividend determined in accordance with the cash flow waterfall per the signed transaction and funding arrangements.

The following assumptions were applied at grant date:

	2013
Business value (R'million)	450
Exercise price (R'million)	2
Risk-free interest rate	6.08%
Expected volatility*	37.33%
Expected dividend yield	8.04%
Vesting period (from grant date)	0 years
Equity value attributable to the BEE partners	25.00%
Expected redemption date	31 December 2020

* The volatility was measured in relation to a comparable listed company's share price volatility.

32 RELATED PARTIES

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had an interest, directly or indirectly, in any transaction from 1 July 2013 or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the group. The remuneration of directors, prescribed officers and executive management is fully disclosed in Annexure B of this report.

The following directors and prescribed officers own shares in Harmony at year-end:

	Number of shares	
Name of director/prescribed officer	**2015**	2014*
André Wilkens	**101 303**	101 303
Frank Abbott[1 2]	**203 243**	139 500
Graham Briggs[1]	**24 718**	14 347
Harry "Mashego" Mashego[1]	**3 096**	-
Ken Dicks	**20 000**	20 000
Alwyn Pretorius[1]	**7 987**	-
Johannes van Heerden[1]	**28 184**	6 500

[1] The movement during the year relates to performance shares vested and retained.
[2] Purchased 60 000 shares on 28 May 2015 in the open market.
[*] 2014 only includes shares purchased. Performance shares vested and retained are excluded.

African Rainbow Minerals Limited (ARM) currently holds 14.6% of Harmony's shares. Patrice Motsepe, André Wilkens, Joaquim Chissano and Frank Abbott, who are directors of Harmony, are also directors of ARM.

Refer to note 34 for transactions that took place after year end.

All the production of the group's South African operations is sent to Rand Refinery in which Harmony holds a 10.38% interest. Refer to note 19.

A list of the group's subsidiaries, associates and joint operations has been included in Annexure A of this report.

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
		Sales and services rendered to related parties		
18	**7**	Joint operations	**1**	2
-	**6**	Associates[1]	**-**	-
18	**13**	**Total**	**1**	2
		Purchases and services acquired from related parties		
19	**21**	Associates	**2**	2
		Outstanding balances due by related parties		
-	**80**	Associates[1]	**6**	-
4	**-**	Joint operations	**-**	-
4	**80**	**Total**	**6**	-

[1] Refer to note 18 for details relating to the loan to associate.

The outstanding balances from the related parties are not secured. Refer to note 18 for detail on the items relating to the loans to associates and provisions raised against these loans as well as the terms and conditions that apply.

33 COMMITMENTS AND CONTINGENCIES

COMMITMENTS AND GUARANTEES

SA rand			US dollar	
2014	**2015**	*Figures in million*	**2015**	2014
		Capital expenditure commitments		
135	**135**	Contracts for capital expenditure	**11**	13
22	**23**	Share of joint venture's contract for capital expenditure	**2**	2
519	**257**	Authorised by the directors but not contracted for	**21**	49
676	**415**	**Total capital commitments**	**34**	64

33 COMMITMENTS AND CONTINGENCIES continued

COMMITMENTS AND GUARANTEES continued

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
6	**4**	Within one year	**-**	1
3	**-**	Between one year and five years	**-**	-
9	**4**	**Total commitments for operating leases**	**-**	1

Contractual obligations in respect of mineral tenement leases amount to R695 million (US$57.2 million) (2014: R619 million (US$58.3 million)). This includes R694 million (US$57.1 million) (2014: R617 million (US$58.2 million)) for the MMJV.

SA rand			US dollar	
2014	2015	*Figures in million*	2015	2014
		Guarantees[1]		
21	**11**	Guarantees and suretyships	**1**	2
456	**458**	Environmental guarantees[2]	**38**	43
477	**469**	**Total guarantees**	**39**	45

[1] Guarantees and suretyships of R13 million (US$1.0 million) and environmental guarantees of R41 million (US$3.3 million) relating to the Evander group, which are in the process of being replaced by Pan African or cancelled, have been excluded.

[2] At 30 June 2015, R46 million (US$3.8 million) (2014: R33 million (US$3.1 million)) has been pledged as collateral for environmental guarantees in favour of certain financial institutions. Refer to note 15.

CONTINGENT LIABILITIES

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which the suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the group could be materially affected by the outcome of the litigation.

The following contingent liabilities have been identified:

(a) On 18 April 2008, Harmony Gold Mining Company Limited was made aware that it had been named as a defendant in a lawsuit filed in the US District Court in the Southern District of New York on behalf of certain purchasers and sellers of Harmony's American Depositary Receipts (ADRs) and options with regards to certain of its business practices. Harmony retained legal counsel.

The company reached a mutually acceptable settlement with the plaintiff class and this settlement was found to be fair and reasonable and was approved by the United States District Court in November 2011. A single class member filed an appeal of the District Court's order approving the settlement. That appeal resulted in the United States Court of Appeals for the Second Circuit affirming the decision of the District Court on more than one occasion. The objecting plaintiff requested that the United States Supreme Court review the decision of the Second Circuit. Following the denial of the request for review of the case by the Supreme Court in May 2014, the case has been concluded. The distribution of the settlement amount, held in escrow, to the plaintiff class of the lawsuit filed in the United States of America was completed during the 2015 financial year. From both legal and accounting perspectives, the matter is now concluded.

(b) On 3 March 2011, judgement was handed down in the Constitutional Court, in the case of Mr Thembekile Mankayi v AngloGold Ashanti Limited regarding litigation in terms of the Occupational Diseases in Mines and Works Act (ODIMWA). The judgement allows claimants, such as Mr Mankayi, to institute action against their current and former employers for damages suffered as a result of them contracting occupational diseases which result from their exposure to harmful quantities of dust whilst they were employed at a controlled mine as referred to in ODIMWA. In this regard, should anyone bring similar claims against Harmony in future, those claimants would need to prove that silicosis, as an example, was contracted whilst in the employ of the company and that it was contracted due to negligence on the company's part to provide a safe and healthy working environment. The link between the cause (negligence by the company in exposing the claimant to harmful quantities of dust whilst in its employ) and the effect (the silicosis) will be an essential part of any case.

On 23 August 2012, Harmony and certain of its subsidiaries (Harmony group) were served with court papers in terms of which three former employees made application to the South Gauteng High Court to certify a class for purposes of instituting a class action against the Harmony group. In essence, the applicants want the court to declare them as suitable members to represent a class of current and former mineworkers for purposes of instituting a class action for certain relief and to obtain directions from the court as to what procedure to follow in pursuing the relief required against the Harmony group.

Similar applications were also brought against various other gold mining companies for similar relief during August 2012.

On 8 January 2013, the Harmony group, alongside other gold mining companies operating in South Africa (collectively the respondents), was served with another application to certify two classes of persons representing a class of current and former mine workers who work or have worked on gold mines owned and/or controlled by the respondents and who allegedly contracted silicosis and/or other occupational lung diseases, and another class of dependents of mine workers who have died of silicosis and who worked on gold mines owned and/or controlled by the respondents. The Harmony group opposed both applications and instructed its attorneys to defend the application.

33 COMMITMENTS AND CONTINGENCIES continued

CONTINGENT LIABILITIES continued

Following receipt of the aforesaid application, the Harmony group was advised that there was a potential overlap between the application of 23 August 2012 and the application of 8 January 2013. After deliberation between the respondents' attorneys and the applicants' attorneys, it was resolved that the applicants' attorneys will consolidate the two applications, together with three other similar applications. The applicants' attorneys delivered an amended application for consideration by the respondents. On 17 October 2013, the five certification applications were consolidated by order of court. It was agreed between the parties that the respondents have until 30 May 2014 to answer the allegations made in the consolidated class certification application, and to state reasons why a class or classes should not be certified.

On 30 May 2014, the Harmony group served its answering affidavit to the consolidated class certification application. On 15 September 2014, the applicants' attorneys delivered their replying affidavit to the answering affidavit. The applicants' attorneys have also joined further applicants to the present proceedings and amended the relief sought against the gold mining companies on a number of occasions.

On 12 December 2014, the Treatment Action Campaign and Sonke Gender Justice (both non-profit organisations) (applicants) brought a formal application to the consolidated class certification application to be admitted as *amici curiae* (i.e. friends of the court). On 28 August 2015, the applicants were admitted as amici curiae. However, at the certification application enrolled for hearing between 12 October 2015 and 23 October 2015, they may only present legal submissions as to whether a certification of a class action should be granted or not.

On 3 May 2013, Harmony and one of its subsidiaries received a summons from Richard Spoor Attorneys on behalf of an employee. The plaintiff is claiming R25 million (US$2.1 million) in damages plus interest from Harmony and one of its subsidiaries, and another gold mining group of companies. The plaintiff alleges to have contracted silicosis with progressive massive fibrosis during the course of his employment. At this stage, and in the absence of a court decision on this matter, it is not yet certain as to whether the company will incur any costs (except legal fees) related to the above claim.

Due to the limited information available on the above claim and potential other claims, and the uncertainty of the outcome of the consolidated class certification application, no costs estimation can as yet be made for the possible obligation.

(c) On 1 December 2008, Harmony issued 3 364 675 Harmony shares to Rio Tinto Limited (Rio Tinto) for the purchase of Rio Tinto's rights to the royalty agreement entered into prior to our acquisition of the Wafi deposits in PNG. The shares were valued at R242 million (US$23 million) on the transaction date. An additional US$10 million in cash will be payable when the decision to mine is made. Of this amount, Harmony is responsible for paying the first US$6 million, with the balance of US$4 million being borne equally by the joint operators.

(d) The group may have a potential exposure to rehabilitate groundwater and radiation that may exist where the group has and/or continues to operate. The group has initiated analytical assessments to identify, quantify and mitigate impacts if and when (or as and where) they arise. Numerous scientific, technical and legal studies are underway to assist in determining the magnitude of the contamination and to find sustainable remediation solutions. The group has instituted processes to reduce future potential seepage and it has been demonstrated that Monitored Natural Attenuation (MNA) by the existing environment will contribute to improvement in some instances. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements. Should the group determine that any part of these contingencies require them being recorded and accounted for as liabilities, that is where they become estimable and probable, it could have material impact on the financial statements of the group.

At 30 June 2015, the group was in the process of implementing water treatment facilities at Doornkop and at Kusasalethu. These treatment facilities will reduce our dependency on Rand Water and allow the mines to supply their own water.

In terms of Free State operations, Harmony has taken the initiative to develop a comprehensive regional closure plan which based on scientific studies will determine any further exposure.

(e) Due to the interconnected nature of mining operations in South Africa, any proposed solution for potential flooding and potential decant risk posed by deep groundwater needs to be a combined one, supported by all the mines located in these goldfields. As a result, the Department of Mineral Resource and affected mining companies are involved in the development of a regional mine closure strategy. Harmony operations have conducted a number of specialist studies and the risk of surface decant due to rising groundwater levels has been obviated at the entire Free State region and Kalgold. Therefore there is no contingency arising from these operations. Additional studies have been commissioned at Doornkop and Kusasalethu. In view of the limitation of current information for accurate estimation of a liability, no reliable estimate can be made for these operations.

(f) The individual Harmony mining operations have applied for the respective National Water Act, Section 21 Water Use Licenses (WUL) to the Department of Water and Sanitation (DWS). As part of the Water Use License Application (WULA) process for the respective operations, Harmony has requested certain exemptions (relevant to the respective mining operations) from GNR 704 of 4 June 1999, "Regulations on the use of water for mining and related activities aimed at the protection of water resources". The respective WULA's have subsequently not yet been approved by DWS. The WUL conditions for the respective operations are subsequently not yet known and the subsequent potential water resource impact liability as part of the mine rehabilitation and closure process (to which DWS is an important participant and decision maker) is uncertain.

(g) In terms of the sale agreements entered into with Rand Uranium, Harmony retained financial exposure relating to environmental disturbances and degradation caused by it before the effective date, in excess of R75 million (US$6.2 million) of potential claims. Rand Uranium is therefore liable for all claims up to R75 million (US$6.2 million) and retains legal liability. The likelihood of potential claims cannot be determined presently and no provision for any liability has been made in the financial statements.

(h) Legal proceedings commenced in December 2010 against the Hidden Valley mine in PNG over alleged damage to the Watut River (which runs adjacent to the Hidden Valley mine), alleged to have been caused by waste rock and overburden run-off from the mine. The damages sought by the plaintiffs were not specified. The defendants intend to defend the claims. No active steps have been taken by the plaintiffs in this proceeding for more than two years. It is not practicable to make any reasonable assessment of the prospects of the plaintiffs succeeding should they proceed with these claims, nor the potential liability of the defendants if the plaintiffs were to succeed. As a result, no provision has been recognised in the financial statements for this matter.

34 SUBSEQUENT EVENTS

(a) Harmony has signed a R150 million (US$12.0 million) guarantee for the ARM Broad Based Economic Empowerment (BBEE) Trust, a member of the African Rainbow Minerals (ARM) group. The guarantee is for additional security for the ARM BBEE Trust loan due to Nedbank Limited. The fair value of the guarantee is R15 million (US$1.1 million) at 30 September 2015.

(b) On 27 September 2015, 2 259 performance shares (ordinary shares) vested in the name of Graham Briggs. There were no further changes in the shares held by directors between 30 June 2015 and 23 October 2015.

35 GOING CONCERN

The financial statements are prepared on a going concern basis. In accordance with the solvency and liquidity test in terms of section 4 of the Companies Act, the board is of the opinion that the company has adequate resources and that:

* the company's assets, fairly valued, exceeds its liabilities, fairly valued; and
* the company will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 30 June 2015.

36 SEGMENT REPORT

ACCOUNTING POLICY

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The chief operating decision-maker has been identified as the executive committee.

The group has one main economic product, being gold. In order to determine operating and reportable segments, management reviewed various factors, including geographical location as well as managerial structure. It was determined that an operating segment consists of a shaft or a group of shafts or open pit mine managed by a single general manager and management team.

After applying the quantitative thresholds from IFRS 8, the reportable segments were determined as: Kusasalethu, Doornkop, Phakisa, Tshepong, Masimong, Target 1, Bambanani, Joel, Unisel, Target 3 and Hidden Valley. All other operating segments have been grouped together under all other surface operations.

When assessing profitability, the CODM considers the revenue and production costs of each segment. The net of these amounts is the production profit or loss. Therefore, production profit has been disclosed in the segment report as the measure of profit or loss. The CODM also considers capital expenditure when assessing the overall economic sustainability of each segment. The CODM, however, does not consider depreciation or impairment and therefore these amounts have not been disclosed in the segment report.

Segment assets consist of mining assets and mining assets under construction included under property, plant and equipment which can be attributed to the segment. Current and non-current group assets that are not allocated at a segment level form part of the reconciliation to total assets.

A reconciliation of the segment totals to the group financial statements has been included in note 37.

36 SEGMENT REPORT continued

	Revenue 30 June		Production cost 30 June		Production profit/(loss) 30 June		Mining assets 30 June		Capital expenditure[1] 30 June		Kilograms produced[2] 30 June		Tonnes milled[2] 30 June	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	R million		R million		R million		R million		R million		kg		t'000	
South Africa														
Underground														
Kusasalethu	**1 939**	1 959	**1 996**	1 753	**(57)**	206	**3 619**	3 616	**463**	509	**3 953**	4 694	**908**	1 143
Doornkop	**1 220**	1 126	**1 092**	1 098	**128**	28	**2 239**	3 386	**245**	238	**2 663**	2 603	**603**	737
Phakisa	**1 420**	1 284	**1 181**	1 061	**239**	223	**4 307**	4 590	**403**	360	**3 118**	2 976	**611**	577
Tshepong	**1 948**	1 822	**1 611**	1 365	**337**	457	**4 025**	3 941	**313**	301	**4 278**	4 223	**992**	947
Masimong	**1 118**	1 171	**992**	983	**126**	188	**893**	1 060	**166**	168	**2 463**	2 718	**670**	670
Target 1	**1 738**	1 948	**1 191**	1 051	**547**	897	**2 782**	2 770	**296**	289	**3 824**	4 493	**749**	771
Bambanani [3]	**1 330**	1 279	**705**	681	**625**	598	**821**	841	**110**	127	**2 908**	2 968	**229**	239
Joel	**1 046**	995	**770**	668	**276**	327	**578**	450	**182**	145	**2 258**	2 335	**551**	548
Unisel	**770**	792	**682**	600	**88**	192	**594**	663	**99**	85	**1 695**	1 838	**417**	408
Target 3 [4]	**222**	609	**177**	557	**45**	52	**535**	542	**20**	128	**483**	1 413	**90**	301
Surface														
All other surface operations	**1 338**	1 263	**1 092**	981	**246**	282	**483**	473	**51**	44	**2 927**	2 900	**10 418**	10 442
Total South Africa	**14 089**	14 248	**11 489**	10 798	**2 600**	3 450	**20 876**	22 332	**2 348**	2 394	**30 570**	33 161	**16 238**	16 783
International														
Hidden Valley	**1 346**	1 434	**1 143**	1 090	**203**	344	**1 384**	3 602	**121**	122	**2 943**	3 292	**1 825**	2 001
Total international	**1 346**	1 434	**1 143**	1 090	**203**	344	**1 384**	3 602	**121**	122	**2 943**	3 292	**1 825**	2 001
Total operations	**15 435**	15 682	**12 632**	11 888	**2 803**	3 794	**22 260**	25 934	**2 469**	2 516	**33 513**	36 453	**18 063**	18 784
Reconciliation of the segment information to the consolidated income statements and balance sheets (refer to note 37)	**-**	-	**-**	-			**13 877**	14 936						
	15 435	15 682	**12 632**	11 888			**36 137**	40 870						

[1] Capital expenditure for international operations excludes expenditure on Golpu of R119 million (2014: R12 million).
[2] Production statistics are unaudited.
[3] Includes Steyn 2 for the June 2014 amounts.
[4] Target 3 was placed on care and maintenance in October 2014.

NOTES TO THE GROUP FINANCIAL STATEMENTS continued

for the years ended 30 June 2015

36 SEGMENT REPORT continued

	Revenue 30 June 2015 US$ million	Revenue 30 June 2014 US$ million	Production cost 30 June 2015 US$ million	Production cost 30 June 2014 US$ million	Production profit/(loss) 30 June 2015 US$ million	Production profit/(loss) 30 June 2014 US$ million	Mining assets 30 June 2015 US$ million	Mining assets 30 June 2014 US$ million	Capital expenditure[1] 30 June 2015 US$ million	Capital expenditure[1] 30 June 2014 US$ million	Ounces produced[2] 30 June 2015 oz	Ounces produced[2] 30 June 2014 oz	Tons milled[2] 30 June 2015 t'000	Tons milled[2] 30 June 2014 t'000
South Africa														
Underground														
Kusasalethu	**169**	189	**174**	169	**(5)**	20	**298**	341	**40**	49	**127 092**	150 916	**1 001**	1 260
Doornkop	**107**	109	**95**	106	**12**	3	**184**	319	**21**	23	**85 618**	83 687	**665**	812
Phakisa	**124**	124	**103**	103	**21**	21	**354**	433	**35**	35	**100 246**	95 680	**674**	636
Tshepong	**170**	176	**141**	132	**29**	44	**331**	372	**27**	29	**137 540**	135 772	**1 095**	1 044
Masimong	**98**	113	**87**	95	**11**	18	**73**	100	**15**	16	**79 187**	87 385	**739**	739
Target 1	**152**	188	**104**	101	**48**	87	**229**	261	**26**	28	**122 944**	144 453	**826**	851
Bambanani[3]	**116**	124	**62**	66	**54**	58	**68**	79	**10**	12	**93 495**	95 424	**253**	263
Joel	**91**	96	**67**	64	**24**	32	**48**	42	**16**	14	**72 596**	75 072	**607**	604
Unisel	**67**	77	**60**	58	**7**	19	**49**	63	**9**	8	**54 495**	59 093	**460**	450
Target 3[4]	**19**	59	**15**	54	**4**	5	**44**	51	**2**	13	**15 529**	45 429	**99**	331
Surface														
All other surface operations	**117**	122	**95**	95	**22**	27	**40**	45	**4**	4	**94 105**	93 236	**11 488**	11 516
Total South Africa	**1 230**	1 377	**1 003**	1 043	**227**	334	**1 718**	2 106	**205**	231	**982 847**	1 066 147	**17 907**	18 506
International														
Hidden Valley	**118**	138	**100**	105	**18**	33	**114**	340	**11**	12	**94 619**	105 840	**2 012**	2 207
Total international	**118**	138	**100**	105	**18**	33	**114**	340	**11**	12	**94 619**	105 840	**2 012**	2 207
Total operations	**1 348**	1 515	**1 103**	1 148	**245**	367	**1 832**	2 446	**216**	243	**1 077 466**	1 171 987	**19 919**	20 713
Reconciliation of the segment information to the consolidated income statements and balance sheets (refer to note 37)	**-**	-	**-**	-			**1 140**	1 406						
	1 348	1 515	**1 103**	1 148			**2 972**	3 852						

[1] Capital expenditure for international operations excludes expenditure on Golpu of US$10.4 million (2014: US$1.2 million).
[2] Production statistics are unaudited.
[3] Includes Steyn 2 for the June 2014 amounts.
[4] Target 3 was placed on care and maintenance in October 2014.

37 RECONCILIATION OF SEGMENT INFORMATION TO CONSOLIDATED INCOME STATEMENTS AND BALANCE SHEETS

SA rand 2014	SA rand 2015	Figures in million	US dollar 2015	US dollar 2014
		Reconciliation of production profit to consolidated loss before taxation		
15 682	**15 435**	Total segment revenue	**1 348**	1 515
(11 888)	**(12 632)**	Total segment production costs	**(1 103)**	(1 148)
3 794	**2 803**	Production profit	**245**	367
(4 200)	**(6 421)**	Cost of sales items other than production costs	**(542)**	(401)
(2 092)	**(2 419)**	Amortisation and depreciation of mining assets	**(211)**	(202)
(51)	**(53)**	Amortisation and depreciation of assets other than mining assets	**(5)**	(5)
(8)	**6**	Rehabilitation credit/(expenditure)	**1**	(1)
(66)	**(106)**	Care and maintenance costs of restructured shafts	**(9)**	(6)
(274)	**(251)**	Employment termination and restructuring costs	**(22)**	(26)
(270)	**(208)**	Share-based payments	**(18)**	(26)
(1 439)	**(3 471)**	Impairment of assets	**(285)**	(135)
-	**81**	Other	**7**	-
(406)	**(3 618)**	Gross loss	**(297)**	(34)
(430)	**(378)**	Corporate, administration and other expenditure	**(33)**	(42)
(88)	**(71)**	Social investment expenditure	**(6)**	(9)
(458)	**(263)**	Exploration expenditure	**(23)**	(44)
30	**6**	Profit on sale of property, plant and equipment	**1**	3
-	**(491)**	Loss on scrapping of property, plant and equipment	**(42)**	-
(208)	**(378)**	Other expenses (net)	**(33)**	(20)
(1 560)	**(5 193)**	Operating loss	**(433)**	(146)
(109)	**(25)**	Loss from associate	**(2)**	(10)
7	**4**	Profit on disposal/(impairment) of investments	**-**	1
170	**9**	Net gain on financial instruments	**1**	16
220	**229**	Investment income	**20**	21
(277)	**(264)**	Finance costs	**(22)**	(27)
(1 549)	**(5 240)**	**Loss before taxation**	**(436)**	(145)
		Reconciliation of total segment assets to consolidated assets includes the following:		
		Non-current assets		
7 135	**7 288**	Property, plant and equipment	**598**	670
886	**885**	Intangible assets	**73**	84
42	**48**	Restricted cash	**4**	4
2 299	**2 384**	Restricted investments	**196**	217
81	**-**	Deferred tax asset	**-**	8
4	**5**	Investments in financial assets	**-**	-
50	**36**	Inventories	**3**	5
-	**80**	Trade and other receivables	**7**	-
		Current assets		
1 534	**1 292**	Inventories	**106**	145
951	**746**	Trade and other receivables	**62**	90
110	**30**	Income and mining taxes	**2**	10
15	**16**	Restricted cash	**1**	1
1 829	**1 067**	Cash and cash equivalents	**88**	172
14 936	**13 877**		**1 140**	1 406

COMPANY INCOME STATEMENTS

for the years ended 30 June 2015

Figures in million	Notes	SA rand 2015	SA rand 2014
Revenue		**2 295**	2 483
Cost of sales	1	**(2 743)**	(2 493)
Production costs		**(2 025)**	(2 023)
Amortisation and depreciation		**(343)**	(277)
Impairment of assets		**(195)**	(36)
Employment termination and restructuring costs		**(35)**	(42)
Other items		**(145)**	(115)
Gross loss		**(448)**	(10)
Corporate, administration and other expenditure		**(43)**	(50)
Social investment expenditure		**(10)**	(19)
Exploration expenditure		**(2)**	(3)
Loss on scrapping of property, plant and equipment	7	**(229)**	-
Other expenses (net)	2	**(414)**	(183)
Operating loss		**(1 146)**	(265)
Profit on sale of investments		**4**	-
Impairment of investments in subsidiaries	13	**(516)**	(756)
Impairment of investments in associates	14	**-**	(86)
Net gain on financial instruments	10	**1**	28
Investment income	4	**455**	473
Finance cost	5	**(157)**	(165)
Loss before taxation		**(1 359)**	(771)
Taxation	6	**96**	207
Net loss for the year		**(1 263)**	(564)

These are the separate financial statements of Harmony Gold Mining Company Limited. For the group financial statements refer to page 4 to 63.

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

COMPANY STATEMENTS OF COMPREHENSIVE INCOME

for the years ended 30 June 2015

Figures in million	Notes	SA rand 2015	SA rand 2014
Net loss for the year		**(1 263)**	(564)
Other comprehensive income/(loss) for the year, net of income tax		**1**	(3)
Remeasurement of retirement benefit obligation			
Actuarial gain/(loss) recognised during the year*	20	**1**	(4)
Deferred taxation thereon*	20	**-**	1
Total comprehensive loss for the year		**(1 262)**	(567)

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

* These items in other comprehensive loss will not be reclassified to profit or loss

COMPANY BALANCE SHEETS

		SA rand	
Figures in million	Notes	At 30 June 2015	At 30 June 2014
ASSETS			
Non-current assets			
Property, plant and equipment	7	**2 143**	2 576
Intangible assets	8	**39**	40
Restricted cash	9	**46**	32
Restricted investments	10	**422**	402
Investments in subsidiaries	13	**25 186**	25 044
Investments in financial assets	11	**4**	4
Inventories	16	**9**	15
Loans to subsidiaries	13	**215**	257
Trade and other receivables	12	**160**	102
Total non-current assets		**28 224**	28 472
Current assets			
Loans to subsidiaries	13	**2 769**	2 098
Inventories	16	**181**	193
Trade and other receivables	12	**482**	522
Income and mining taxes		**18**	45
Cash and cash equivalents		**935**	1 646
Total current assets		**4 385**	4 504
Total assets		**32 609**	32 976
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	17	**28 324**	28 325
Other reserves	18	**1 062**	887
Accumulated loss		**(3 278)**	(2 015)
Total equity		**26 108**	27 197
Non-current liabilities			
Deferred tax liabilities	6	**101**	185
Provision for environmental rehabilitation	19	**500**	486
Retirement benefit obligation	20	**23**	31
Other non-current liabilities	21	**35**	111
Borrowings	22	**3 399**	2 860
Total non-current liabilities		**4 058**	3 673
Current liabilities			
Trade and other payables	23	**621**	716
Loans from subsidiaries	13	**1 822**	1 390
Total current liabilities		**2 443**	2 106
Total equity and liabilities		**32 609**	32 976

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

COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

for the years ended 30 June 2015

Figures in million (SA rand)	Number of ordinary shares issued	Share capital	Share premium	Accumulated loss	Other reserves	Total
Notes		17			18	
Balance - 30 June 2013	435 289 890	216	28 109	(1 451)	706	27 580
Issue of shares						
- Exercise of employee share options	535 557	-	-	-	-	-
Share-based payments	-	-	-	-	184	184
Net loss for the year	-	-	-	(564)	-	(564)
Other comprehensive loss for the year	-	-	-	-	(3)	(3)
Balance - 30 June 2014	**435 825 447**	**216**	**28 109**	**(2 015)**	**887**	**27 197**
Issue of shares						
- Exercise of employee share options	**361 686**	**-**	**-**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**(1)**	**-**	**174**	**173**
Net loss for the year	**-**	**-**	**-**	**(1 263)**	**-**	**(1 263)**
Other comprehensive income for the yea	**-**	**-**	**-**	**-**	**1**	**1**
Balance - 30 June 2015	**436 187 133**	**216**	**28 108**	**(3 278)**	**1 062**	**26 108**

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

COMPANY CASH FLOW STATEMENTS

for the years ended 30 June 2015

Figures in million	Notes	SA rand 2015	2014
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated/(utilised) by operations	24	**(23)**	324
Interest received		**144**	184
Dividends received		**284**	264
Interest paid		**(108)**	(116)
Income and mining taxes refunded		**40**	81
Cash generated by operating activities		**337**	737
CASH FLOW FROM INVESTING ACTIVITIES			
Increase in restricted cash		**(13)**	(6)
(Increase)/decrease in restricted investments		**3**	(8)
Increase in loans to subsidiaries		**(722)**	(720)
Loan to associate		**(120)**	-
Additions to intangible assets		**(14)**	(13)
Additions to property, plant and equipment		**(330)**	(301)
Cash utilised by investing activities		**(1 196)**	(1 048)
CASH FLOW FROM FINANCING ACTIVITIES			
Borrowings raised		**941**	612
Borrowings repaid		**(793)**	(466)
Cash generated by financing activities		**148**	146
Net decrease in cash and cash equivalents		**(711)**	(165)
Cash and cash equivalents - beginning of year		**1 646**	1 811
Cash and cash equivalents - end of year		**935**	1 646

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS

for the years ended 30 June 2015

ACCOUNTING POLICIES

The accounting policies applied in the company financial statements are consistent with the group accounting policies. Refer to note 2 of the group financial statements as well as the relevant notes for the detailed discussions.

1 COST OF SALES

Figures in million	SA rand 2015	2014
Production costs (a)	**2 025**	2 023
Amortisation and depreciation of mining assets	**314**	239
Amortisation and depreciation of assets other than mining assets (b)	**29**	38
Rehabilitation expenditure (c)	**42**	22
Care and maintenance costs of restructured shafts (d)	**73**	50
Employment termination and restructuring costs (e)	**35**	42
Share-based payments (f)	**33**	45
Impairment of assets (g)	**195**	36
Other (h)	**(3)**	(2)
Total cost of sales	**2 743**	2 493

(a) Production costs include mine production and transport and refinery costs, applicable general administrative costs, movement in inventories and ore stockpiles and ongoing environmental rehabilitation costs. Employee termination costs are included, except for employee termination costs associated with major restructuring and shaft closures, which are separately disclosed. Production costs, analysed by nature, consist of the following:

Figures in million	SA rand 2015	2014
Labour costs, including contractors	**1 283**	1 249
Consumables	**428**	437
Water and electricity	**300**	311
Insurance	**10**	14
Transportation	**44**	41
Change in inventory	**25**	3
Capitalisation of mine development costs	**(216)**	(214)
Royalty expense	**11**	21
Other	**140**	161
Total production costs	**2 025**	2 023

(b) Amortisation and depreciation of assets other than mining assets relates to the following:

Figures in million	SA rand 2015	2014
Other non-mining assets	**7**	2
Intangible assets	**15**	11
Amortisation of issue costs	**7**	25
Total amortisation and depreciation of assets other than mining assets	**29**	38

(c) For the assumptions used to calculate the rehabilitation costs, refer to note 24 of the group financial statements. This expense includes the change in estimate for the rehabilitation provision where a rehabilitation asset no longer exists as well as rehabilitation costs. During 2015, rehabilitation costs incurred amounted to R50 million (2014: R23 million).

(d) Included in the total for the 2015 financial year is an amount of R20 million in reparation costs relating to the explosion that occurred in March 2015 at the Brand 1A ventilation shaft, which was in the process of being rehabilitated.

(e) During the 2015 financial year, the group embarked on a restructuring process at Masimong and voluntary severance packages were offered to management in September 2014.

For the 2014 financial year, the programme embarked on by the group's South African operations whereby voluntary severance packages were offered to all employees, having started during 2013, was completed in June 2014.

(f) Refer to note 26 for details on the share-based payment schemes implemented by the company.

1 COST OF SALES continued

(g) Following the decision to restructure Doornkop in May 2015, a revised life-of-mine plan was completed. In addition, the resource value reduced owing to the decrease in resources declared for Doornkop. The revised life-of-mine plan includes lower production levels and focuses on higher grade areas. Resources below existing shaft infrastructure which were previously included in the additional resource value were removed. The new plan and lower resource value resulted in a lower recoverable amount and an impairment of R195 million was recognised on the company's effective share of the recoverable amount attributable to the Doornkop Joint Venture (Doornkop JV).

The recoverable amount of Doornkop has been determined on a fair value less costs to sell basis using the assumptions per note 13 of the group financial statements in discounted cash flow models and attributable resource values. This is a fair value measurement classified as level 3.

For the 2014 financial year, an impairment on Steyn 2 of R36 million was recognised following the decision not to mine this operation in future. This operation was impaired to the recoverable amount of Rnil.

(h) Included in Other for the 2015 financial year is a credit of R19 million relating to the reduction in employees qualifying for post retirement benefits. Refer to note 20. In addition, amounts relating to inventory adjustments are included in Other for the 2015 and 2014 financial years.

2 OTHER EXPENSES (NET)

	SA rand	
Figures in million	**2015**	2014
Foreign exchange losses - net (a)	**365**	155
Bad debts provision expense (b)	**50**	12
Other (income)/expenses - net (c)	**(1)**	16
Total other expenses (net)	**414**	183

(a) Included in the total for 2015 is a loss of R382 million (2014: R155 million) related to the translation of the US dollar denominated loans into SA rand. Refer to note 22.

(b) The total for 2015 includes a provision of R40 million for the loan to Rand Refinery (Proprietary) Limited (Rand Refinery). Refer to note 12 for further details. In addition, a provision of R6 million (2014: R6 million) for the loan to African Rainbow Minerals Gold Limited, a provision of R4 million (2014: R5 million) for the loan to Armgold/Harmony Joint Investment Company (Proprietary) Limited (Investment Company), as well as a provision of R5 million for the loan to Harmony Pharmacies (Proprietary) Limited.

(c) Included in the total for 2015 is a reversal of the provision due to the settlement of the pumping and treatment costs relating to the KOSH basin amounting to R3 million. The total for 2014 includes a provision of R15 million relating to the KOSH basin pumping and treatment costs. Refer to note 21.

3 OPERATING LOSS

The following have been included in operating loss:

	SA rand	
Figures in million	**2015**	2014
Auditor's remuneration		
Made up as follows:		
External		
Fees - current year	**2**	4
Fees - other services	**-**	1
Total auditor's remuneration	**2**	5

4 INVESTMENT INCOME

	SA rand	
Figures in million	**2015**	2014
Interest received	**171**	209
Loans and receivables (a)	**70**	81
Held-to-maturity investments	**17**	8
Cash and cash equivalents	**79**	115
South African Revenue Services (SARS)	**5**	5
Dividend income (b)	**284**	264
Total investment income	**455**	473

(a) Included in the total interest received is an amount of R15 million (2014: R16 million) related to interest on-charged to Harmony's subsidiaries at an interest rate of JIBAR + 3.5% plus 0.5%.

Interest received on the loans to Business Venture Investments No 1692 (Proprietary) Limited (PhoenixCo) and the BEE partners to purchase their portion of PhoenixCo amounted to R32 million (2014: R37 million) and R11 million (2014: R12 million) respectively in the 2015 financial year. Refer to notes 12 and 13.

For the 2015 financial year, interest received on the loan to Rand Refinery amounted to R6 million. Refer to note 12 for further details.

(b) During the 2015 financial year, dividends of R280 million (2014: R250 million) and R3.5 million (2014: R14 million) were received from Avgold Limited and PhoenixCo respectively. These companies are subsidiaries of the company.

5 FINANCE COST

	SA rand	
Figures in million	**2015**	2014
Financial liabilities		
Borrowings	**119**	124
Other creditors and liabilities	**-**	2
Loan from subsidiary (a)	**2**	4
Total finance cost from financial liabilities	**121**	130
Non-financial liabilities		
Post-retirement benefits	**2**	2
Time value of money and inflation component of rehabilitation costs	**33**	33
South African Revenue Services (SARS)	**1**	-
Total finance cost from non-financial liabilities	**36**	35
Total finance cost	**157**	165

(a) Relates to interest on outstanding net amounts received on behalf of PhoenixCo charged at overnight call money-market related interest rates. This loan cannot be offset against the amount owed for the purchase of the Phoenix operation. Refer to note 13 for further details.

6 TAXATION

Figures in million	SA rand 2015	2014
Mining tax (a)	**12**	27
- current year	**-**	-
- prior year	**12**	27
Non-mining tax (b)	**-**	(11)
- current year	**-**	(11)
Deferred tax (c)	**84**	191
- current year	**84**	191
Total taxation credit	**96**	207

(a) Mining tax on gold mining income in South Africa is determined according to a formula, based on the taxable income from mining operations, net of any qualifying capital expenditure from mining operations. 5% of total mining revenue is exempt from taxation as a result of applying the gold mining formula while the balance is taxed at 34%. All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss and accounting depreciation is eliminated when calculating the company's mining taxable income. Excess capital expenditure is carried forward as unredeemed capital to be claimed from future mining taxable income.

(b) Non-mining income is taxed at 28%.

(c) The deferred tax rate used to calculated deferred tax is based on the current estimate of future profitability when temporary differences will reverse based on tax rates and tax laws that have been enacted at the balance sheet date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year.

INCOME AND MINING TAX RATES

The tax rate remained unchanged for the 2015 and 2014 years.

Major items causing the income statement provision to differ from the maximum mining statutory tax rate of 34% were:

Figures in million	SA rand 2015	2014
Tax on net loss at the maximum mining statutory tax rate	**462**	262
Non-allowable deductions/non-taxable income	**(27)**	(28)
Impairment of assets	**(66)**	-
Impairment of investments in subsidiaries (non-allowable deductions)	**(175)**	(257)
Effect on temporary differences due to changes in effective tax rate[1]	**(110)**	180
Difference between non-mining tax rate and statutory mining rate on non-mining income	**-**	2
Difference between effective mining tax rate and statutory mining rate on mining income	**-**	21
Prior year adjustment	**12**	27
Income and mining taxation	**96**	207
Effective income and mining tax rate	**(7%)**	(27%)

[1] The deferred tax rate used for the 2015 financial year was 12.5% (2014: 13.4%)

6 TAXATION continued

DEFERRED TAX

The analysis of deferred tax assets and liabilities is as follows:

	SA rand	
Figures in million	**2015**	2014
Deferred tax assets	**(96)**	(45)
Deferred tax asset to be recovered after more than 12 months	**(70)**	(30)
Deferred tax asset to be recovered within 12 months	**(26)**	(15)
Deferred tax liabilities	**197**	230
Deferred tax liability to be recovered after more than 12 months	**146**	154
Deferred tax liability to be recovered within 12 months	**51**	76
Net deferred tax liability	**101**	185

The net deferred tax liabilities on the balance sheet as of 30 June 2015 and 30 June 2014, relate to the following:

	SA rand	
Figures in million	**2015**	2014
Gross deferred tax liability	**197**	230
Amortisation and depreciation	**196**	228
Other	**1**	2
Gross deferred tax assets	**(96)**	(45)
Unredeemed capital expenditure	**(15)**	-
Provisions, including non-current provisions	**(37)**	(44)
Tax losses	**(44)**	-
Other	**-**	(1)
Net deferred tax liability	**101**	185

Movement in the net deferred tax liability recognised in the balance sheet is as follows:

	SA rand	
Figures in million	**2015**	2014
Balance at beginning of year	**185**	377
Total charge per income statement	**(84)**	(191)
Tax directly charged to other comprehensive income	**-**	(1)
Balance at end of year	**101**	185

As at 30 June 2015, the company has a capital gains tax (CGT) loss of R227 million (2014: R230 million) available for deduction against future mining taxable income and capital gains. CGT losses are only utilisable against future capital gains. The loss arose in the 2013 financial year when the uncertainty around certain prior year transactions was resolved.

As at 30 June 2015 and 2014, the company had recognised all deferred tax assets in the determination of the net deferred tax liability, except for the CGT loss.

DIVIDEND TAX (DT)

A withholding tax of 15% on dividends (excluding a return of capital) and other distributions to the beneficial owners of shares (shareholders) became effective on 1 April 2012. DT is withheld by the company declaring the dividend or the withholding agent, unless specifically exempt. Foreign residents could qualify for an exemption or a reduced DT rate in terms of their relevant tax treaty. The withholding tax is a tax on the shareholder and if applicable will be withheld by the company and will reduce the amount paid to the shareholder.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the years ended 30 June 2015

7 PROPERTY, PLANT AND EQUIPMENT

	SA rand	
Figures in million	**2015**	2014
Mining assets (a)	**2 075**	2 552
Undeveloped properties (b)	**-**	-
Other non-mining assets (c)	**68**	24
Total property, plant and equipment	**2 143**	2 576
(a) Mining assets		
Cost		
Balance at beginning of year	**5 545**	4 862
Elimination of fully depreciated and impaired assets no longer in use	**(454)**	-
Additions[1]	**272**	283
Disposals	**-**	(1)
Adjustment to rehabilitation asset	**(11)**	(1)
Scrapping of assets[2]	**(328)**	-
Transfers[3]	**-**	402
Balance at end of year	**5 024**	5 545
Accumulated depreciation and impairments		
Balance at beginning of year	**2 993**	2 718
Elimination of fully depreciated assets and impaired assets no longer in use	**(454)**	-
Impairment of assets[4]	**195**	36
Scrapping of assets[2]	**(99)**	-
Depreciation[5]	**314**	239
Balance at end of year	**2 949**	2 993
Net carrying value	**2 075**	2 552
(b) Undeveloped properties		
Cost		
Balance at beginning of year	**-**	402
Transfers	**-**	(402)
Balance at end of year	**-**	-
(c) Other non-mining assets		
Cost		
Balance at beginning of year	**62**	42
Elimination of fully depreciated and impaired assets no longer in use	**(30)**	-
Additions	**52**	20
Balance at end of year	**84**	62
Accumulated depreciation and impairments		
Balance at beginning of year	**38**	36
Elimination of fully depreciated and impaired assets no longer in use	**(30)**	-
Depreciation	**8**	2
Balance at end of year	**16**	38
Net carrying value	**68**	24

[1] Includes R25 million (2014: R26 million) attributable to Doornkop JV.
[2] This amount relates to the scrapping of raiselines in Masimong during the 2015 financial year. The loss on scrapping of assets recognised during the 2015 financial year amounted to R229 million. Refer to note 13 of the group financial statements for more details.
[3] During 2014, Unisel undeveloped properties were transferred to mining assets as the distributable resources were available to mine.
[4] Relates to assets attributable to Doornkop JV. Refer to note 15.
[5] Includes R32 million (2014: R25 million) attributable to Doornkop JV.

8 INTANGIBLE ASSETS

	SA rand	
Figures in million	**2015**	2014
Cost		
Balance at beginning of year	**182**	169
Additions	**14**	13
Balance at end of year	**196**	182
Accumulated amortisation and impairments		
Balance at beginning of year	**142**	131
Amortisation charge for the year	**15**	11
Balance at end of year	**157**	142
Net carrying value	**39**	40

Technology-based assets include computer software and intellectual property which has been acquired and developed for the group. These assets are amortised over five years.

9 RESTRICTED CASH

	SA rand	
Figures in million	**2015**	2014
Environmental guarantees	**46**	32

The amount relates to funds set aside to serve as collateral against guarantees made to the Department of Mineral Resources (DMR) in South Africa for environmental and rehabilitation obligations. Refer to note 19. A portion of the funds are held on call account and the balance is invested in money market funds.

10 RESTRICTED INVESTMENTS

	SA rand	
Figures in million	**2015**	2014
Investments held by environmental trust fund (a)	**376**	355
Held-to-maturity financial assets	**218**	162
Cash and cash equivalents (loans and receivables)	**80**	78
Fair value through profit and loss financial assets	**78**	115
Investments held by social trust fund (b)	**46**	47
Total restricted investments	**422**	402

(a) Environmental trust fund

The environmental trust fund is an irrevocable trust under the company's control. Contributions to the trust are invested in interest-bearing short-term and medium-term cash investments and medium-term equity-linked notes issued by commercial banks that provide guaranteed interest and additional interest or growth linked to the growth of the Shareholder Weighted Top 40 index (SWIX 40) or the Top 40 index of the JSE. The equity-linked notes are designated fair value through profit or loss investments and recorded at fair value whilst the interest-bearing short-term investments are classified either as held-to-maturity and recorded at amortised cost or as cash and cash equivalents and recorded at fair value. These investments provide for the estimated cost of rehabilitation at the end of the life of the company's mines. Income earned on the investments is retained in the funds and reinvested.

10 RESTRICTED INVESTMENTS continued

(a) Environmental trust fund continued

Reconciliation of the movement in the investments held by the environmental trust fund:

	SA rand	
Figures in million	**2015**	2014
Balance at beginning of year	**355**	310
Interest income	**20**	10
Fair value gain	**1**	26
Equity-linked deposits matured	**(38)**	(63)
Acquisition/(maturity) of held-to-maturity investments	**40**	(15)
Net (disposal)/acquisition of cash and cash equivalents	**(2)**	78
Contributions made	**-**	9
Balance at end of year	**376**	355

(b) Social trust fund

The social trust fund is an irrevocable trust under the company's control. The company undertook to donate over a period of 10 years to The Harmony Gold Mining Group Social Plan Trust in terms of an agreement signed on 3 November 2003. An initial donation of R18.5 million was made during the 2004 year. Thereafter instalments of R3.5 million per annum were made with the final instalment in 2013. The purpose of the trust is to fund the social plan to reduce the negative effects of restructuring on the group's workforce, to put measures in place to ensure that the technical and life skills of the group's workforce are developed and to develop the group's workforce in such a manner as to avoid or minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.

The social trust fund investment comprises a unit trust portfolio that is exposed to the fair value changes in the equity market and is classified as a fair value through profit or loss investment.

Reconciliation of the movement in the investment held by the social trust fund:

	SA rand	
Figures in million	**2015**	2014
Balance at beginning of year	**47**	45
Interest income	**2**	2
Fair value gain	**-**	2
Claims paid	**(3)**	(2)
Balance at end of year	**46**	47

11 INVESTMENTS IN FINANCIAL ASSETS

	SA rand	
Figures in million	**2015**	2014
Available-for-sale financial assets		
Balance at beginning of year	**4**	5
Fair value adjustments	**-**	(1)
Balance at end of year	**4**	4

These shares are unlisted and have been valued by the directors by performing independent valuations on an annual basis to ensure that no permanent impairment in the value of the investments has occurred.

12 TRADE AND OTHER RECEIVABLES

Figures in million	SA rand 2015	2014
Current assets		
Financial assets		
Trade receivables (gold)	**417**	125
Other trade receivables	**10**	20
Provision for impairment	**(3)**	(6)
Trade receivables - net	**424**	139
Interest and other receivables (a)	**17**	318
Employee receivables	**10**	13
Other loans receivable (b)	**23**	40
Non-financial assets		
Prepayments	**8**	12
Total current trade and other receivables	**482**	522
Non-current assets		
Financial assets		
Loans to associates (c)	**236**	116
Other loans receivable (b)	**80**	102
Provision for impairment (c)	**(156)**	(116)
Total non-current trade and other receivables	**160**	102

(a) Included in the balance for the 2014 financial year is the self-insurance fund of R173 million. The self-insurance fund was terminated during the 2015 financial year.

(b) These loans relate to the funding given to the BEE partners to purchase their portion of the PhoenixCo. Refer to note 26 for further details.

(c) (i) During 2015, Rand Refinery drew down on the facility provided by its shareholders. Harmony's share was R120 million. At year end, the loan was tested for impairment and an amount of R40 million was provided for. Refer to note 14 for more details.

(ii) Included in the 2015 balance is a loan of R116 million (2014: R116 million) owed by Pamodzi. Pamodzi was placed into liquidation during March 2009 and loan was provided for in full. The company is a concurrent creditor in the Pamodzi Orkney liquidation.

The movement in the provision for impairment of current trade and other receivables during the year was as follows:

Figures in million	SA rand 2015	2014
Balance at beginning of year	**6**	6
Impairment loss recognised	**-**	3
Reversal of impairment loss	**(3)**	(3)
Balance at end of year	**3**	6

The movement in the provisions of loans receivable during the year was as follows:

Figures in million	SA rand 2015	2014
Balance at beginning of year	**116**	116
Impairment loss recognised	**40**	-
Balance at end of year	**156**	116

12 TRADE AND OTHER RECEIVABLES continued

The ageing of trade receivables at the reporting date was:

	SA rand	
Figures in million	**Gross**	**Impairment**
30 June 2015		
Fully performing	**422**	**-**
Past due by 1 to 30 days	**1**	**-**
Past due by 31 to 60 days	**-**	**-**
Past due by 61 to 90 days	**-**	**-**
Past due by more than 90 days	**2**	**1**
Past due by more than 361 days	**2**	**2**
	427	**3**
30 June 2014		
Fully performing	133	-
Past due by 1 to 30 days	3	-
Past due by 31 to 60 days	3	-
Past due by 61 to 90 days	-	-
Past due by more than 90 days	3	3
Past due by more than 361 days	3	3
	145	6

The ageing of loans receivable at the reporting date was:

	SA rand	
Figures in million	**Gross**	**Impairment**
30 June 2015		
Fully performing[1]	**223**	**40**
Past due by 1 to 30 days	**-**	**-**
Past due by 31 to 60 days	**-**	**-**
Past due by 61 to 90 days	**-**	**-**
Past due by more than 90 days	**-**	**-**
Past due by more than 361 days	**116**	**116**
	339	**156**
30 June 2014		
Fully performing	142	-
Past due by 1 to 30 days	-	-
Past due by 31 to 60 days	-	-
Past due by 61 to 90 days	-	-
Past due by more than 90 days	-	-
Past due by more than 361 days	116	116
	258	116

[1] Other loans receivable of R23 million (2014: R40 million) are included under current.

Based on past experience, the company believes that no impairment allowance is necessary in respect of fully performing receivables as the amount relates to customers that have a good track record with the company. The majority of fully performing trade receivables are indirectly associated with financial institutions of good credit quality. Similarly, the loans and receivables noted above, other than those that have been provided for, are fully performing and considered to be a low risk. The company does not hold any collateral in respect of these receivables.

During the 2015 and 2014 years there was no renegotiation of the terms of any receivable.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

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13 INVESTMENTS IN SUBSIDIARIES AND LOANS TO/FROM SUBSIDIARIES

	SA rand	
Figures in million	**2015**	2014
Shares at cost less impairment (a)	**25 186**	25 044
Loans to subsidiaries (b)(i)	**2 984**	2 355
Gross non-current loan to subsidiary (b)(i)	**215**	257
Gross current loans to subsidiary companies (b)(i)	**4 430**	3 745
Provision for irrecoverable loans (b)(ii)	**(1 661)**	(1 647)
Loans from subsidiaries	**(1 822)**	(1 390)
	26 348	26 009

Refer to Annexure A of this report for a detailed listing of the company's investments in subsidiaries and the loans to and from these companies. The recoverable amount of investments in subsidiaries has been determined on the fair value less costs to sell model, by comparing the future expected cash flows from subsidiaries, represented by the net investment, with the subsidiaries' net asset value.

(a) (i) At 30 June 2015, Harmony tested the recoverability of its investments in subsidiaries. The carrying value of its investment in African Rainbow Minerals Gold Limited (ARMgold) exceeded ARMgold's net asset value by R516 million (2014: R756 million). The recoverable amount of the net assets was determined using the fair value less costs to sell method and historical cost. Refer to note 13 of the group financial statements for the assumptions used in the calculation.

(ii) The loan to Harmony Gold (Australia) (Proprietary) Limited (Harmony Australia) was capitalised as part of the company's net investment in Harmony Australia through the issue of 266.9 million (2014: 206.7 million) Harmony Australia ordinary shares valued at R533 million (2014: R694 million).

(iii) The amounts relating to the share-based payment expense for the subsidiary companies' employees have been recognised as a capital contribution. Refer to note 26. Any amount recharged to the subsidiaries is offset against the capital contribution.

(iv) Management has commenced with the liquidation of various South African subsidiaries in the group. Refer to Annexure A of this report for more details.

(b) (i) Included in loans to subsidiaries is a loan to PhoenixCo of R275 million (2014: R333 million). The non-current portion of this loan is R215 million (2014: R257 million). Refer to note 26 for details on the Phoenix transaction.

(ii) An amount of R14 million (2014: R12 million) was provided for on the loans to subsidiaries.

14 INVESTMENTS IN ASSOCIATES

(a) Pamodzi was a gold mining company listed on the JSE with operations in South Africa. Harmony acquired 32.4% of Pamodzi when the group sold the Orkney operation on 27 February 2008 in exchange for a consideration of 30 million Pamodzi shares, initially valued at R345 million. Pamodzi was placed in liquidation in March 2009 and the trading of its shares on the JSE was suspended. The company had historically recognised accumulated impairments of R345 million reducing the carrying value of the investment to Rnil. Refer to note 19 of the group financial statements for further details.

Refer to note 12 for detail of loans and receivables provided for by the company.

(b) Rand Refinery provides precious metal smelting and refining services in South Africa. The company indirectly holds a total shareholding of 10.38% in Rand Refinery. The company is able to exercise significant influence by virtue of having a right to appoint a director on the board. Through the 10% shareholding and the right to appoint a director on the board, the investment has been accounted for as an associate. As a result of the issues experienced by Rand Refinery following the implementation of the ERP system, the investment has been written down to Rnil during the 2014 financial year. Refer to note 19 of the group financial statements for further details.

The movement in the investment in associate during the year is as follows:

	SA rand	
Figures in million	**2015**	2014
Balance at beginning of year	**-**	86
Impairment recognised	**-**	(86)
Balance at end of year	**-**	-

In December 2014, Rand Refinery drew down R1.02 billion on the shareholders' loan facility. Harmony's portion of the shareholders' loan drawn down was R120 million (included in trade and other receivables - see note 12). Interest on the facility is JIBAR plus a margin of 3.5%. During the 2015 financial year, interest received on the loan amounted to R6 million. Refer to note 19 of the group financial statements for further details.

14 INVESTMENTS IN ASSOCIATES continued

(b) Rand Refinery continued

At 30 June 2015, the loan to associate was tested for impairment and a provision for impairment of R40 million was required. This impairment is included in "Other expenses (net)" in the income statement.

The movement in the loan to associate during the year is as follows:

	SA rand	
Figures in million	**2015**	2014
Balance at beginning of year	**-**	-
Draw down	**120**	-
Interest accrued	**6**	-
Interest received	**(6)**	-
Impairment recognised	**(40)**	-
Balance at end of year	**80**	-

15 INVESTMENT IN JOINT OPERATIONS

DOORNKOP JV AGREEMENT

During the 2010 financial year, Harmony and Randfontein Estates Limited, a subsidiary of Harmony, entered into a joint venture agreement for the operation of the Doornkop mine following Harmony's purchase of a 26% interest in the Doornkop mining right from African Vanguard Resources (Proprietary) Limited (AVRD) for a purchase consideration of R398 million. As consideration the company repaid the outstanding balance of R244 million of the AVRD Nedbank loan, as well as issued shares to AVRD valued at R151 million. In terms of the sales agreement, 975 419 consideration shares were to be held in escrow until 1 May 2014. The final share certificate for these shares was released to AVRD on 25 August 2014. The agreement to purchase AVRD's 26% interest is considered to be a repurchase of a call option (equity interest). The difference between the value of the shares issued, the settlement of the AVRD Nedbank loan and transaction costs, has been taken directly to equity.

Harmony recognised the cost of the mineral rights as part of property, plant and equipment. The joint venture agreement entitles the company to a 16% share of the production profit or loss of the Doornkop mine.

For the 2015 financial year, an impairment of R195 million was recognised on the company's effective share of the recoverable amount attributable to the Doornkop JV. Refer to note 1 for details.

16 INVENTORIES

	SA rand	
Figures in million	**2015**	2014
Gold in lock-up	**9**	15
Gold in-process and bullion on hand	**21**	42
Consumables at weighted average cost	**160**	151
Total inventories	**190**	208
Non-current portion of gold in lock-up	**(9)**	(15)
Total current portion of inventories	**181**	**193**
Included in the balance above is:		
Inventory valued at net realisable value	**20**	27

During the 2015 financial year, a revaluation of R6 million (2014: R1 million) was made for the net realisable value adjustment for gold in lock-up.

The total provision for slow moving and redundant stock at 30 June 2015 was R10 million (2014: R9 million).

17 SHARE CAPITAL

Authorised

1 200 000 000 (2014: 1 200 000 000) ordinary shares of 50 SA cents each.

Issued

436 187 133 (2014: 435 825 447) ordinary shares of 50 SA cents each. All issued shares are fully paid.

Annexure B of this report and note 26 set out details in respect of the share option scheme.

Share issues

Shares issued in the 2015 and 2014 financial years relate to the exercise of share options by employees.

Treasury shares

Included in the total of issued shares is an amount of 335 shares held by Lydenburg Exploration Limited, a wholly owned subsidiary of the company.

During August 2012, 3.5 million shares were issued to the Tlhakanelo Employee Share Trust. As the trust is controlled by the group, the shares are treated as treasury shares. During 2015, 670 859 (2014: 828 921) shares were exercised by employees and the remaining 1 062 672 shares are still held as treasury shares.

18 OTHER RESERVES

	SA rand	
Figures in million	**2015**	2014
Fair value movement of available-for-sale financial assets	**(1)**	(1)
Repurchase of equity interest (a)	**3**	3
Equity component of convertible bond (b)	**277**	277
Share-based payments (c)	**785**	611
Other (d)	**(2)**	(3)
Total other reserves	**1 062**	887

(a) The sale of 26% of the AVRD mining titles resulted in a R3 million repurchase of a call option (equity interest) by the company. Refer to note 23 of the group financial statements.

(b) Refer to note 23 of group financial statements.

(c) Share-based payments

	SA rand	
Figures in million	**2015**	2014
Balance at beginning of year	**611**	427
Share-based payments expensed (i)	**29**	39
Subsidiary employees share-based payments (ii)	**145**	145
Balance at end of year	**785**	611

(i) Refer to note 31 in the group financial statements as well as note 26 in the company's financial statements. During the year, the equity-settled share-based payment expense of R29 million (2014: R39 million) was charged to the income statement.
(ii) Awards offered to employees providing services related to their employment in the group resulted in an increase in investment in subsidiaries. Refer to note 13.

(d) Included in the 2015 financial year is an actuarial gain of R1 million (2014: actuarial loss of R3 million), net of tax of R0.4 million (2014: R1 million), on post-retirement benefits recognised in other comprehensive income.

19 PROVISION FOR ENVIRONMENTAL REHABILITATION

The company's mining and exploration activities are subject to extensive environmental laws and regulations. The company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

The following is a reconciliation of the total liability for environmental rehabilitation:

	SA rand	
Figures in million	**2015**	2014
Provision raised for future rehabilitation		
Balance at beginning of year	**486**	455
Change in estimate - Balance sheet	**(11)**	(1)
Change in estimate - Income statement	**(8)**	(1)
Time value of money and inflation component of rehabilitation costs	**33**	33
Total provision for environmental rehabilitation	**500**	486

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the company has estimated that, based on current environmental and regulatory requirements, the total undiscounted cost for the mines is approximately R580 million (2014: R582 million). Refer to note 24 of the group financial statements for estimations and judgements used in the calculation.

	SA rand	
Figures in million	**2015**	2014
Future net undiscounted obligation		
Ultimate estimated rehabilitation cost	**580**	582
Amounts invested in environmental trust funds (refer to note 10)	**(376)**	(355)
Total future net undiscounted obligation	**204**	227

The company intends to finance the ultimate rehabilitation costs from the money invested with environmental trust funds, ongoing contributions, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The company has guarantees, some cash-backed, in place relating to some of the environmental liabilities. Refer to notes 9 and 28.

20 RETIREMENT BENEFIT OBLIGATION

Pension and provident funds: Refer to note 25 (a) of the group financial statements. Funds contributed by the company for the 2015 financial year amounted to R120 million (2014: R121 million).

Post-retirement benefits other than pensions: Refer to note 25 (b) of the group financial statements for a discussion of the obligation, risk and assumptions used. The disclosure below relates to the company only.

	SA rand	
Figures in million	**2015**	2014
Present value of unfunded obligations	**23**	31
Current employees	**15**	22
Retired employees	**8**	9

20 RETIREMENT BENEFIT OBLIGATION continued

	SA rand	
Figures in million	**2015**	2014
Movement in the liability recognised in the balance sheet:		
Balance at beginning of year	**31**	25
Contributions paid	**(1)**	(1)
Other expenses included in staff costs/current service costs	**1**	1
Curtailments[1]	**(19)**	-
Intercompany transfer of employees	**10**	-
Finance cost	**2**	2
Net actuarial (gain)/loss recognised during the year [2]	**(1)**	4
Balance at end of year	**23**	31

[1] The curtailment relates to the significant reduction in members qualifying for the post-retirement benefit, mainly arising from the change in the terms of employment of members, resulting in a reduction of the liability of R19 million.
[2] The net actuarial (gain)/loss has been recorded in other comprehensive income.

	SA rand	
Figures in million	**2015**	2014
The net liability of the defined benefit plan is as follows:		
Present value of defined benefit obligation	**23**	31
Fair value of plan assets	**-**	-
Balance at end of year	**23**	31

The effect of a percentage point increase and decrease in the assumed medical cost trend rate is as follows:

	SA rand	
Figures in million	**2015**	2014
Effect of a 1% increase on:		
Aggregate of service cost and finance cost	**-**	-
Defined benefit obligation	**3**	5
Effect of a 1% decrease on:		
Aggregate of service cost and finance cost	**-**	-
Defined benefit obligation	**3**	4

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The analysis is performed on the same basis for 2014.

The company expects to contribute approximately R3 million to the benefit plan in 2016.

The weighted average duration of the defined benefit obligation is 16.1 years.

21 OTHER NON-CURRENT LIABILITIES

	SA rand	
Figures in million	**2015**	2014
Non-financial liabilities		
PhoenixCo share-based payment liability (a)	**26**	38
ESOP share-based payment liability (b)	**9**	16
Other (c)	**-**	57
Total	**35**	111

(a) The liability relates to the disposal of an equity interest of PhoenixCo to BEE shareholders by Harmony on 25 June 2013. The award to the BEE partners has been accounted for as in-substance options, as the BEE partners will only share in the upside, and not the downside, of their equity interest in PhoenixCo until the date the financial assistance provided by Harmony is fully paid. The award of the options to the BEE partners is accounted for as a cash-settled share-based payment arrangement in the company. Refer to note 26 for details.

21 OTHER NON-CURRENT LIABILITIES continued

(b) The liability relates to the cash-settled share-based payment transaction following the award of ESOP share appreciation rights (SARs) to qualifying employees through the Tlhakanelo Employee Share Trust. Refer to note 26 for more details.

(c) Included in Other in the 2014 financial year is a provision of R57 million relating to the pumping and treatment costs of fissure water in the KOSH Basin. This provision was raised following the High Court's dismissal of Harmony's application to have a directive issued by the Department of Water Affairs (DWAF) in November 2005 set aside, as it relates to the Orkney operations, which were sold in 2008. The appeal application heard in November 2013 was unsuccessful and Harmony has consequently entered into separate negotiations with the claimants. During 2015, Harmony made a payment to Simmer and Jack Investments (Proprietary) Limited amounting to R24 million and a payment of R30 million to AngloGold Ashanti Limited, the two claimants in the matter, as full and final settlement.

22 BORROWINGS

Nedbank Limited

On 11 December 2009, the company entered into a loan facility with Nedbank Limited, comprising a term facility of R900 million and a revolving credit facility of R600 million. The facility was utilised to fund the acquisition of the Pamodzi Free State assets as well as the group's major capital projects and working capital requirements. Interest accrued on a day-to-day basis over the term of the loan at a variable interest rate. The outstanding amount on the term loan was settled in December 2013 by drawing against the new facility (discussed below).

On 30 November 2010, the company entered into an additional loan facility with Nedbank Limited, comprising a term facility of R500 million and a revolving credit facility of R250 million. Interest terms are identical to the original facility. The repayment terms of the original revolving credit facility were amended to coincide with the repayment on the new facility. The outstanding amount on the term loan was settled in December 2013 by drawing against the new facility (discussed below).

On 20 December 2013, the company entered into a loan facility with Nedbank Limited, comprising a revolving credit facility of R1 300 million (US$125.6 million). Interest accrues on a day-to-day basis over the term of the loan at a variable interest rate. R467 million (US$45.4 million) was drawn down during December 2013 to repay the outstanding amounts on the Nedbank term loans. The facility was repaid in March 2014. In January 2015, R400 million was drawn down.

US dollar revolving credit facilities

On 11 August 2011, the company entered into a loan facility which was jointly arranged by Nedbank Limited and FirstRand Bank Limited (acting through its Rand Merchant Bank division) (syndicate), comprising a US$300 million (R2 156 million) syndicated revolving credit facility, of which only US$270 million was drawn down. The facility was utilised to fund exploration projects in PNG. Interest on the facility accrued at LIBOR plus 260 basis points, was paid quarterly. The syndicated revolving credit facility was settled in February 2015 by drawing against the new facility (discussed below).

On 22 December 2014, the company entered into a loan facility agreement which was arranged by Nedbank Limited, comprising a revolving credit facility of up to US$250 million (R2 892 million). All conditions precedent were met during February 2015 and US$205 million (R2 351 million) was drawn down to repay the syndicated revolving credit facility, resulting in a net cash outflow of US$65 million (R746 million). The remaining US$45 million (R541 million) was drawn down during May 2015. Interest accrues on a day-to-day basis over the term of the loan at a variable interest rate.

	Interest charge	Repayment terms	Repayment date	Security
Nedbank Limited (secured loan - rand revolving credit facility)	1, 3 or 6 month JIBAR plus 3.5%, payable at the elected interest interval	Repayable on maturity	23 December 2016	Cession and pledge of operating subsidiaries' shares
US dollar revolving credit facility (secured loan)	3 or 6 month LIBOR plus 3%, payable at the elected interest interval	Repayable on maturity	6 February 2018	Cession and pledge of operating subsidiaries' shares

22 BORROWINGS continued

Debt covenants

The debt covenant tests for both the rand and US dollar revolving credit facilities were renegotiated during December 2014 and are as follows:

- The group's interest cover ratio shall not be less than five (EBITDA[1]/Total interest paid);
- Tangible Net Worth[2] to total net debt ratio shall not be less than six times or eight times when dividends are paid;
- Leverage[3] shall not be more than 2.5 times.

[1] EBITDA as defined in the agreement excludes unusual items such as impairment and restructuring cost.
[2] Tangible Net Worth is defined as total equity less intangible assets.
[3] Leverage is defined as total net debt to EBITDA.

The debt covenant tests are performed on a quarterly basis. No breaches of the covenants were identified during the tests in the 2015 financial year.

Interest-bearing borrowings

	SA rand	
Figures in million	**2015**	2014
Non-current borrowings		
Nedbank Limited (secured loan - term facilities)	**-**	-
Balance at beginning of year	**-**	155
Repayments	**-**	(458)
Amortisation of issue costs	**-**	2
Net adjustments to current portion	**-**	301
Nedbank Limited (secured loan - revolving credit facilities)	**398**	(3)
Balance at beginning of year	**(3)**	-
Draw down	**400**	467
Repayments	**-**	(467)
Issue cost	**-**	(4)
Amortisation of issue costs	**1**	1
Syndicated (secured loan - US$ revolving credit facility)	**-**	2 863
Balance at beginning of year	**2 863**	2 097
Draw down	**-**	612
Repayments	**(3 097)**	-
Amortisation of issue costs	**-**	22
Net adjustments to current portion	**-**	(23)
Translation	**234**	155
US dollar revolving credit facility (secured loan)	**3 001**	-
Balance at beginning of year	**-**	-
Draw down	**2 893**	-
Issue costs	**(46)**	-
Amortisation of issue costs	**6**	-
Translation	**148**	-
Total non-current borrowings	**3 399**	2 860
Total interest-bearing borrowings	**3 399**	2 860
The maturity of borrowings is as follows:		
Current	**-**	-
Between one to two years	**398**	2 860
Between two to five years	**3 001**	-
	3 399	2 860

22 BORROWINGS continued

Interest-bearing borrowings continued

	SA rand	
Figures in million	**2015**	2014
Undrawn committed borrowings facilities:		
Expiring within one year	**-**	318
Expiring after one year	**900**	1 300
	900	1 618

	Effective rate	
	2015 %	2014 %
Nedbank Limited - rand revolving credit facility	**9.7**	8.7
US dollar revolving credit facility	**3.0**	2.8

23 TRADE AND OTHER PAYABLES

	SA rand	
Figures in million	**2015**	2014
Financial liabilities		
Trade payables	**173**	127
Other liabilities	**34**	15
Non-financial liabilities		
Payroll accruals	**200**	241
Leave liabilities (a)	**72**	73
Shaft related accruals	**17**	17
Other accruals	**68**	185
ESOP share-based payment liability (b)	**14**	17
Value added tax	**43**	41
Total trade and other payables	**621**	716

(a) Leave liabilities

Employee entitlements to annual leave are recognised on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognised in the balance sheet is as follows:

	SA rand	
Figures in million	**2015**	2014
Balance at beginning of year	**73**	76
Benefits paid	**(84)**	(79)
Total expense per income statement	**83**	76
Balance at end of year	**72**	73

(b) ESOP share-based payment liability

The liability relates to the cash-settled share-based payment transaction following the award of ESOP SARs to qualifying employees through the Tlhakanelo Employee Share Trust. Refer to note 26 for more details.

NOTES TO THE COMPANY FINANCIAL STATEMENTS continued

for the years ended 30 June 2015

24 CASH GENERATED/(UTILISED) BY OPERATIONS

	SA rand	
Figures in million	**2015**	2014
Reconciliation of loss before taxation to cash generated/(utilised) by operations:		
Loss before taxation	**(1 359)**	(771)
Adjustments for:		
Amortisation and depreciation	**344**	277
Impairment of assets	**195**	36
Share-based payments	**33**	45
Net decrease in provision for post-retirement benefits	**(9)**	(1)
Net decrease provision for environmental rehabilitation	**(7)**	(1)
Loss on scrapping of property, plant and equipment	**229**	-
Profit on sale of investments	**(4)**	-
Impairment of investments in subsidiaries	**516**	756
Impairment of investments in associates	**-**	86
Net gain on financial instruments	**(2)**	(28)
Dividends received	**(284)**	(264)
Interest received	**(171)**	(209)
Finance cost	**157**	165
Inventory adjustments	**22**	1
Other provisions	**-**	16
Provision for doubtful debts expense	**51**	12
Foreign exchange translation differences	**379**	155
Other non-cash adjustments	**(11)**	(30)
Effect of changes in operating working capital items		
Receivables	**(13)**	102
Inventories	**(11)**	(26)
Payables	**(78)**	3
Cash generated/(utilised) by operations	**(23)**	324

ADDITIONAL CASH FLOW INFORMATION

(i) The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received.

(ii) At 30 June 2015, R900 million (2014: R1 618 million) of borrowing facilities had not been drawn down and is therefore available for future operating activities and future capital commitments. Refer to note 22.

FOR THE YEAR ENDED 30 JUNE 2015

Principal non-cash transactions

Share-based payments (refer to note 26).
Capitalisation of the Harmony Australia intercompany loan (refer to note 13).
Investment in subsidiaries arising from share-based payments (refer to note 13).

FOR THE YEAR ENDED 30 JUNE 2014

Principal non-cash transactions

Share-based payments (refer to note 26).
Impairment of investments in associates (refer to note 14).
Capitalisation of the Harmony Australia intercompany loan (refer to note 13).
Investment in subsidiaries arising from share-based payments (refer to note 13).

25 EMPLOYEE BENEFITS

Figures in million	SA rand 2015	2014
Aggregate earnings		
The aggregate earnings of employees including directors were:		
Salaries and wages and other benefits	**1 463**	1 449
Retirement benefit costs	**120**	121
Medical aid contributions	**44**	44
Total aggregated earnings*	**1 627**	1 614
Number of permanent employees as at 30 June	**5 722**	6 288

* These amounts have been included in cost of sales, corporate expenditure and capital expenditure.

Remuneration for directors and executive management is fully disclosed in Annexure B of this report. During the 2015 financial year R49 million (2014: R47 million) was included in the payroll cost for termination costs. Termination costs include the costs relating to the voluntary retrenchment process as well as retrenchments due to shaft closures (refer to note 1).

26 SHARE-BASED PAYMENTS

EMPLOYEE SHARE-BASED PAYMENTS

The group has the 2012 employee share ownership plan (ESOP) and the 2006 share plan that are active. The objective of these schemes is to recognise the contributions of employees to the group's financial position and performance and to retain key employees.

The total cost relating to employee share-based payments is made up as follows:

Figures in million	SA rand 2015	2014
2012 employee share ownership plan (a)	**12**	19
2006 share plan (b)	**21**	26
Total employee share-based payments included in cost of sales	**33**	45

The 2003 scheme expired during 2015. There was no cost for the 2014 and 2015 years. Refer to (c) below for detail on the scheme.

(a) 2012 employee share ownership plan

Refer to note 31 of the group financial statements for the information relating to the 2012 ESOP. The following information relates specifically to the company.

The total cost relating to employee share-based payments arising from ESOP is made up as follows:

Figures in million	SA rand 2015	2014
2012 employee share ownership plan		
Equity-settled	**8**	13
Cash-settled	**4**	6
	12	19

26 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

(a) 2012 employee share ownership plan continued

Activity on awards

	Scheme shares	SARs	
Activity on awards outstanding	**Number of awards**	**Number of awards**	**Weighted average award price (SA rand)**
For the year ended 30 June 2015			
Balance at beginning of year	**357 426**	**714 852**	**77.71**
Awards granted	**9 840**	**19 680**	**20.47**
Awards exercised	**(144 562)**	**(289 124)**	**78.30**
Awards forfeited	**(6 664)**	**(13 328)**	**73.15**
Intercompany transfer of employees	**16 090**	**32 180**	
Balance at end of year	**232 130**	**464 260**	**75.43**
For the year ended 30 June 2014			
Balance at beginning of year	558 058	1 116 116	79.00
Awards granted	11 460	22 920	40.32
Awards exercised	(170 762)	(341 524)	79.20
Awards forfeited	(10 920)	(21 840)	75.68
Intercompany transfer of employees	(30 410)	(60 820)	
Balance at end of year	357 426	714 852	77.71

List of awards granted but not yet exercised (listed by grant date)	Number of awards	Award price (SA rand)	Remaining life (years)
As at 30 June 2015			
Scheme shares			
8 August 2012 allocation	**206 210**	**n/a**	**1.7**
8 March 2013 allocation	**9 520**	**n/a**	**1.7**
15 March 2014 allocation	**6 800**	**n/a**	**1.7**
15 March 2015 allocation	**9 600**	**n/a**	**1.7**
	232 130		
Share appreciation rights			
8 August 2012 allocation	**412 420**	**80.03**	**1.7**
8 March 2013 allocation	**19 040**	**56.35**	**1.7**
15 March 2014 allocation	**13 600**	**40.32**	**1.7**
15 March 2015 allocation	**19 200**	**31.01**	**1.7**
	464 260		
Total awards granted but not yet exercised	**696 390**		

	SA rand	
Figures in million	**2015**	2014
Gain realised by participants on awards traded during the year	**8**	10
Fair value of awards exercised during the year	**8**	10

26 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

(a) 2012 employee share ownership plan continued

Measurement

Figures in million	SA rand 2015	SA rand 2014
Cash-settled liability		
Non-current	**9**	16
Current	**14**	17
Total cash-settled liability	**23**	33

(b) Options granted under the 2006 share plan

Refer to note 31 of the group financial statements for the information relating to the 2006 share plan. The following information relates specifically to the company.

Activity on share options

	SARs		PS	RS
Activity on options and rights granted but not yet exercised	**Number of options and rights**	**Weighted average option price (SA rand)**	**Number of rights**	**Number of rights**
For the year ended 30 June 2015				
Balance at beginning of year	**6 315 760**	**56.16**	**5 399 665**	**429 254**
Options and rights granted	**3 537 670**	**18.41**	**4 451 030**	**63 000**
Options and rights exercised	**(18 631)**	**33.18**	**(218 323)**	**(21 350)**
Options and rights forfeited and lapsed	**(1 497 092)**	**62.62**	**(890 762)**	**-**
Balance at end of year	**8 337 707**	**38.98**	**8 741 610**	**470 904**
For the year ended 30 June 2014				
Balance at beginning of year	4 052 601	78.58	2 483 363	476 367
Options and rights granted	3 374 060	33.64	3 990 361	104 831
Options and rights exercised	(70 042)	33.18	(241 770)	(151 944)
Options and rights forfeited and lapsed	(1 040 859)	71.99	(832 289)	-
Balance at end of year	6 315 760	56.16	5 399 665	429 254

	SARs		PS		RS	
Options and rights vested but not exercised at year end	**2015**	2014	**2015**	2014	**2015**	2014
Options and rights vested but not exercised	**1 013 929**	1 238 118	**-**	-	**-**	-
Weighted average option price (SA rand)	**82.19**	78.40	**n/a**	n/a	**n/a**	n/a

26 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

(b) Options granted under the 2006 share plan continued

Activity on share options continued

List of options and rights granted but not yet exercised (listed by grant date)	Number of options and rights	Award price (SA rand)	Remaining life (years)
As at 30 June 2015			
Share appreciation rights			
16 November 2009	**657 252**	**77.28**	**0.4**
15 November 2010	**362 760**	**84.81**	**1.4**
15 November 2011	**344 512**	**104.79**	**2.4**
16 November 2012	**775 034**	**68.84**	**3.4**
15 November 2013	**2 702 410**	**33.18**	**4.4**
17 November 2014	**3 495 739**	**18.41**	**5.4**
	8 337 707		
Performance shares			
27 September 2012	**6 160**	**n/a**	**0.2**
16 November 2012	**979 079**	**n/a**	**0.4**
15 November 2013	**3 317 559**	**n/a**	**1.4**
17 November 2014	**4 438 812**	**n/a**	**2.4**
	8 741 610		
Restricted shares			
15 November 2010[1]	**82 569**	**n/a**	**1.4**
15 November 2011[1]	**67 000**	**n/a**	**2.4**
27 September 2012	**30 802**	**n/a**	**0.2**
16 November 2012	**144 964**	**n/a**	**0.4**
15 November 2013[1]	**82 569**	**n/a**	**1.4**
17 November 2014[1]	**63 000**	**n/a**	**2.4**
	470 904		
Total options and rights granted but not yet exercised	**17 550 221**		

[1] The 2010 and 2011 restricted shares vested in November 2013 and November 2014 respectively. Restricted shares that were not exercised, partially or fully, at that time remain restricted for a further three years, but were supplemented by a matching grant of restricted shares. All restricted shares are then only settled after the end of a further three year period.

	SA rand	
Figures in million	**2015**	2014
Gain realised by participants on options and rights traded during the year	**5**	13
Fair value of options and rights exercised during the year	**6**	15

26 SHARE-BASED PAYMENTS continued

EMPLOYEE SHARE-BASED PAYMENTS continued

(c) Options granted under the 2003 scheme

Refer to note 31 of the group financial statements for the information relating to the 2003 scheme. The following information relates specifically to the company.

Activity on share options

	2015		2014	
Activity on share options granted but not yet exercised	**Number of options**	**Weighted average option price (SA rand)**	Number of options	Weighted average option price (SA rand)
For the year ended 30 June				
Balance at beginning of year	**388 576**	**46.63**	512 714	47.96
Options forfeited and lapsed	**(388 576)**	**46.63**	(124 138)	52.12
Balance at end of year	**-**	**-**	388 576	46.63

OTHER SHARE-BASED PAYMENTS

On 20 March 2013 Harmony signed transaction and funding agreements to give effect to an empowerment transaction to dispose of 30% of its Free State based Phoenix operation (Phoenix) to BEE shareholders, which includes a free-carry allocation of 5% to a community trust that has been created and is currently controlled by Harmony. The transaction closed on 25 June 2013, following the fulfilment of the last condition precedent. In terms of the agreements Phoenix was transferred to a newly incorporated subsidiary (PhoenixCo).

The awards to the BEE partners have been accounted for as in-substance options as the BEE partners will only share in the upside, and not the downside of their equity interest in PhoenixCo until the date the financing provided by Harmony is fully repaid. On this date the options will be exercised. The award of the options to the BEE partners is accounted for by the company as a cash-settled share-based payment arrangement, as the company is settling the transaction in PhoenixCo's shares and not its own equity instruments.

The cash-settled share-based payment has been recognised as a liability in the balance sheet, the fair value of which will be remeasured at each reporting date. Any changes in fair value are recognised against the company's investment in PhoenixCo.

At 30 June 2015, the carrying value of the liability is R26 million (2014: R38 million). Refer to note 21.

Measurement

The share-based cost was calculated using the Monte Carlo simulation. The fair value of the option is the difference between the expected future enterprise value of PhoenixCo and the expected loan balances at redemption date, and the present value of the trickle dividend determined in accordance with the cash flow waterfall per the signed transaction and funding arrangements.

The following assumptions were applied:

	2015	2014
Business value (R'million)	**361**	450
Exercise price (R'million)	**2**	2
Risk-free interest rate	**7.35%**	6.08%
Expected volatility*	**36.60%**	37.33%
Expected dividend yield	**9.20%**	8.04%
Vesting period (from grant date)	**7.5 years**	7.5 years
Equity value attributable to the BEE partners	**25.00%**	25.00%
Expected redemption date	**31 December 2020**	31 December 2020

* The volatility is measured in relation to a comparable listed company's share price volatility.

27 RELATED PARTIES

Refer to note 32 in the group financial statements for a discussion on related parties. The services rendered to the subsidiary companies relate primarily to general administration and financial functions.

	SA rand	
Figures in million	**2015**	2014
Sales and services rendered to related parties		
Direct subsidiaries	**13 059**	12 837
Indirect subsidiaries	**565**	512
Associates[1]	**6**	-
Total	**13 630**	13 349
Purchases and services acquired from related parties		
Direct subsidiaries	**4**	7
Outstanding balances due by related parties		
Direct associates[1]	**80**	-
Direct subsidiaries	**2 984**	2 355
Total	**3 064**	2 355
Outstanding balances due to related parties		
Direct subsidiaries	**1 207**	827
Indirect subsidiaries	**614**	563
Total	**1 821**	1 390

[1] Refer to note 14 for details relating to the investment in associates.

All the production of the company is sent to Rand Refinery in which Harmony holds a 10.38% interest. Refer to note 14.

Except for the loan to associate, the loans are unsecured and interest-free and there are no special terms and conditions that apply. Annexure A of this report contains a full list of the loans to and from subsidiaries. Refer to note 13 for details of provisions made against these loans.

28 COMMITMENTS AND CONTINGENCIES

COMMITMENTS AND GUARANTEES

	SA rand	
Figures in million	**2015**	2014
Capital expenditure commitments		
Contracts for capital expenditure	**27**	24
Authorised by the directors but not contracted for	**-**	36
Total capital commitments	**27**	60

This expenditure will be financed from existing resources and, where appropriate, borrowings.

	SA rand	
Figures in million	**2015**	2014
Guarantees		
Guarantees and suretyships	**12**	12
Environmental guarantees	**251**	251
Total guarantees	**263**	263

At 30 June 2015, R46 million (2014: R32 million) has been pledged as collateral for environmental guarantees in favour of certain financial institutions. Refer to note 9.

Refer to note 33 of the group financial statements for a discussion on contingent liabilities.

29 FINANCIAL RISK MANAGEMENT

The company's financial instruments expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk. The company may use derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges certain selected financial risks in close cooperation with the company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investments of excess liquidity.

The company's financial assets and liabilities are set out below:

Figures in million (SA rand)	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2015					
Restricted cash	**46**	**-**	**-**	**-**	**-**
Restricted investments	**80**	**-**	**218**	**124**	**-**
Investments in financial assets	**-**	**4**	**-**	**-**	**-**
Loans to subsidiaries	**2 984**	**-**	**-**	**-**	**-**
Trade and other receivables	**634**	**-**	**-**	**-**	**-**
Cash and cash equivalents	**935**	**-**	**-**	**-**	**-**
Borrowings	**-**	**-**	**-**	**-**	**3 399**
Loans from subsidiaries	**-**	**-**	**-**	**-**	**1 822**
Trade and other payables	**-**	**-**	**-**	**-**	**207**
At 30 June 2014					
Restricted cash	32	-	-	-	-
Restricted investments	78	-	162	162	-
Investments in financial assets	-	4	-	-	-
Loans to subsidiaries	2 355	-	-	-	-
Trade and other receivables	612	-	-	-	-
Cash and cash equivalents	1 646	-	-	-	-
Borrowings	-	-	-	-	2 860
Loans from subsidiaries	-	-	-	-	1 390
Trade and other payables	-	-	-	-	142

MARKET RISK

(i) Foreign exchange risk

The company has certain investments in foreign operations, where net assets are exposed to foreign currency translation risk. There is also foreign exchange risk arising from borrowings denominated in a currency other than the functional currency of that entity. In addition, foreign exchange risk arises from various currency exposures, primarily with respect to the US dollar (US$). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity’s functional currency. Harmony’s revenues are sensitive to the R/US$ exchange rate as all revenues are generated by gold sales denominated in US$. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to establish an exchange rate in advance for the sale of its future gold production.

The company has reviewed its foreign currency exposure on financial assets and financial liabilities as at 30 June 2015 and 2014 and has identified the following sensitivities for a change of 10% in the exchange rate that would affect profit or loss. Management considers a range between 10% and 20% to be reasonable change.

29 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

(i) Foreign exchange risk continued

	SA rand	
Figures in million	**2015**	2014
Sensitivity analysis - borrowings		
Rand against US$		
Increase by 10%	**300**	286
Decrease by 10%	**(300)**	(286)
Closing rate	**12.16**	10.61

(ii) Other price risk

The company is exposed to the risk of fluctuations in the fair value of the available-for-sale financial assets and fair value through profit or loss as a result of changes in market prices (other than changes in interest rates and foreign currencies). Harmony generally does not use any derivative instruments to manage this risk.

Sensitivity analysis

Certain of the restricted investments are linked to the Shareholder Weighted Top 40 Index (SWIX 40) or the Top 40 on the JSE. A 1% increase in the SWIX 40 and Top 40 index at the reporting date, with all other variables held constant, would have increased profit or loss by R0.6 million (2014: R0.6 million); an equal change in the opposite direction would have decreased profit or loss by R0.2 million (2014: R0.4 million).

A 1% increase in the share price of the available-for-sale investments at the reporting date, with all other variables held constant, would not have had a material impact on other comprehensive income for 2014 and 2015.

Commodity price sensitivity

The profitability of the company's operations, and the cash flows generated by those operations, are affected by changes in the market price of gold. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of future gold production.

(iii) Interest rate risk

The company's interest rate risk arises mainly from long-term borrowings. The company has variable interest rate borrowings. Variable rate borrowings expose the company to cash flow interest rate risk. The company has not entered into interest rate swap agreements.

Sensitivity analysis - borrowings

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

	SA rand	
Figures in million	**2015**	2014
Increase by 100 basis points	**(34)**	(29)
Decrease by 100 basis points	**34**	29

29 FINANCIAL RISK MANAGEMENT continued

MARKET RISK continued

(iii) Interest rate risk continued

Interest rate risk arising from long-term borrowings is offset by cash, restricted cash and restricted investments held at variable rates.

Sensitivity analysis - financial assets

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014.

	SA rand	
Figures in million	**2015**	2014
Increase by 100 basis points	**13**	19
Decrease by 100 basis points	**(13)**	(19)

CREDIT RISK

Credit risk is the risk that a counterparty may default or not meet its obligations timeously. Financial instruments which subject the company to concentrations of credit risk consist predominantly of restricted cash, restricted investments, trade and other receivables (excluding non-financial instruments) and cash and cash equivalents.

Exposure to credit risk on trade and other receivables is monitored on a regular basis. The credit risk arising from restricted cash, cash and cash equivalents and restricted investments is managed by ensuring amounts are only invested with financial institutions of good credit quality. The company has policies that limit the amount of credit exposure to any one financial institution.

Cash and cash equivalents and restricted cash

Financial institutions' credit rating by exposure

	SA rand	
Figures in million	**2015**	2014
Credit rating		
AAA	**-**	51
AA+[1]	**420**	670
AA[1]	**287**	641
AA-	**195**	205
A+[1]	**79**	111
Cash and cash equivalents and restricted cash	**981**	1 678
AA+	**-**	-
AA	**22**	21
A+	**24**	11
Total restricted cash	**46**	32

[1] Includes restricted cash

Environmental trust funds are held with financial institutions who have the following credit ratings: AA+ R141 million (2014: R231 million) and AA R235 million (2014: R124 million).

The social plan trust fund of R46 million (2014: R47 million) has been invested in unit trusts comprising shares in listed companies.

The company's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R2 037 million as at 30 June 2015 (2014: R2 692 million).

29 FINANCIAL RISK MANAGEMENT continued

LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

In the ordinary course of business, the company receives cash from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested in a manner to achieve market related returns and to provide sufficient liquidity at the minimum risk. The company is able to actively source financing at competitive rates.

The following are the contractual maturities of financial liabilities (including principal and interest payments):

	SA rand	
Figures in million	**Current**	**More than 1 year**
2015		
Borrowings		
Due between 0 to six months	**64**	**-**
Due between six to 12 months	**64**	**-**
Due between one to two years	**-**	**506**
Due between two to five years	**-**	**3 104**
Trade and other payables (excluding non-financial liabilities)	**207**	**-**
	335	**3 610**
2014		
Borrowings	-	
Due between 0 to six months	41	-
Due between six to 12 months	41	-
Due between one to two years	-	2 883
Due between two to five years	-	-
Trade and other payables (excluding non-financial liabilities)	142	-
	224	2 883

CAPITAL RISK MANAGEMENT

The primary objective of managing the company's capital is to ensure that there is sufficient capital available to support the funding requirements of the company, in a way that optimises the cost of capital and matches the current strategic business plan.

The company manages and makes adjustments to the capital structure, which consists of debt and equity as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. In doing so, the group ensures it stays within the debt covenants agreed with lenders. The company may also sell assets to reduce debt or schedule projects to manage the capital structure.

The company follows a conservative approach to debt and prefers to maintain low levels of gearing. Net debt is as follows:

	SA rand	
Figures in million	**2015**	2014
Cash and cash equivalents	**935**	1 646
Borrowings	**(3 399)**	(2 860)
Net debt	**(2 464)**	(1 214)

There were no changes to the company's approach to capital management during the year.

29 FINANCIAL RISK MANAGEMENT continued

FAIR VALUE DETERMINATION OF FINANCIAL ASSETS AND LIABILITIES

The carrying values (less any impairment allowance) of short-term financial instruments are assumed to approximate their fair values.

The fair values of the available-for-sale financial assets are determined by reference to quoted market prices. The fair value of other non-current financial instruments is determined using a discounted cash flow model with market observable inputs, such as market interest rates.

Fair value levels of hierachy are as follows:

(1) Quoted prices (unadjusted) in active markets for identical assets (level 1);

(2) Inputs other than quoted prices included within level 1 that are observable for the asset, either directly (that is, as prices) or indirectly (that is, derived from other prices) (level 2);

(3) Inputs for the asset that are not based on observable market data (that is, unobservable inputs) (level 3).

The table below presents the company's assets and liabilities that are measured at fair value by level at 30 June 2015.

Assets	**Level 1**	**Level 2**	**Level 3**
Figures in million (SA rand)			
Available-for-sale financial assets[1]	**-**	**-**	**4**
Fair value through profit or loss financial assets[2]	**-**	**124**	**-**

The table below presents the company's assets and liabilities that are measured at fair value by level at 30 June 2014.

Assets	Level 1	Level 2	Level 3
Figures in million (SA rand)			
Available-for-sale financial assets[1]	-	-	4
Fair value through profit or loss financial assets[2]	-	162	-

[1] Refer to note 11. Level 3 fair values have been valued by the directors by performing independent valuations on an annual basis.

[2] Level 2 fair values are directly derived from the Shareholders Weighted Top 40 (SWIX 40) or the Top 40 index on the JSE, and are discounted at market interest rate. The fair value of R46 million (2014: R47 million) of the balance in 2015 and 2014 is derived by reference to quoted prices of the shares held within the unit trust portfolio.

30 GOING CONCERN

The financial statements are prepared on a going concern basis. In accordance with the solvency and liquidity test in terms of section 4 of the Companies Act, the board is of the opinion that the company has adequate resources and that:

* the company's assets, fairly valued, exceeds its liabilities, fairly valued; and
* the company will be able to pay its debts as they become due in the ordinary course of business for the 12 months following 30 June 2015.

31 SUBSEQUENT EVENTS

(a) Harmony has signed a R150 million guarantee for the ARM Broad Based Economic Empowerment (BBEE) Trust, a member of the African Rainbow Minerals (ARM) group. The guarantee is for additional security for the ARM BBEE Trust loan due to Nedbank Limited. The fair value of the guaranteee is R15 million at 30 September 2015.

(b) On 27 September 2015, 2 259 performance shares (ordinary shares) vested in the name of Graham Briggs. There were no further changes in the shares held by directors between 30 June 2015 and 23 October 2015.

ANNEXURE A

Statement of group companies at 30 June 2015

Company	Country incorporated in	Status	Issued share capital R'000	Effective group interest 2015 %	Effective group interest 2014 %	Cost of investment by holding company 2015 Rm	Cost of investment by holding company 2014 Rm	Loans from/(to) holding company 2015 Rm	Loans from/(to) holding company 2014 Rm
Direct subsidiaries:									
Dormant									
Coreland Property Development Company (Proprietary) Limited	(a)		#	**100**	100	**-**	-	**-**	-
Coreland Property Investment (Proprietary) Limited	(a)		#	**100**	100	**-**	-	**-**	-
Coreland Property Management (Proprietary) Limited	(a)		#	**100**	100	**-**	-	**-**	-
Harmony Engineering (Proprietary) Limited	(a)		#	**100**	100	**2**	2	**(4)**	(4)
Harmony Gold (Management Services) (Proprietary) Limited	(a)	@	#	**100**	100	**-**	-	**-**	-
Harmony Gold Limited	(d)		#	**100**	100	**-**	-	**-**	-
Musuku Benefication Systems (Proprietary) Limited	(a)		#	**100**	100	**-**	-	**-**	-
Unisel Gold Mines Limited	(a)		23 136	**100**	100	**89**	89	**(89)**	(89)
Virginia Salvage (Proprietary) Limited	(a)	@	#	**90**	90	**-**	-	**-**	-
Harmony International Holdings (Proprietary) Limited	(a)		#	**100**	-	**-**	-	**-**	-
Exploration									
Lydenburg Exploration Limited	(a)		42 792	**100**	100	**103**	103	**(106)**	(106)
Gold mining									
African Rainbow Minerals Gold Limited	(a)		96	**100**	100	**5 143**	5 659	**-**	-
Avgold Limited	(a)		6 827	**100**	100	**6 993**	6 978	**(283)**	(363)
Freegold (Harmony) (Proprietary) Limited	(a)		20	**100**	100	**216**	153	**(699)**	(211)
Randfontein Estates Limited	(a)		19 882	**100**	100	**1 447**	1 407	**2 705**	2 018
Business Venture Investments No 1692 (Proprietary) Limited (PhoenixCo)[1]	(a)		5 996	**100**	100	**30**	43	**279**	305
Investment holding									
ARMgold/Harmony Joint Investment Company (Proprietary) Limited	(a)		#	**100**	100			**-**	-
Harmony Gold Australia (Proprietary) Limited	(c)		10 802 704	**100**	100	**10 831**	10 283	**-**	1
West Rand Consolidated Mines Limited	(a)		17 967	**100**	100	**321**	321	**(26)**	(26)
Mining related services									
Harmony Pharmacies (Proprietary) Limited	(a)		#	**100**	100	**-**	-	**-**	3
Property holding and development									
La Riviera (Proprietary) Limited	(a)		#	**100**	100	**-**	-	**-**	-
Indirect subsidiaries:									
Dormant									
Harmony Gold Offshore (Proprietary) Limited	(c)		293	**100**	100	**-**	-	**-**	-
Aurora Custodians (Proprietary) Limited	(c)		#	**100**	100	**-**	-	**-**	-
Aurora Gold (WA) (Proprietary) Limited	(c)		163 115	**100**	100	**-**	-	**-**	-
Aurora Gold Administration (Proprietary) Limited	(c)		293	**100**	100	**-**	-	**-**	-

ANNEXURE A continued

Statement of group companies at 30 June 2015 continued

Company	Country incorporated in	Status	Issued share capital R'000	Effective group interest 2015 %	Effective group interest 2014 %	Cost of investment by holding company 2015 Rm	Cost of investment by holding company 2014 Rm	Loans from/(to) holding company 2015 Rm	Loans from/(to) holding company 2014 Rm
Aurora Gold Australia (Proprietary) Limited	(c)		58	**100**	100	**-**	-	**-**	-
Aurora Gold Finance (Proprietary) Limited	(c)		#	**100**	100	**-**	-	**-**	-
Aurora Gold Limited	(c)		685 006	**100**	100	**-**	-	**-**	-
Aurora Gold Services (Proprietary) Limited	(c)		#	**100**	100	**-**	-	**-**	-
Australian Ores & Minerals (Proprietary) Limited	(c)		8 766	**100**	100	**-**	-	**-**	-
Carr Boyd Minerals (Proprietary) Limited	(c)		402 414	**100**	100	**-**	-	**-**	-
Clidet No. 804 (Proprietary) Limited	(a)		#	**100**	100	**-**	-	**-**	-
Harmony Gold Securities (Proprietary) Limited	(c)		#	**100**	100	**-**	-	**-**	-
Harmony Gold WA (Proprietary) Limited	(c)		#	**100**	100	**-**	-	**-**	-
Harmony Precision Casting Company (Proprietary) Limited	(a)		358	**100**	100	**-**	-	**-**	-
Loraine Gold Mines Limited	(a)		#	**100**	100	**-**	-	**-**	-
Middelvlei Development Company (Proprietary) Limited	(a)		#	**100**	100	**-**	-	**-**	-
New Hampton Goldfields Limited	(c)		196 248	**100**	100	**-**	-	**-**	-
Potchefstroom Gold Areas Limited	(a)		8 407	**100**	100	**-**	-	**-**	-
Potchefstroom Gold Holdings (Proprietary) Limited	(a)		2	**100**	100	**-**	-	**-**	-
Remaining Extent and Portion 15 Wildebeestfontein (Proprietary) Limited	(a)	@	#	**90**	90	**-**	-	**-**	-
South Kal Mines (Proprietary) Limited	(c)		6	**100**	100	**-**	-	**-**	-
Swaziland Gold (Proprietary) Limited	(b)		#	**100**	100	**-**	-	**-**	-
Vadessa (Proprietary) Limited	(c)		#	**100**	100	**-**	-	**-**	-
Venda Gold Mining Company (Proprietary) Limited	(a)	Ω	#	**100**	100	**-**	-	**-**	-
Harmony Gold No.1 Limited	(e)		#	**100**	100	**-**	-	**-**	-
Friedshelf 1664 (Proprietary) Limited	(a)		#	**100**	-	**-**	-	**-**	-
Friedshelf 1541 (Proprietary) Limited	(a)		#	**100**	-	**-**	-	**-**	-
Exploration									
Harmony Gold (Exploration) (Proprietary) Limited	(a)		10	**100**	100	**-**	-	**(3)**	(3)
Harmony Gold (PNG) Exploration Limited	(e)		#	**100**	100	**-**	-	**-**	-
Morobe Exploration Limited	(e)		1 104	**100**	100	**-**	-	**-**	-
Harmony Gold Exploration - Philippines Inc.	(f)		#	**100**	100	**-**	-	**-**	-
Gold mining									
Harmony Gold PNG Limited	(e)		#	**100**	100	**-**	-	**-**	-
Kalahari Goldridge Mining Company Limited	(a)		1 275	**100**	100	**11**	6	**(612)**	(560)
Investment									
Abelle Limited	(c)		488 062	**100**	100	**-**	-	**-**	-
Aurora Gold (Wafi) (Proprietary) Limited	(c)		#	**100**	100	**-**	-	**-**	-
Harmony Gold Operations Limited	(c)		405 054	**100**	100	**-**	-	**-**	-

Statement of group companies at 30 June 2015 continued

Company	Country incorporated in	Status	Issued share capital R'000	Effective group interest 2015 %	Effective group interest 2014 %	Cost of investment by holding company 2015 Rm	Cost of investment by holding company 2014 Rm	Loans from/(to) holding company 2015 Rm	Loans from/(to) holding company 2014 Rm
Mineral right investment									
Morobe Consolidated Goldfields Limited	(e)		#	**100**	100	**-**	-	**-**	-
Wafi Mining Limited	(e)		#	**100**	100	**-**	-	**-**	-
Property and development									
Quarrytown Limited	(a)		#	**100**	100	**-**	-	**-**	-
Mining related services									
Harmony Gold (PNG Services) (Proprietary) Limited	(c)		#	**100**	100	**-**	-	**-**	-
Harmony Gold Morobe Province Services Limited	(e)		#	**100**	100	**-**	-	**-**	-
Total						**25 186**	25 044	**1 162**	965
Total investments								**26 348**	26 009
Joint operations - indirect:									
Morobe Exploration Services Limited	(e)		$	**50**	50	**-**	-	**-**	-
Hidden Valley Services Limited	(e)		$	**50**	50	**-**	-	**-**	-
Wafi Golpu Services Limited	(e)		$	**50**	50	**-**	-	**-**	-
Morobe Mining JV Services (Australia) (Proprietary) Limited	(c)		$	**50**	50	**-**	-	**-**	-

For its interest in joint operations, the group includes its share of the joint operations' individual income and expenses, assets and liabilities in the relevant components of the financial statements on a line-by-line basis.

Company	Country incorporated in	Status	Issued share capital R'000	Effective group interest 2015 %	Effective group interest 2014 %	Cost of investment by holding company 2015 Rm	Cost of investment by holding company 2014 Rm	Loans from/(to) holding company 2015 Rm	Loans from/(to) holding company 2014 Rm
Associate company - direct:									
Gold mining									
Pamodzi Gold Limited	(a)	Ω	30	**32**	32	**-**	-	**-**	-
Associate company - indirect:									
Mining related services									
Rand Refinery (Proprietary) Limited	(a)		786	**10**	10	**-**	-	**80**	-

Investments in associates are accounted for by using the equity method of accounting. Equity accounting involves recognising in the income statement the group's share of associates' profit or loss for the period. The group's interest in the associate is carried on the balance sheet at an amount that reflects the cost of the investment, the share of post-acquisition earnings and other movement in the reserves.

[1] The balance of the loan of R279 million (2014: R305 million) comprises a loan from holding company of R275 million (2014: R333 million) and a loan from holding company of R4 million (2014: loan to holding company of R28 million). These loans have not been offset in the company's financial statements and the gross amounts have been included in loans to subsidiaries and loans from subsidiaries, respectively.

# Indicates issued share capital of R1 000 or less
Ω In final stages of liquidation order
@ Liquidation process commenced
$ Indicates a share in the joint operations' capital assets

(a) Incorporated in the Republic of South Africa
(b) Incorporated in Swaziland
(c) Incorporated in Australia
(d) Incorporated in the Isle of Man
(e) Incorporated in Papua New Guinea
(f) Incorporated in the Philippines

The above investments are valued by the directors at carrying value.

ANNEXURE B

DIRECTORS' EMOLUMENTS

Directors' remuneration

Name	Directors' fees (R000) FY15	Salaries and benefits (R000) FY15	Retirement contributions during the year (R000) FY15	Bonuses paid[1] (R000) FY15	Total (R000) FY15	Total (R000) FY14
Non-executive						
Patrice Motsepe	1 077	-	-	-	1 077	998
Joaquim Chissano	415	-	-	-	415	369
Fikile De Buck	836	-	-	-	836	773
Ken Dicks	482	-	-	-	482	396
Dr Simo Lushaba	615	-	-	-	615	573
Cathie Markus	705	-	-	-	705	627
Modise Motloba	841	-	-	-	841	763
Mavuso Msimang	443	-	-	-	443	397
Karabo Nondumo	561	-	-	-	561	422
Vishnu Pillay	472	-	-	-	472	378
John Wetton	789	-	-	-	789	712
André Wilkens	637	-	-	-	637	550
Executive						
Frank Abbott	-	4 925	-	1 039	5 964	6 346
Graham Briggs	-	8 187	-	1 825	10 012	10 141
Mashego Mashego	-	3 650	368	779	4 797	4 824
Prescribed officers						
Alwyn Pretorius[2]	-	4 333	513	977	5 823	1 569
Tom Smith[3]	-	-	-	-	-	4 808
Johannes van Heerden[4]	-	5 136	172	811	6 119	6 326
Executive Management	-	16 540	1 255	3 148	20 943	24 715
Total	7 873	42 771	2 308	8 579	61 531	65 687

[1] Reflects amounts paid during the year.
[2] Amount in FY14 represents remuneration since appointment as a prescribed officer in March 2014. Remuneration prior to appointment included in Executive management.
[3] Prescribed officer until March 2014.
[4] Salary is paid in Australian dollars and is influenced by the movement in the exchange rate.

ANNEXURE B continued

EXECUTIVE DIRECTORS AND MANAGEMENT SHARE INCENTIVES
As at 30 June 2015

	Executive directors						Prescribed officers				Other					
	Graham Briggs		Frank Abbott		Mashego Mashego		Alwyn Pretorius		Johannes Van Heerden		Executive management		Other management		Total	
Movements on share incentives	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)
Share options																
Opening balance at 1 July 2014	91 938	48.55	-	-	-	-	-	-	34 325	44.69	-	-	488 213	44.05	614 476	44.76
Options exercised	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
- Average sales price	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a
Options forfeited and lapsed	91 938	48.55	-	-	-	-	-	-	34 325	44.69	-	-	488 213	44.05	614 476	44.76
Closing balance at 30 June 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Performance shares																
Opening balance at 1 July 2014	690 308	n/a	252 805	n/a	184 157	n/a	184 157	n/a	184 157	n/a	838 892	n/a	6 789 282	n/a	9 123 758	n/a
Awards granted	561 217	n/a	207 462	n/a	149 715	n/a	191 472	n/a	149 715	n/a	590 304	n/a	5 405 538	n/a	7 255 423	n/a
Awards exercised	17 578	n/a	6 344	n/a	5 247	n/a	5 247	n/a	5 247	n/a	35 940	n/a	261 328	n/a	336 931	n/a
- Average sales price	-	17.11	-	17.11	-	17.11	-	17.11	-	17.11	-	17.48	-	19.55	-	19.04
- Gain realised on awards exercised (Rand)		300 760		108 546		89 776		89 776		89 776		628 231		5 108 962		6 415 828
Awards forfeited and lapsed	46 343	n/a	16 728	n/a	13 835	n/a	13 835	n/a	13 835	n/a	152 082	n/a	1 463 084	n/a	1 719 742	n/a
Closing balance at 30 June 2015	**1 187 604**	**n/a**	**437 195**	**n/a**	**314 790**	**n/a**	**356 547**	**n/a**	**314 790**	**n/a**	**1 241 174**	**n/a**	**10 470 408**	**n/a**	**14 322 508**	**n/a**
Restricted shares																
Opening balance at 1 July 2014	175 456	n/a	29 136	n/a	19 694	n/a	19 694	n/a	64 218	n/a	136 282	n/a	184 576	n/a	629 056	n/a
Awards granted	15 000	n/a	8 000	n/a	8 000	n/a	8 000	n/a	8 000	n/a	20 000	n/a	16 000	n/a	83 000	n/a
Awards exercised	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	17 350	n/a	12 000	n/a	29 350	n/a
- Average sales price	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	17.55	-	17.11	-	17.37
- Gain realised on awards exercised (Rand)		-		-		-		-		-		304 493		205 320		509 813
Awards forfeited and lapsed	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	9 604	n/a	9 604	n/a
Closing balance at 30 June 2015	**190 456**	**n/a**	**37 136**	**n/a**	**27 694**	**n/a**	**27 694**	**n/a**	**72 218**	**n/a**	**138 932**	**n/a**	**178 972**	**n/a**	**673 102**	**n/a**
Share appreciation rights																
Opening balance at 1 July 2014	185 200	56.65	75 740	47.04	74 049	55.88	81 221	57.81	81 221	57.81	345 676	56.24	11 379 618	54.78	12 222 725	54.85
Rights granted	107 567	18.41	63 622	18.41	45 913	18.41	58 718	18.41	45 913	18.41	181 027	18.41	6 495 319	18.46	6 998 079	18.46
Rights exercised	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	137 276	n/a	137 276	n/a
- Average sales price	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	20.41	-	20.41
- Gain realised on awards exercised (Rand)		-		-		-		-		-		-		274 552		274 552
Rights forfeited and lapsed	28 377	77.81	-	n/a	7 055	77.81	13 006	77.81	13 006	77.81	82 236	65.53	2 519 881	58.91	2 663 561	59.55
Closing balance at 30 June 2015	**264 390**	**38.82**	**139 362**	**33.97**	**112 907**	**39.27**	**126 933**	**37.54**	**114 128**	**39.68**	**444 467**	**39.11**	**15 217 780**	**38.90**	**16 419 967**	**38.86**
Gain realised on awards exercised (Rand)		300 760		108 546		89 776		89 776		89 776		932 724		5 588 834		7 200 192

ANNEXURE B continued

EXECUTIVE DIRECTORS AND MANAGEMENT SHARE INCENTIVES continued
As at 30 June 2015

	Executive directors						Prescribed officers				Other					
	Graham Briggs		Frank Abbott		Mashego Mashego		Alwyn Pretorius		Johannes Van Heerden		Executive management		Other management		Total	
Outstanding awards (listed by grant date)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)	Number of shares	Average price (Rands)
Performance shares	**1 187 604**		**437 195**		**314 790**		**356 547**		**314 790**		**1 241 174**		**10 470 408**		**14 322 508**	
27 September 2012	6 160	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	6 160	n/a
16 November 2012	137 275	n/a	57 067	n/a	40 471	n/a	40 471	n/a	40 471	n/a	159 571	n/a	1 196 802	n/a	1 672 128	n/a
15 November 2013	482 952	n/a	172 666	n/a	124 604	n/a	124 604	n/a	124 604	n/a	491 299	n/a	4 041 830	n/a	5 562 559	n/a
17 November 2014	561 217	n/a	207 462	n/a	149 715	n/a	191 472	n/a	149 715	n/a	590 304	n/a	5 231 776	n/a	7 081 661	n/a
Restricted shares	**190 456**		**37 136**		**27 694**		**27 694**		**72 218**		**138 932**		**178 972**		**673 102**	
15 November 2010	48 485	n/a	-	n/a	-	n/a	-	n/a	22 262	n/a	26 413	n/a	30 606	n/a	127 766	n/a
15 November 2011	15 000	n/a	8 000	n/a	8 000	n/a	8 000	n/a	8 000	n/a	20 000	n/a	20 000	n/a	87 000	n/a
27 September 2012	30 802	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	-	n/a	30 802	n/a
16 November 2012	32 684	n/a	21 136	n/a	11 694	n/a	11 694	n/a	11 694	n/a	46 106	n/a	81 760	n/a	216 768	n/a
15 November 2013 (2010 award - matching shares)	48 485	n/a	-	n/a	-	n/a	-	n/a	22 262	n/a	26 413	n/a	30 606	n/a	127 766	n/a
17 November 2014 (2011 award - matching shares)	15 000	n/a	8 000	n/a	8 000	n/a	8 000	n/a	8 000	n/a	20 000	n/a	16 000	n/a	83 000	n/a
Share appreciation rights	**264 390**		**139 362**		**112 907**		**126 933**		**114 128**		**444 467**		**15 217 780**		**16 419 967**	
16 November 2009	14 286	77.28	-	77.28	5 327	77.28	6 548	77.28	6 548	77.28	23 989	77.28	1 166 903	77.28	1 223 601	77.28
15 November 2010	13 939	84.81	-	84.81	6 400	84.81	6 400	84.81	6 400	84.81	22 405	84.81	600 202	84.81	655 746	84.81
15 November 2011	11 676	104.79	6 585	104.79	5 361	104.79	5 361	104.79	5 361	104.79	20 275	104.79	615 610	104.79	670 229	104.79
16 November 2012	25 058	68.84	16 204	68.84	11 694	68.84	11 694	68.84	11 694	68.84	46 106	68.84	1 479 720	68.84	1 602 170	68.84
15 November 2013	91 864	33.18	52 951	33.18	38 212	33.18	38 212	33.18	38 212	33.18	150 665	33.18	5 114 076	33.18	5 524 192	33.18
17 November 2014	107 567	18.41	63 622	18.41	45 913	18.41	58 718	18.41	45 913	18.41	181 027	18.41	6 241 269	18.41	6 744 029	18.41
Closing balance as at 30 June 2015	**1 642 450**		**613 693**		**455 391**		**511 174**		**501 136**		**1 824 573**		**25 867 160**		**31 415 577**	

FORWARD-LOOKING STATEMENTS

PRIVATE SECURITIES LITIGATION REFORM ACT

Safe Harbour Statement

This report contains forward-looking statements within the meaning of the safe harbour provided by Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended, with respect to our financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. These include all statements other than statements of historical fact, including, without limitation, any statements preceded by, followed by, or that include the words "targets", "believes", "expects", "aims" "intends" "will", "may", "anticipates", "would", "should", "could", "estimates", "forecast", "predict", "continue" or similar expressions or the negative thereof.

These forward-looking statements, including, among others, those relating to our future business prospects, revenues and income, wherever they may occur in this report and the exhibits to this report, are essentially estimates reflecting the best judgment of our senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this report. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: overall economic and business conditions in South Africa, Papua New Guinea, Australia and elsewhere, estimates of future earnings, and the sensitivity of earnings to the gold and other metals prices, estimates of future gold and other metals production and sales, estimates of future cash costs, estimates of future cash flows, and the sensitivity of cash flows to the gold and other metals prices, statements regarding future debt repayments, estimates of future capital expenditures, the success of our business strategy, development activities and other initiatives, estimates of reserves statements regarding future exploration results and the replacement of reserves, the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions, fluctuations in the market price of gold, the occurrence of hazards associated with underground and surface gold mining, the occurrence of labour disruptions, power cost increases as well as power stoppages, fluctuations and usage constraints, supply chain shortages and increases in the prices of production imports, availability, terms and deployment of capital, changes in government regulation, particularly mining rights and environmental regulation, fluctuations in exchange rates, the adequacy of the Group's insurance coverage and socio-economic or political instability in South Africa, Papua New Guinea and other countries in which we operate.

For a more detailed discussion of such risks and other factors (such as availability of credit or other sources of financing), see the Company's latest Annual Report on Form 20-F which is on file with the Securities and Exchange Commission, as well as the Company's other Securities and Exchange Commission filings. The Company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as required by law.

DIRECTORATE AND ADMINISTRATION

HARMONY GOLD MINING COMPANY LIMITED

Harmony Gold Mining Company Limited was incorporated and registered as a public company in South Africa on 25 August 1950

Registration number: 1950/038232/06

Corporate office

Randfontein Office Park
PO Box 2, Randfontein, 1760
South Africa
Corner Main Reef Road and Ward Avenue
Randfontein, 1759
South Africa

Telephone: +27 11 411 2000
Website: www.harmony.co.za

DIRECTORS

PT Motsepe* (chairman)
FFT De Buck*^ (lead independent director)
M Motloba*^ (deputy chairman)
GP Briggs (chief executive officer)
F Abbott (financial director)
JA Chissano*[1]^
KV Dicks*^
Dr DSS Lushaba*^
C Markus*^
HE Mashego**
M Msimang*^
KT Nondumo*^
VP Pillay*^
JL Wetton*^
AJ Wilkens*

** Non-executive*
*** Executive*
^ Independent
[1] Mozambican

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COMPANY SECRETARY

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**ADR: American Depository Receipts*

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TRADING SYMBOLS

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New York Stock Exchange, Inc.: HMY
Berlin Stock Exchange: HAM1
ISIN: ZAE 000015228

RUSSELL AND ASSOCIATES 8467/15

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