



NOTES TO THE FINANCIAL STATEMENTS

AT 30 JUNE 2001

1. SIGNIFICANT ACCOUNTING POLICIES

- (a) **USE OF ESTIMATES:** The preparation of the financial statements in conformity with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards requires the Company'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.

The following are accounting policies used by the Company which, except as noted in 1(q), have been consistently applied:

- (b) **CONSOLIDATION:** The consolidated financial information includes the financial statements of the Company and its subsidiaries. A company in which the Group has directly or indirectly, through other subsidiary undertakings, a controlling interest is classified as a subsidiary undertaking. Any excess or deficits of the purchase price, when compared to the net book value of the subsidiary acquired, is attributed to mineral property interests and amortised in terms of the Group accounting policies unless a permanent diminution in the values of the assets occurs, in which case it is written off.

For self-sustaining foreign entities, assets and liabilities are translated using the closing rates at year-end, and income statements are translated at average rates. Differences arising on translation are taken directly to shareholders' equity.

- (c) **CASH AND EQUIVALENTS** include all highly liquid investments with a maturity of three months or less at the date of purchase.
- (d) **SHORT-TERM INVESTMENTS**, which consist of similar investments to cash and equivalents, mature in periods greater than three months but less than twelve months and are available for sale.

- (e) **NON-CURRENT INVESTMENTS** comprise:

Investments in listed companies which are classified as available-for-sale and are accounted for at fair value, with unrealised holding gains and losses excluded from earnings and reported as a separate component of shareholders' equity; and
Investments in unlisted companies which are accounted for at cost. Realised gains and losses are included in determining net income or loss.

Unrealised losses are included in determining net income or loss where it is felt that a significant decline in the value of the investment, other than temporary, has occurred.

- (f) **INVENTORIES**, which include gold in process and supplies, are stated at the lower of cost or net realisable value. The cost of gold produced is determined principally by the weighted average cost method using related production costs. The cost of supplies is also determined using the weighted average cost method.
- (g) **EXPLORATION COSTS** are expensed as incurred. When a decision is taken that a mining property is capable of commercial production, all further pre-production expenditure is capitalised. Costs related to property acquisitions and mineral and surface rights are capitalised.



NOTES TO THE FINANCIAL STATEMENTS continued

- (h) **UNDEVELOPED PROPERTIES** upon which the Company has not performed sufficient exploration work to determine whether significant mineralisation exists, are carried at original cost. Where the directors consider that there is little likelihood of the properties being exploited, or the value of the exploitable rights have diminished below cost, a write-down is effected against exploration expenditure.
- (i) **DEVELOPMENT COSTS** relating to major programmes at existing mines are capitalised. Development costs consist primarily of expenditure to expand the capacity of operating mines. Mine development costs in the ordinary course to maintain production are expensed as incurred. Initial development and pre-production costs relating to a new orebody are capitalised until the orebody is brought into production at which time the costs are amortised as set out below.

Interest on borrowings to specifically finance the establishment of mining assets is capitalised until commercial levels of production are achieved.

- (j) **NON-MINING FIXED ASSETS:** Land is shown at cost and not depreciated. Buildings and other non-mining fixed assets are shown at cost less accumulated depreciation.
- (k) **DEPRECIATION AND AMORTISATION** of mineral property interests, mineral and surface rights, mine development costs and mine plant facilities are computed principally by the units-of-production method based on estimated proved and probable ore reserves. Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. Other fixed assets are depreciated by straight-line principally over estimated useful lives of two to five years.
- (l) **MINING PROPERTY EVALUATIONS:** Recoverability of the long-term assets of the Group, which include development costs, are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. A reduction in the carrying value of long-term assets is recorded to the extent that the remaining investment exceeds the estimate of future discounted cash flows, calculated on an area of interest basis.

Management's estimate of future cash flows is subject to risk and uncertainties. It is therefore reasonably possible that changes could occur which may affect the recoverability of the Group's mining assets.

- (m) **REHABILITATION COSTS:** The net present value of future rehabilitation cost estimates is recognised and provided for in the financial statements. The estimates are reviewed annually and are discounted using rates that reflect the time value of money. Interest earned on monies paid to environmental trust funds is accrued on an annual basis and is recorded as a credit to the rehabilitation expense.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary movements in the provision estimate. The present value of environmental disturbances created are capitalised to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortised as noted.

Rehabilitation projects undertaken, included in the estimates, are charged to the provision as incurred.

- (n) **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.
- (o) **GOLD SALES** are recognised when the gold is delivered.



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- (p) **INTEREST** 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 Company.
- (q) **HEDGING:** South African Accounting Standard 133 ("AC 133") and International Accounting Standard 39 ("IAS 39"), "Financial Instruments: Recognition and Measurement" has been issued and was adopted by the Company with effect from 1 July 2000.

Previously gains and losses on derivative instruments, which effectively established minimum prices for designated future production, were recognised in revenue when the planned production was delivered. Derivatives which were not designated for future production were accounted for on a mark to market basis and the associated gains and losses were recognised in the results.

Under the new Accounting Standards, all derivatives are recognised on the balance sheet at their fair value, unless they meet the criteria for the normal purchases, normal sales exemption.

On the date a derivative contract is entered into, the Group designates the derivative for accounting purposes as either (1) a hedge of the fair value of a recognised asset or liability (*fair value hedge*), (2) a hedge of a forecasted transaction (*cash flow hedge*), or (3) a *hedge of a net investment in a foreign entity*. Certain derivative transactions, however, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting.

Changes in the fair value of a derivative that is highly effective, and that is designated and qualifies as a *fair value hedge*, are recorded in the income statement, along with the change in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of a derivative that is highly effective, and that is designated and qualifies as a *cash flow hedge*, are recognised directly in equity. Amounts deferred in equity are included in the income statement in the same periods during which the hedged firm commitment or forecasted transaction affects net profit or loss.

Hedges of net investment in foreign entities are accounted for similarly to cash flow hedges.

Recognition of derivatives which meet the criteria for the normal purchases, normal sales exception under the Accounting Standards are deferred until settlement.

Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the income statement.

The Group formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking derivatives designed as hedges to specific assets and liabilities or to specific firm commitments or forecasted transactions. The Group also formally assesses, both at the hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

With the adoption of the Accounting Standards on 1 July 2000, none of the Company's derivatives at that date qualified for hedge accounting as they did not meet the new hedging requirements of the Accounting Standards and were thus marked to market, resulting in a cumulative effect write-off of change in accounting principles of R42.5 million, net of tax. The cumulative effect adjustment was required to record the fair value of those derivative instruments on the balance sheet, which previously qualified for hedge accounting and were not recorded on the balance sheet.



NOTES TO THE FINANCIAL STATEMENTS continued

- (r) **PENSION PLANS AND OTHER EMPLOYEE BENEFITS:** Pension plans are funded through annual contributions. The Group contributes to one medical fund for current employees and certain retirees on an annually determined contribution basis. No contributions are made for employees retiring after 30 June 1996. A liability for retirees and their dependants prior to this date has been accrued in full, based on an actuarial valuation.
- (s) **INCOME AND MINING TAXES:** The Group follows the comprehensive liability method of accounting for income and mining taxes whereby deferred income and mining taxes are recognised for the tax consequences of temporary differences by applying current statutory tax rates applicable to future years to differences between financial statement amounts and the tax bases of certain assets and liabilities. Changes in deferred tax assets and liabilities include the impact of any tax rate changes enacted during the year.
- (t) **DIVIDENDS PAID** are recognised when declared by the board of directors. Dividends are payable in South African Rand.
- Dividends declared which are payable to foreign shareholders are subject to approval by the South African Reserve Bank in terms of South African foreign exchange control regulations. In practice, dividends are freely transferable to foreign shareholders.
- (u) **EARNINGS PER SHARE** is calculated based on the net income divided by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share is presented when the inclusion of potential ordinary shares has a dilutive effect on earnings per share.
- (v) **FOREIGN CURRENCY TRANSACTIONS:** Transactions in foreign currencies are converted at the rates of exchange ruling at the date of these transactions. Balances outstanding on foreign transactions at the end of the financial year are translated to South African Rand at the approximate rate ruling at that date.

2. INCOME BEFORE TAX

| Company | | Group | |
|-----------|-----------|--|-----------|
| 2000 | 2001 | 2001 | 2000 |
| R million | R million | R million | R million |
| | | The following have been included in income before tax: | |
| | | Consultancy, technical, administration and secretarial services | |
| 8.9 | 10.1 | 17.6 | 14.7 |
| 12.0 | 6.0 | – | – |
| 0.4 | 0.5 | 2.0 | 1.2 |
| 0.3 | 0.3 | 0.9 | 0.7 |
| (0.1) | – | – | 0.1 |
| 0.2 | 0.2 | 1.1 | 0.4 |

* Detail of directors' emoluments are disclosed on page 48 of the Directors' Report.

3. OTHER INCOME – NET

| Company | | | Group | |
|-----------|-----------|---|-----------|-----------|
| 2000 | 2001 | | 2001 | 2000 |
| R million | R million | | R million | R million |
| 6.2 | 5.2 | Profit on sale of property, plant and equipment | 80.1 | 40.0 |
| 3.8 | 15.4 | Other income – net | 1.3 | 14.2 |
| 10.0 | 20.6 | | 81.4 | 54.2 |



NOTES TO THE FINANCIAL STATEMENTS continued

4. EQUITY LOSSES / MINORITY INTERESTS

On 24 April 2001, Harmony disposed of 10% of its interest in the cash flows of Elandskraal to a subsidiary of Khumo Bathong Holdings, a black empowerment group. The minority interest in Elandskraal since that date to 30 June 2001 has been separately accounted for.

On 14 January 2000, Harmony made a revised offer to the shareholders of Randfontein to acquire the entire issued share capital and listed options in Randfontein. As at that date the Company effectively held 33% of the issued share capital. For accounting purposes the Company has equity accounted for its interest in Randfontein up to 29 February 2000, the date at the end of the accounting period during which its investment in the issued share capital exceeded 50%. Between March 2000 and June 2000, the Company acquired the entire remaining issued share capital of Randfontein. The minority interests in Randfontein during this period have been separately accounted for.

5. IMPAIRMENT OF ASSETS

| Company | | | Group | |
|-------------------|-------------------|--------------------|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| - | 42.8 | Freestate shafts | 42.8 | - |
| - | - | Randfontein shafts | 11.6 | - |
| - | - | Evander shafts | 11.4 | - |
| - | 182.5 | Bissett mine | 149.3 | - |
| - | 225.3 | | 215.1 | - |

Due to the depletion of mineable reserves, certain shafts at Randfontein, Evander and the Freestate were closed and the remaining net book value written off.

It was also decided to place the Bissett mine on care and maintenance due to the mining operations being uneconomic at current gold prices. The write-down reflects the excess of book value of long term and other assets over the estimated salvage values of those assets.

6. EMPLOYMENT TERMINATION AND RESTRUCTURING COSTS

| Company | | | Group | |
|-------------------|-------------------|-----------------------------|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| - | - | Freestate | - | - |
| - | - | Randfontein and Elandskraal | 34.4 | - |
| - | - | Evander | 1.0 | 1.4 |
| - | - | Kalgold | 0.6 | - |
| - | - | | 36.0 | 1.4 |

During the year ended 30 June 2001, due to the closure of No. 4 Shaft at Randfontein and restructurings at Elandskraal, certain restructuring costs were incurred which included the termination of service of certain employees.

During the year ended 30 June 2000, in order to achieve strategic objectives, the services of certain non-production employees at Evander were terminated at a cost of R1.4 million.



NOTES TO THE FINANCIAL STATEMENTS continued

7. INCOME AND MINING TAXES

| Company | | | Group | |
|-------------------|-------------------|---------------------------------------|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| 12.6 | – | Current income and mining taxes | 63.0 | 22.1 |
| 3.1 | (7.8) | Deferred income and mining taxes | 48.3 | 63.9 |
| 15.7 | (7.8) | Total income and mining taxes expense | 111.3 | 86.0 |

Mining tax on mining income is determined on a formula basis, which takes into account the profit and revenue from mining operations during the year. Non-mining income is taxed at a standard rate. Deferred tax is provided at the estimated effective mining tax rate for temporary differences. Major items causing the Company's income tax provision to differ from the estimated effective mining rate of 20.5% were:

| Company | | | Group | |
|-------------------|-------------------|---|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| 33.7 | 13.9 | Tax on net income at estimated mining statutory rate | 26.1 | 96.0 |
| – | – | Valuation allowance raised against deferred tax assets | 74.7 | 9.6 |
| (26.2) | (17.5) | Non-taxable income / additional deductions | 3.9 | (41.3) |
| 4.0 | – | Difference between non-mining tax rate and estimated mining statutory rate on non-mining income | 6.6 | 6.2 |
| 4.2 | (4.2) | Other | – | 15.5 |
| 15.7 | (7.8) | Income and mining tax expense | 111.3 | 86.0 |

Deferred income and mining tax liabilities and assets on the balance sheet as of 30 June 2001 and 30 June 2000, relate to the following:

| Company | | | Group | |
|-------------------|-------------------|---|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| | | Deferred income and mining tax liabilities | | |
| 146.1 | 149.2 | Depreciation and amortisation | 652.8 | 466.4 |
| 12.3 | 11.6 | Product inventory not taxed | 34.6 | 22.8 |
| – | 4.1 | Other | 30.0 | 6.6 |
| 158.4 | 164.9 | Gross deferred income and mining tax liability | 717.4 | 495.8 |
| (36.8) | (51.1) | Net deferred income and mining tax assets | (349.8) | (163.2) |
| – | – | Deferred financial liability | (54.6) | (62.6) |
| – | (17.4) | Unredeemed capital expenditure | (250.2) | (34.3) |
| (36.8) | (33.4) | Provisions, including rehabilitation accruals | (97.7) | (77.2) |
| – | (0.3) | Tax losses | (15.7) | – |
| – | – | Valuation allowance | 68.4 | 10.9 |
| 121.6 | 113.8 | | 367.6 | 332.6 |
| (3.7) | 13.9 | Short-term portion of deferred income and mining tax included in accounts payable | 10.7 | (2.8) |
| 117.9 | 127.7 | Net deferred income and mining tax liabilities | 378.3 | 329.8 |

The classification of deferred income and mining tax assets is based on the related asset or liability creating the deferred tax. Deferred taxes not related to a specific asset or liability are classified based on the estimated period of reversal. As at 30 June 2001, the Group has unredeemed capital expenditure of R1 046.4 million (2000: R167.3 million) and tax loss carry forwards of R52.6 million available for deduction against future mining income. These future deductions are utilisable against mining income generated only from the Group's current mining operations and do not expire unless the Group ceases to trade for a period longer than one year.



NOTES TO THE FINANCIAL STATEMENTS continued

8. EARNINGS PER SHARE

(a) Earnings/fully diluted earnings per share

| | Income Numerator R million | Shares | Per share Amount |
|---|----------------------------------|-------------|---------------------|
| For the year ended June 2001 | | | |
| Basic earnings per share | | | |
| Shares outstanding 1 July 2000 | – | 97 310 435 | – |
| Weighted average number of shares issued during the year | – | 5 686 804 | – |
| | 114.9 | 102 997 239 | 111.5 |
| Effect of dilutive securities | | | |
| Share options issued to employees | – | 3 348 123 | (3.5) |
| Diluted earnings per share | 114.9 | 106 345 362 | 108.0 |
| For the year ended June 2000 | | | |
| Basic earnings per share | | | |
| Shares outstanding 1 July 1999 | – | 69 460 286 | – |
| Weighted average number of shares issued – during the year | – | 14 133 138 | – |
| Income available to common stockholders | 364.0 | 83 593 424 | 435.4 |
| Effect of dilutive securities | | | |
| Share options issued to employees | – | 1 997 452 | (10.1) |
| Diluted earnings per share | 364.0 | 85 590 876 | 425.3 |

Options to purchase 7 579 900 ordinary shares at a price of R60.00 per share, were outstanding during the years presented. Warrants to purchase 9 027 500 ordinary shares at a price of R43.00 per share were outstanding from 29 June 2001. Preference shares enabling the holder to convert into 10 958 904 ordinary shares at R41.50 per share were outstanding from 18 June 2001. These options and preference shares have not been included in the computation of fully diluted earnings per share because the effect would have been anti-dilutive.

(b) Headline earnings per share

Headline earnings per share is calculated after increasing/(decreasing) net income for the profit and loss (net of tax) on disposal of assets and investments and impairment write-offs to the value of R146.4 million (2000: (R44.3 million)).

9. RECEIVABLES

| Company | | | Group | |
|-------------------|-------------------|--------------------------------------|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| 19.6 | 10.5 | Value added tax | 102.5 | 50.1 |
| – | 11.0 | Trade receivables | 69.6 | – |
| – | 291.7 | Amount owing relating to share issue | 291.7 | – |
| 45.7 | 56.6 | Interest and other | 334.7 | 164.8 |
| 65.3 | 369.8 | | 798.5 | 214.9 |



NOTES TO THE FINANCIAL STATEMENTS continued

10. INVENTORIES

| Company | | | Group | |
|-------------------|-------------------|-----------------|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| 60.3 | 92.3 | Gold in-process | 195.4 | 116.2 |
| 18.5 | 74.2 | Supplies | 105.9 | 72.6 |
| 78.8 | 166.5 | | 301.3 | 188.8 |

11. PROPERTY, PLANT AND EQUIPMENT

| Company | | | Group | |
|-------------------|-------------------|---|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| 1 200.1 | 1 209.9 | Mining properties, mine development costs and mine plant facilities | 5 273.2 | 3 641.9 |
| 1.4 | 1.3 | Other non-mining assets | 103.5 | 96.1 |
| 1 201.5 | 1 211.2 | | 5 376.7 | 3 738.0 |

Included in property, plant and equipment is cumulative capitalised interest relating to the Bissett mine amounting to R6.3 million (2000: R6.3 million).

Mining properties, mine development costs and mine plant facilities

| Company | | | Group | |
|-------------------|-------------------|--|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| 2 085.4 | 2 146.6 | Cost at beginning of year | 6 613.7 | 3 817.1 |
| – | – | Acquired through the purchase of subsidiaries | 1 750.5 | 2 640.5 |
| 62.0 | 119.9 | Additions | 410.5 | 202.2 |
| (0.8) | – | Disposals | (3.3) | (46.1) |
| 2 146.6 | 2 266.5 | | 8 771.4 | 6 613.7 |
| 868.3 | 946.5 | Accumulated depreciation and amortisation at beginning of period | 2 971.8 | 1 905.2 |
| – | – | Acquired through the purchase of subsidiaries | 92.9 | 934.7 |
| – | 20.3 | Impairment of fixed assets | 202.0 | – |
| – | – | Disposals | (1.1) | (2.2) |
| 78.2 | 89.8 | Charge for the period | 232.6 | 134.1 |
| 946.5 | 1 056.6 | | 3 498.2 | 2 971.8 |
| 1 200.1 | 1 209.9 | Net book value | 5 273.2 | 3 641.9 |
| 28.4 | 28.4 | Other non-mining assets | | |
| – | – | Cost at beginning of year | 129.4 | 125.1 |
| – | 0.3 | Acquired through the purchase of subsidiaries | – | 7.8 |
| – | – | Additions | 11.9 | 1.1 |
| – | – | Disposals | (0.3) | (4.6) |
| 28.4 | 28.7 | | 141.0 | 129.4 |
| 26.9 | 27.0 | Accumulated depreciation and amortisation at beginning of period | 33.3 | 27.0 |
| – | – | Acquired through the purchase of subsidiaries | – | 4.7 |
| – | – | Disposals | (0.3) | (0.5) |
| 0.1 | 0.4 | Charge for the period | 4.5 | 2.1 |
| 27.0 | 27.4 | | 37.5 | 33.3 |
| 1.4 | 1.3 | Net book value | 103.5 | 96.1 |
| 1 201.5 | 1 211.2 | Total net book value | 5 376.7 | 3 738.0 |



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12. OTHER ASSETS

| Company | | | Group | |
|-------------------|-------------------|---|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| – | – | Mineral subscriptions, participation rights and slimes dams | 47.2 | 47.2 |

13. NON-CURRENT INVESTMENTS

| Company | | | Group | |
|-------------------|-------------------|------------------------------------|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| – | – | Listed investments (a) | 319.9 | 265.4 |
| 13.0 | 14.1 | Unlisted investments and loans (b) | 22.7 | 20.0 |
| | | Amounts contributed to | | |
| 14.1 | 16.4 | environmental trust funds (c) | 193.2 | 124.3 |
| – | 18.4 | Other investments | 35.8 | 14.8 |
| 27.1 | 48.9 | | 571.6 | 424.5 |

- (a) Listed investments consist of 43 350 992 shares in Goldfields Australia Limited valued at R7.38 per share.
 (b) Unlisted investments comprise investments in various unlisted companies in South Africa for which a fair value is not readily determinable. The directors of the Company perform independent valuations of the investments on an annual basis to ensure that no permanent diminution in the value of the investments has occurred.
 (c) The environmental trust funds are irrevocable trusts under the Group's control. The monies in the trusts are invested primarily in interest bearing short-term and other investments.

14. INVESTMENTS IN SUBSIDIARIES

| Company | | |
|-------------------|-------------------|--------------------------------------|
| 2000 R million | 2001 R million | |
| 912.8 | 914.8 | Randfontein Estates Limited |
| 320.7 | 320.7 | West Rand Consolidated Mines Limited |
| – | – | Harmony Gold (Australia) Pty Limited |
| 0.1 | 0.1 | Harmony Precious Metals Services SAS |
| 544.9 | 544.9 | Evander Gold Mines Limited |
| 89.4 | 89.4 | Unisel Gold Mines Limited |
| 204.1 | 204.1 | Lydenburg Exploration Limited |
| 27.7 | 27.7 | Harmony Gold (Canada) Inc. |
| – | 1.8 | Harmony Precision Casting (Pty) Ltd |
| 2 099.7 | 2 103.5 | |
| 153.0 | 2 110.0 | Amounts due by subsidiary companies |
| (333.4) | (180.2) | Amounts owed to subsidiary companies |
| 1 919.3 | 4 033.3 | |

15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| Company | | | Group | |
|-------------------|-------------------|---------------------------------------|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| 48.3 | 197.5 | Trade payables | 219.5 | 140.5 |
| 3.7 | (13.9) | Deferred income and mining taxes | (10.7) | 2.8 |
| 200.0 | – | Short-term portion of long-term loan | – | 352.8 |
| – | – | Short-term borrowings | 77.5 | – |
| 91.0 | 109.1 | Payroll and other compensation | 253.1 | 181.2 |
| 128.4 | 183.4 | Other (including accrued liabilities) | 533.0 | 249.3 |
| 471.4 | 476.1 | | 1 072.4 | 926.6 |



NOTES TO THE FINANCIAL STATEMENTS continued

16. LONG-TERM LOANS

| Company | | | Group | |
|-------------------|-------------------|--|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| Secured | | | | |
| 400.0 | – | Loan from ABSA ("term loan facility") (a) | – | 400.0 |
| 200.0 | – | Less short-term portion of loan | – | (200.0) |
| 200.0 | – | | – | 200.0 |
| 44.2 | – | Loan from ABSA ("Capex loan") (b) | – | 44.2 |
| – | – | Capitalised finance leases – Stannic (c) | – | 0.8 |
| – | – | Less current portion | – | (0.7) |
| – | – | | – | 0.1 |
| – | – | Robert Fleming & Co Limited (d) | – | 122.3 |
| – | – | Less short-term portion of loan | – | (122.3) |
| – | – | | – | – |
| – | – | NM Rothschild & Sons – term loan (e) | – | 57.6 |
| – | – | NM Rothschild & Sons – revolving credit loan (f) | – | 43.8 |
| – | – | Less short-term portion of loan | – | (29.8) |
| – | – | | – | 14.0 |
| – | 28.1 | BAE Systems Plc (g) | 28.1 | – |
| – | – | Less short-term portion of loan | – | – |
| – | 28.1 | | 28.1 | – |
| – | 1 200.0 | Senior unsecured fixed rate bonds (h) | 1 200.0 | – |
| – | (15.9) | Less: amortised discount and bond issue costs | (15.9) | – |
| – | 1 184.1 | | 1 184.1 | – |
| 244.2 | 1 212.2 | Total secured long-term loans | 1 212.2 | 315.9 |

- (a) On 2 February 2000, the Company entered into a Rand denominated term loan facility with ABSA, which entitled the Company to drawdown up to a maximum of \$66.4 million (R450 million) by 30 April 2000, to fund the cash portion of the Randfontein consideration. The loan was settled in full by year end.
- (b) On 31 July 1999, the Company entered into a US dollar denominated loan with ABSA to fund capital expenditure at the Bissett mine. The loan was settled in full by year end.
- (c) Capitalised finance leases for moveable mining assets were settled in full during the year ended 30 June 2001.
- (d) On 1 March 2000, a wholly owned subsidiary of the Company, Harmony Gold (Australia) Pty Limited ("Harmony Gold Australia") entered into an agreement with Robert Fleming & Co., whereby Robert Fleming & Co. made a \$20 million loan facility available to Harmony Gold Australia, to acquire a 19.95% interest in Goldfields Australia. The loan was settled in full by year end.
- (e) The term loan from NM Rothschild & Sons was a collateralised loan over the assets of the Bissett gold mine. The loan was settled in full by year end.
- (f) The NM Rothschild & Sons revolving credit facility was a collateralised loan over the fixed and moveable assets of Bissett as well as rights to the orebody and gold in process. The loan was settled in full by year end.
- (g) The loan from BAE Systems Plc is a US dollar denominated term loan of R28.2 million (\$3.5 million) for financing the design, development and construction of a facility for the manufacture and sale of value added gold products at Harmony's premises in the Freestate. The loan is secured against these facilities and is repayable in full on 30 April 2004. The loan bears interest at Libor plus 2% which is accrued daily from the drawdown date and is repayable on a quarterly basis.



NOTES TO THE FINANCIAL STATEMENTS continued

(h) On 16 June 2001, Harmony launched and priced an issue of senior unsecured fixed rate bonds in an aggregate principal amount of R1 200 million (\$149.3 million), with semi-annual interest payable at a rate of 13% per annum. These bonds will be repayable on 14 June 2006, subject to early redemption at Harmony's option. The bonds are listed on the Bond Exchange of South Africa. The bonds were issued to settle existing debt and fund the purchase of Elandsdraal and New Hampton. So long as the bonds are outstanding, Harmony will not permit encumbrances on its present or future assets or revenues to secure indebtedness for borrowed money, without securing the outstanding bonds equally and ratably with such indebtedness, except for certain specified permitted encumbrances. The loan is stated after taking account of a discount and issue costs of R25.3 million net of R9.4 million relating to the fair value of interest rate swaps taken out.

17. PREFERENCE SHARES

On 3 April 2001, Harmony entered into an agreement with Komanani Mining (Pty) Ltd ("Komanani"), a South African empowerment group, and the Industrial Development Corporation of South Africa Limited ("IDC") on behalf of Komanani, pursuant to which, subject to the fulfillment of certain specified conditions, Komanani and the IDC thereby subscribed for 222 222 Harmony ordinary shares and 10 736 682 Harmony ordinary shares at R36.00 per share, respectively. The IDC shares were issued during June 2001 and Komanani did not take up the issue. Subsequent to year end, Simane Investments, a South African empowerment group took up the shares offered to Komanani.

Under the agreement, the IDC also subscribed for 10 958 904 redeemable convertible preference shares at a price equal to their par value of 50 cents each. The shares were issued on 8 June 2001. During a period of five years from their issue, the preference shares may be converted into an equal number of ordinary shares at the option of their holders upon payment of an additional R41.50 per preference share. Any preference shares that are not converted within this five-year period will be redeemed by Harmony at 50 cents per share.

18. DEFERRED FINANCIAL LIABILITY

| Company | | | Group | |
|-------------------|-------------------|---|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| – | – | Deferred gain relating to restructuring of hedge book | – | 81.0 |
| – | – | Mark to market of speculative financial instruments at year end | 389.5 | 191.2 |
| – | – | Amount owing on close out of derivatives | 21.9 | – |
| – | (9.4) | Mark to market of hedging financial instruments at year end | (14.5) | – |
| – | (9.4) | | 396.9 | 272.2 |

19. PROVISION FOR ENVIRONMENTAL REHABILITATION

| Company | | | Group | |
|-------------------|-------------------|------------------------------|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| 134.3 | 120.1 | Accrued rehabilitation costs | 427.2 | 355.9 |

While the ultimate amount of rehabilitation cost to be incurred in the future is uncertain, the Company has estimated that the total cost for the mines, in current monetary terms, will be R655 million.

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



NOTES TO THE FINANCIAL STATEMENTS continued

20. PROVISION FOR POST-RETIREMENT BENEFITS

| Company | | | Group | |
|-------------------|-------------------|--|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| 5.4 | 5.5 | Provision for former employees' post-retirement benefits | 8.1 | 25.1 |

The provision for former employees' post-retirement benefits comprise medical benefits for former employees who retired prior to 31 December 1996. This amount was based on an actuarial valuation conducted during the prior year.

21. HARMONY OPTIONS

| Company | | | Group | |
|-------------------|-------------------|--|-------------------|-------------------|
| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
| 11.3 | 11.3 | For the acquisition of Vermeulenskraal Noord, 1 125 000 options were issued at a fair value of R10.00 per option on 3 December 1996 | 11.3 | 11.3 |
| 57.0 | 57.0 | For the acquisition of Lydex, 6 418 855 options were issued at a fair value of R8.89 per option during the period January through March 1997 | 57.0 | 57.0 |
| 0.2 | 0.2 | For the acquisition of the credit facility from NM Rothschild 36 045 options were issued at fair value of R5.70 per option on 6 June 1998 | 0.2 | 0.2 |
| 68.5 | 68.5 | | 68.5 | 68.5 |

The options are exercisable at a price of R60.00, at which they may be converted into ordinary shares of the Company, on or before 31 July 2001. Subsequent to year end, none of the options were exercised and they lapsed.

In terms of a transaction dated 29 June 2001, 27 082 500 ordinary shares and 9 027 500 warrants to purchase 9 027 500 additional ordinary shares were issued. Ordinary shares were purchased in integral multiples of three and investors received one warrant for every three shares purchased. Each warrant will entitle its holder to purchase, on any business day on or before 28 June 2003, one ordinary share at R43.00.



NOTES TO THE FINANCIAL STATEMENTS continued

22. EMPLOYEE BENEFIT PLANS

PENSION AND PROVIDENT FUNDS: The Group contributes to several pension and provident funds governed by the Pension Funds Act, 1946 for the employees of its South African subsidiaries. The pension funds are multi-employer industry plans. The Group's liability is limited to its annually determined contributions.

The provident funds are funded on the "money accumulative basis" with the member's and employer's contributions having been fixed in the constitution of the funds.

Substantially all the Group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the Group for fiscal 2001 amounted to R122.6 million (2000: R76.6 million).

POST-RETIREMENT BENEFITS OTHER THAN PENSIONS: Skilled workers in South Africa participate in the Minemed medical scheme. The Group contributes to these schemes on behalf of current employees and retired employees who retired prior to 31 December 1996 (Minemed scheme). The Group's contributions to these schemes on behalf of retired and current employees amounted to R31.2 million and R11.9 million for 2001 and 2000 respectively.

No post-retirement benefits are available to other workers. No liability exists for employees who were members of these schemes who retired after the date noted above. The medical schemes pay certain medical expenses for both current and retired employees and their dependents. Current and retired employees pay an annual fixed contribution to these schemes.

An updated actuarial valuation was carried out during the fiscal year on the Minemed medical scheme, following the last actuarial valuation in fiscal 1998, which resulted in a credit being reflected fiscal 2000. This was due to the fact that some of the premises on which the previous valuation was carried out had changed. The updated valuation resulted in a credit being reflected due to the Group's contributions for retired employees no longer being inflation adjusted and certain changes in South African Law as regards employee benefits.

SHARE OPTION SCHEME: The Company has an Employee Share Option Scheme ("Harmony Share Option Scheme", hereunder referred to as the HSOS scheme) under which certain qualifying employees may be granted options to purchase shares in the Company's authorised but unissued ordinary shares. Of the shares under the specific authority of the directors in terms of the Share Option Scheme, 4 887 700 shares are available to be acquired by participants. In terms of the rules of the HSOS scheme, the exercise price of the options granted is equal to fair market value of the shares at the date of the grant.

Options currently expire no later than 10 years from the grant date and annually from the grant date, a third of the total options granted are exercisable. Proceeds received by the Company from the exercise are credited to share capital and additional paid-in capital.



NOTES TO THE FINANCIAL STATEMENTS continued

Share option activity was as follows:

| | Available for grant | Number of shares granted | Average exercise price per share SA Rand |
|---|---------------------|--------------------------|---|
| Balance as at 30 June 1998 | 1 085 174 | 4 419 400 | – |
| Net share options granted during the year | (920 100) | 920 100 | – |
| Share options exercised during the year | – | (963 200) | 19.50 |
| Shares reserved during the fiscal 1999 | 2 404 654 | – | – |
| Balance as at 30 June 1999 | 2 569 728 | 4 376 300 | – |
| Share options granted during the year | (4 804 500) | 4 804 500 | – |
| Share options exercised during the year | – | (2 071 500) | 26.06 |
| Shares options forfeited during the year | 210 300 | (210 300) | – |
| Shares reserved during fiscal 2000 | 4 856 515 | – | – |
| Balance as at 30 June 2000 | 2 832 043 | 6 899 000 | – |
| Share options granted during the year | (824 400) | 824 400 | – |
| Share options exercised during the year | – | (2 835 700) | 20.89 |
| Shares reserved during fiscal 2001 | 7 559 985 | – | – |
| Balance as at 30 June 2001 | 9 567 628 | 4 877 700 | – |

23. DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE AND CREDIT RISK OF FINANCIAL INSTRUMENTS

Harmony is exposed to market risks, including credit risk, foreign currency, commodity price, interest rate and liquidity risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, Harmony may enter into derivative financial instruments to manage these exposures. Harmony does not hold or issue derivative financial instruments for trading or speculative purposes.

Foreign currency sensitivity

In the ordinary course of business, Harmony enters into transactions denominated in foreign currencies (primarily US dollars). In addition, Harmony has investments and liabilities in US, Canadian and Australian dollars. As a result, Harmony is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. Harmony does not generally hedge its exposure to foreign currency exchange rates. Harmony did however, hedge certain of its exposure between the Canadian dollar and the US dollar for a portion of Bissett's gold sales.

These positions were all closed during the current year. As at 30 June 2000, the foreign currency exchange contracts held by Bissett were :

| | Amount | Exchange rate | Fair value 30 June 2000 R million |
|----------------|--------|---------------|---|
| Maturity dates | \$ 000 | (\$/C\$) | |
| 30 June 2001 | 12 700 | 1.43 | |
| 30 June 2002 | 2 100 | 1.43 | |
| | 14 800 | 1.43 | (2.7) |

Commodity price sensitivity

As a general rule, Harmony sells its gold production at market prices. Harmony, generally, does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of its future gold production. There have been two instances in which Harmony has made use of gold price hedges: Harmony's forward sale of a portion of the production at Bissett at a set gold price (all closed out in fiscal 2001), and, in February 2001, the entering into of put options relating to 1 million ounces of Harmony's production in connection with a loan facility (subsequently settled) used to purchase Elandsdraal. Both of these hedges were effected by Harmony in order to secure loan facilities. In addition, a significant proportion of Randfontein and New Hampton's production, which was already hedged when acquired by Harmony, remains hedged.



NOTES TO THE FINANCIAL STATEMENTS continued

Harmony's commodity contracts by type of contract as of 30 June 2001, are set forth below:

| | Financial years over which instruments expire | | | | | Mark to market | |
|--------------------------|---|---------|---------|---------|---------|----------------|-----------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | Total | R million |
| (a) Randfontein | | | | | | | |
| <i>Forward sales</i> | | | | | | | |
| Ounces | - | - | 12 500 | 37 500 | - | 50 000 | (5.2) |
| \$/oz | - | - | 284 | 284 | - | 284 | - |
| <i>Puts purchased</i> | | | | | | | |
| Ounces | 750 000 | - | - | - | - | 750 000 | 5.2 |
| R/oz | 1 990 | - | - | - | - | 1 990 | - |
| <i>Forward purchases</i> | | | | | | | |
| Ounces | (350 000) | - | - | - | - | (350 000) | (108.4) |
| \$/oz | 309 | - | - | - | - | 309 | - |
| <i>Calls sold</i> | | | | | | | |
| Ounces | - | 27 006 | 163 526 | 200 079 | 59 714 | 450 325 | (93.4) |
| \$/oz | - | 279 | 296 | 299 | 300 | 297 | - |
| Total | 400 000 | 27 006 | 176 026 | 237 579 | 59 714 | 900 325 | (201.8) |
| (b) New Hampton | | | | | | | |
| <i>Forward sales</i> | | | | | | | |
| Ounces | 177 304 | 206 000 | 9 000 | - | - | 392 304 | (62.2) |
| A\$/oz | 498 | 514 | 539 | - | - | 507 | - |
| <i>Puts purchased</i> | | | | | | | |
| Ounces | - | 25 500 | 227 500 | 220 000 | 90 000 | 563 000 | 38.2 |
| A\$/oz | - | 523 | 500 | 498 | 500 | 500 | - |
| <i>Calls sold</i> | | | | | | | |
| Ounces | 245 000 | 97 206 | 175 500 | - | - | 517 706 | (104.4) |
| A\$/oz | 500 | 523 | 526 | - | - | 513 | - |
| <i>Calls purchased</i> | | | | | | | |
| Ounces | (100 000) | - | - | - | - | (100 000) | 16.3 |
| A\$/oz | 500 | - | - | - | - | 500 | - |
| Total | 322 304 | 328 706 | 412 000 | 220 000 | 90 000 | 1 373 010 | (112.1) |
| Grand total | 722 304 | 355 712 | 588 026 | 457 579 | 149 714 | 2 273 335 | (313.9) |

Harmony's commodity contracts by type of contract as of 30 June 2000, (Randfontein and Bissett) are set out below:

| | Financial years over which instruments expire | | | | | Fair value at 30 June 2000 | |
|-----------------------------|---|---------|---------|---------|---------|----------------------------------|-----------|
| | 2001 | 2002 | 2003 | 2004 | 2005 | Total | R million |
| \$ Forward sales | | | | | | | |
| Ounces | 15 833 | 95 871 | 207 448 | 211 618 | 83 543 | 614 313 | |
| \$/oz | 317 | 301 | 295 | 294 | 295 | 296 | (133.2) |
| \$ Calls Sold | | | | | | | |
| Ounces | - | 49 800 | 118 500 | 137 400 | 68 700 | 374 400 | |
| \$/oz | - | 300 | 304 | 307 | 307 | 306 | (136.0) |
| R Calls Sold | | | | | | | |
| Ounces | - | 27 006 | 54 012 | 28 928 | 1 922 | 111 868 | |
| R/oz | - | 2 255 | 2 380 | 2 511 | 2 613 | 2 400 | (30.6) |
| \$ Puts purchased | | | | | | | |
| Ounces | 24 167 | 3 500 | - | - | - | 27 667 | |
| \$/oz | 317 | 317 | - | - | - | 317 | |
| \$ Forward purchases | | | | | | | |
| Ounces | (438 450) | - | - | - | - | (438 450) | |
| \$/oz | 309 | - | - | - | - | 309 | (36.0) |
| Total hedged position | (398 450) | 176 177 | 379 960 | 377 946 | 154 165 | 689 798 | (335.8) |



NOTES TO THE FINANCIAL STATEMENTS continued

During the fiscal year ended 30 June 2000, Harmony recorded a gain on financial instruments of R54.3 million. This gain related primarily to the change in the mark to market of the speculative financial instruments held by Randfontein from 1 March 2000 to 30 June 2000, offset by the cost of closing out certain of the speculative financial instruments during that period. Harmony did not enter into other significant hedging instruments during the fiscal year ended 30 June 2000. During the fiscal year ended 30 June 2001, Harmony recorded a gain on financial instruments of R58.1 million. This gain related primarily to the change in mark to market of the speculative financial instruments held by Randfontein.

Subsequent to year end certain financial instruments covering 230 000 ounces at New Hampton were closed out at no cost.

Concentration of credit risk

Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and equivalents, short-term investments and various derivative financial instruments. The Group's financial instruments do not represent a concentration of credit risk because the Group deals and maintains cash and cash equivalents, short-term investments and derivative financial instruments with a variety of major financial institutions and the credit ratings of the respective financial institutions are evaluated before the Group invests with them. The Group's debtors and loans are regularly monitored and assessed. An adequate level of provision is maintained.

Interest rates and liquidity risk

Fluctuation in interest rates impact on the value of short-term cash investments and financing activities, giving rise to interest rate risk.

Harmony generally does not undertake any specific actions to cover its exposure to interest rate risk. However, through its acquisition of Randfontein and New Hampton, Harmony holds certain gold lease rate swaps and during June 2001 entered into an interest rate swap on a portion of the Senior Unsecured Fixed Rate Bonds.

Harmony held the following derivatives at 30 June 2001:

| | Financial years in which instruments finally expire | | | | | Mark to market | |
|---|---|-------|---------|---------|---------|----------------|-----------|
| | 2002 | 2003 | 2004 | 2005 | 2006 | Total | R million |
| <i>Gold lease rates (receive variable rate indicated and pay floating)</i> | | | | | | | |
| (a) Randfontein | | | | | | | |
| Ounces | – | – | – | 300 000 | – | 300 000 | (9.7) |
| Lease rate receivable | – | – | – | 1.5% | – | 1.5% | |
| (b) New Hampton | | | | | | | |
| Ounces | – | – | 318 000 | – | 581 000 | 899 000 | (60.8) |
| Lease rate receivable | – | – | 1.4% | – | 0.7% | 1.0% | |
| Total | – | – | 318 000 | 300 000 | 581 000 | 1 199 000 | (70.5) |
| <i>Interest rate swap on Senior Unsecured Bond (pay variable rate and receive fixed rate)</i> | | | | | | | |
| Rand amount (million) | 80 | 80 | 80 | 80 | 80 | 400 | 8.3 |
| Fixed rate | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | |
| Variable rate | Based on Zar/Jibar/Safex plus 1.8% spread | | | | | | |
| Rand amount (million) | 40 | 40 | 40 | 40 | 40 | 200 | 1.1 |
| Fixed rate | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | 13.0% | |
| Variable rate | Based on Zar/Jibar/Safex plus 2.2% spread | | | | | | |
| Total (R million) | 120 | 120 | 120 | 120 | 120 | 600 | 9.4 |
| Grand total | | | | | | | (61.1) |



NOTES TO THE FINANCIAL STATEMENTS continued

Harmony held the following derivatives at 30 June 2000:

| | Fiscal | | Fair value at 30 June 2000 |
|--------|---------|---------|----------------------------------|
| | 2 004 | Total | R million |
| Ounces | 549 500 | 549 500 | |
| Rate | 1.75% | 1.75% | (7.5) |

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 to achieve maximum returns while minimising risks.

Fair value

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying amounts of receivables, all accounts payable and cash and equivalents are a reasonable estimate of their fair values because of the short-term maturity of such instruments. The investment in the environmental trust fund approximates fair value as the monies are invested in short-term maturity investments and listed investments (including those in the environmental trust funds) are carried at market value. Long-term loans, other than the bonds, approximate fair value as they are subject to market based floating rates. The carrying value of the bonds approximate their market value at 30 June 2001 based on their market value.

24. ADDITIONAL CASH FLOW INFORMATION

The income and mining taxes paid in the statement of cash flow represents actual cash paid.

a) Non-cash items

Excluded from the statements of consolidated cash flows are the following:

i) For the year ended June 2001

- The minorities' share in the profits of Elandskraal
- The R79.7 million mark to market of listed and other investments
- The R17.8 million mark to market of derivatives qualifying as hedges

ii) For the year ended June 2000

- The R44.1 million loan obtained from NM Rothschilds to directly finance the development costs at the Bissett mine
- The R122.3 million loan obtained from Robert Fleming to finance the investment in Goldfields Australia
- The R19 million mark to market of listed investments



NOTES TO THE FINANCIAL STATEMENTS continued

b) Acquisitions of Subsidiaries / Businesses

i) For the year ended June 2001

- (a) With effect from 9 April 2001, the Company acquired Elandskraal from AngloGold. The aggregate fair value of the assets required and liabilities assumed were:

| | 2001 R million |
|-------------------------------|-------------------|
| Property, plant and equipment | 1 052.5 |
| Investments | 54.6 |
| Long-term liabilities | (54.6) |
| Total purchase price | 1 052.5 |
| Paid for by cash | (1 052.5) |

- (b) With effect from 1 April 2001, the Company acquired a majority shareholding in New Hampton and during the period to 30 June 2001, increased its shareholding such that as at 30 June 2001 the Company had acquired 96% of the issued share capital of New Hampton. The aggregate fair value of the assets acquired and liabilities assumed were:

| | 2001 R million |
|--|-------------------|
| Inventories | 43.9 |
| Accounts receivable | 18.3 |
| Investments | 26.2 |
| Property, plant and equipment | 610.2 |
| Accounts payable and accrued liabilities | (149.1) |
| Long-term liabilities | (320.1) |
| Total purchase price | 229.4 |
| Paid for by cash | (229.4) |

ii) For the year ended June 2000

- (a) With effect from 1 March 2000, the Company acquired a majority shareholding in Randfontein and during the period up to 30 June 2000, the Company increased its shareholding such that as at 30 June 2000 the Company had acquired the entire share capital and 96.5% of the outstanding options of Randfontein Estates Limited. The aggregate fair value of the assets acquired and the liabilities assumed were as follows:

| | 2000 R million |
|--|-------------------|
| Inventories | 55.5 |
| Accounts receivable | 69.6 |
| Investments | 228.7 |
| Property, plant and equipment | 1 427.5 |
| Accounts payable and accrued liabilities | (662.7) |
| Long-term liabilities | (167.1) |
| Deferred tax | (98.0) |
| Total purchase price | 853.5 |
| Paid for by the issue of share capital | (563.6) |
| Paid for by cash | (349.2) |
| Cash and cash equivalents at acquisition | (59.3) |



NOTES TO THE FINANCIAL STATEMENTS continued

- (b) With effect from 1 October 1999, the Company acquired the entire share capital of West Rand Consolidated Mines Limited and its subsidiary Kalahari Goldridge Mining Company Limited. The aggregate fair value of the assets acquired and the liabilities assumed were as follows:

| | 2000 R million |
|--|-------------------|
| Inventories | 7.2 |
| Accounts receivable | 9.5 |
| Investments | 40.0 |
| Property, plant and equipment | 281.5 |
| Accounts payable and accrued liabilities | (17.2) |
| Long-term liabilities | (3.4) |
| Deferred tax | (1.8) |
| Total purchase price | 315.8 |
| Paid for by the issue of share capital | (315.2) |
| Paid for by cash | (5.5) |
| Cash and cash equivalents at acquisition | (4.9) |

(c) Disposal of Subsidiaries / Businesses

i) For the year ended June 2001

With effect from 24 April 2001, Harmony disposed of a 10% interest in Elandsdraal to Khumo Bathong Holdings, an empowerment company. The book value of assets and liabilities disposed of were:

| | 2001 R million |
|--------------------------------|-------------------|
| Property, plant and equipment | 106.7 |
| Stores | 7.0 |
| Total sales price | 113.7 |
| Paid for by way of receivables | (113.7) |

25. COMMITMENTS

| 2000 R million | 2001 R million | | 2001 R million | 2000 R million |
|-------------------|-------------------|--|-------------------|-------------------|
| | | Capital expenditure commitments | | |
| 4.0 | 36.2 | Contracts for capital expenditure | 123.0 | 11.8 |
| 47.2 | 5.5 | Authorised by the directors but not contracted for | 198.9 | 96.9 |
| 51.2 | 41.7 | | 321.9 | 108.7 |



NOTES TO THE FINANCIAL STATEMENTS continued

26. GEOGRAPHICAL AND SEGMENTAL INFORMATION

Harmony is primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held both inside and outside South Africa.

Segmental information includes the results of operations of Kalgold, Randfontein, Elandskraal and New Hampton from date of acquisition with effect from 1 October 1999, 1 March 2000 and 1 April 2001 respectively, and Bissett from commencement of normal production on 1 October 1999. Gold operations are managed and internally reported, based on the following geographic areas: Freestate, Evander, Kalgold, Randfontein, Elandskraal, New Hampton and Bissett. The Freestate, Randfontein, Kalgold, Evander and Elandskraal are specific gold producing regions within South Africa. The Bissett mine is located in Canada and the New Hampton mines in Australia. The Company also has exploration interests in southern Africa and Peru, which are included in Other. Selling, administrative, general charges and corporate costs are allocated between segments based on time spent on each segment by members of the executive team.

The segmental split on a geographical basis is:

Year ended 30 June 2001

| | Freestate (South Africa) R million | Evander (South Africa) R million | Kalgold (South Africa) R million | Randfontein (South Africa) R million | Elandskraal (South Africa) R million | New Hampton (Australia) R million | Bissett (Canada) R million | Other R million | Total R million |
|---|---|---|---|---|---|--|----------------------------------|--------------------|--------------------|
| Profit and loss | | | | | | | | | |
| Product sales | 1 431.4 | 952.4 | 102.8 | 1 498.3 | 264.0 | 137.4 | 108.4 | – | 4 494.7 |
| Production costs | 1 384.7 | 693.3 | 97.7 | 1 204.5 | 194.9 | 135.3 | 111.4 | – | 3 821.8 |
| Cash operating profit | 46.7 | 259.1 | 5.1 | 293.8 | 69.1 | 2.1 | (3.0) | – | 672.9 |
| Operating profit/(loss) before tax | (134.9) | 281.9 | (12.1) | 219.0 | 36.8 | (1.1) | (187.0) | 26.2 | 228.8 |
| Taxation expense | 7.8 | (76.3) | – | (31.0) | (15.8) | – | – | 4.0 | (111.3) |
| Net profit/(loss) for the year before minority interest | (127.1) | 205.6 | (12.1) | 188.0 | 21.0 | (1.1) | (187.0) | 30.2 | 117.5 |
| Ounces sold | 686 223 | 458 212 | 49 351 | 723 421 | 122 880 | 55 653 | 44 303 | – | 2 140 043 |
| Capital expenditure | 120.3 | 68.6 | 32.6 | 52.5 | 61.9 | 17.8 | 49.2 | 19.5 | 422.4 |
| Total assets | 2 234.0 | 875.8 | 171.8 | 2 175.3 | 1 215.9 | 1 032.7 | 65.5 | 482.8 | 8 253.8 |
| Total liabilities | 2 035.2 | 285.5 | 29.5 | 696.7 | 159.4 | 247.6 | 23.1 | 180.4 | 3 657.4 |

Year ended 30 June 2000

| | Freestate (South Africa) R million | Evander (South Africa) R million | Kalgold (South Africa) R million | Randfontein (South Africa) R million | Bissett (Canada) R million | Other R million | Total R million |
|---|---|---|---|---|----------------------------------|--------------------|--------------------|
| Profit and loss | | | | | | | |
| Product sales | 1 545.3 | 724.5 | 88.9 | 584.6 | 52.3 | – | 2 995.6 |
| Production costs | 1 356.5 | 597.5 | 83.1 | 436.8 | 60.8 | – | 2 534.7 |
| Cash operating profit | 188.8 | 127.0 | 5.8 | 147.8 | (8.5) | – | 460.9 |
| Operating profit/(loss) before tax | 164.2 | 167.5 | (16.7) | 216.2 | (28.7) | (34.1) | 468.5 |
| Taxation expense | (15.7) | (38.2) | (2.2) | (23.1) | (0.3) | (6.5) | (86.0) |
| Net profit/(loss) for the year before minority interest | 148.5 | 129.3 | (18.9) | 193.1 | (29.0) | (40.6) | 382.5 |
| Ounces sold | 856 816 | 393 235 | 48 483 | 300 448 | 26 943 | – | 1 625 925 |
| Capital expenditure | 62.0 | 68.4 | 6.8 | 17.0 | 49.1 | – | 203.3 |
| Total assets | 1 708.8 | 959.0 | 328.3 | 1 804.8 | 115.2 | 274.9 | 5 191.0 |
| Total liabilities | 1 048.8 | 258.4 | 26.4 | 741.2 | 113.3 | 128.1 | 2 316.2 |