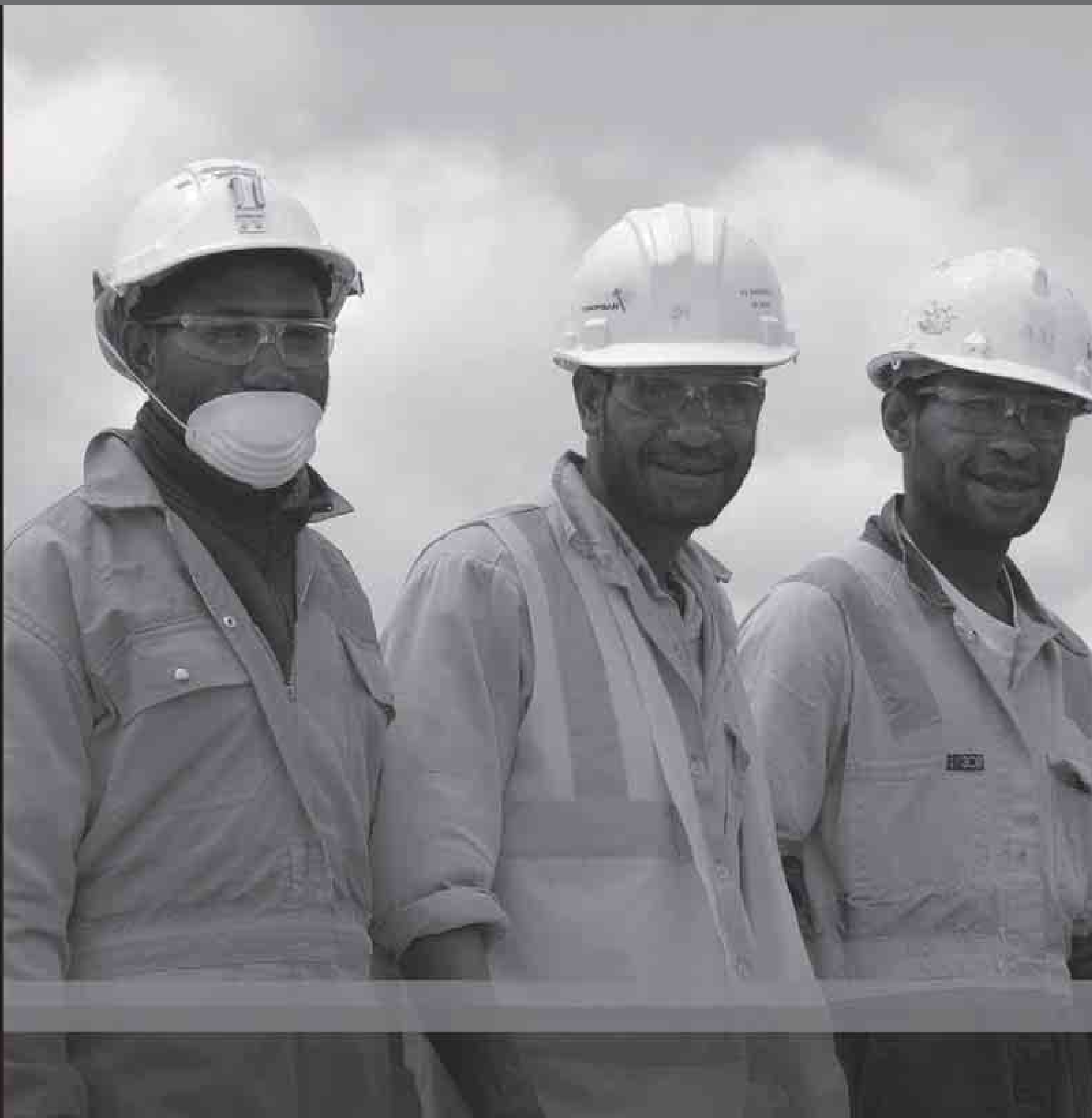
Group financial statements 2009



Group income statements

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	Note	US dollar 2009	US dollar 2008
		Continuing operations			
9 617	**11 496**	Revenue		**1 277**	1 325
(8 472)	**(9 836)**	Cost of sales	5	**(1 104)**	(1 162)
(6 973)	**(7 657)**	Production costs		**(850)**	(959)
(846)	**(1 467)**	Amortisation and depreciation		**(167)**	(117)
(280)	**(484)**	Impairment of assets		**(61)**	(35)
(236)	**(39)**	Employment termination and restructuring costs		**(4)**	(32)
(137)	**(189)**	Other items		**(22)**	(19)
1 145	**1 660**	**Gross profit**		**173**	163
(228)	**(362)**	Corporate, administration and other expenditure		**(40)**	(33)
(224)	**(289)**	Exploration expenditure		**(32)**	(32)
129	**965**	Profit on sale of property, plant and equipment	6	**116**	18
(97)	**(101)**	Other expenses – net	7	**(3)**	(13)
725	**1 873**	**Operating profit**	8	**214**	103
(78)	**12**	Profit/(loss) from associates	22	**1**	(11)
–	**1**	Profit on sale of investment in associate	9	**–**	–
(95)	**(112)**	Impairment of investment in associate	22	**(14)**	(12)
(2)	**–**	Loss on sale of investment in joint venture	23	**–**	–
33	**(101)**	Fair value (loss)/gain on financial instruments	10	**(10)**	5
(459)	**–**	Loss on sale of listed investments	11	**–**	(63)
(1)	**–**	Impairment of investments		**–**	–
284	**444**	Investment income	12	**49**	39
(524)	**(212)**	Finance cost	13	**(24)**	(71)
(117)	**1 905**	**Profit/(loss) before taxation**		**216**	(10)
(487)	**(196)**	Taxation	14	**(23)**	(68)
(604)	**1 709**	**Net profit/(loss) from continuing operations**		**193**	(78)
		Discontinued operations			
359	**1 218**	Profit from discontinued operations	15	**118**	48
(245)	**2 927**	**Net profit/(loss)**		**311**	(30)
		Earnings/(loss) per ordinary share (cents):	16		
(151)	**413**	Earnings/(loss) from continuing operations		**47**	(20)
89	**294**	Earnings from discontinued operations		**28**	12
(62)	**707**	Total earnings/(loss) for the period		**75**	(8)
		Diluted earnings/(loss) per ordinary share (cents):	16		
(151)	**411**	Earnings/(loss) from continuing operations		**46**	(20)
89	**293**	Earnings from discontinued operations		**28**	12
(62)	**704**	Total diluted earnings/(loss) for the period		**74**	(8)

* The comparative periods have been re-presented for a change in discontinued operations. Refer to note 15.

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

Group statements of other comprehensive income

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	Note	US dollar 2009	US dollar 2008
(245)	**2 927**	**Net profit/(loss) for the period**		**311**	(30)
		Attributable to:			
(245)	**2 927**	Owners of the parent		**311**	(30)
–	**–**	Non-controlling interest		**–**	–
982	**(450)**	Other comprehensive (loss)/income for the period, net of income tax		**111**	(204)
686	**(497)**	Foreign exchange translation		**105**	(246)
296	**47**	Mark-to-market of available-for-sale investments	28	**6**	42
737	**2 477**	**Total comprehensive income/(loss) for the period**		**422**	(234)
		Attributable to:			
737	**2 477**	Owners of the parent		**422**	(234)
–	**–**	Non-controlling interest		**–**	–

Group balance sheets

As at 30 June

SA rand 2008	SA rand 2009	Figures in million	Note	US dollar 2009	US dollar 2008
		Assets			
		Non-current assets			
27 556	**27 912**	Property, plant and equipment	17	**3 614**	3 531
2 209	**2 224**	Intangible assets	18	**288**	283
78	**161**	Restricted cash	19	**21**	10
1 465	**1 640**	Restricted investments	20	**212**	188
67	**57**	Investment in financial assets	21	**7**	9
145	**329**	Investment in associates	22	**43**	19
1 485	**1 712**	Deferred tax asset	14	**222**	190
137	**75**	Trade and other receivables	24	**10**	18
33 142	**34 110**	**Total non-current assets**		**4 417**	4 248
		Current assets			
693	**1 035**	Inventories	25	**134**	89
875	**885**	Trade and other receivables	24	**115**	112
82	**45**	Income and mining taxes		**6**	11
413	**1 950**	Cash and cash equivalents	26	**253**	53
2 063	**3 915**			**508**	265
1 537	**–**	Assets of disposal groups classified as held-for-sale	15	**–**	197
3 600	**3 915**	**Total current assets**		**508**	462
36 742	**38 025**	**Total assets**		**4 925**	4 710
		Equity and liabilities			
		Share capital and reserves			
25 895	**28 091**	Share capital	27	**4 004**	3 787
676	**339**	Other reserves	28	**(72)**	(196)
(1 832)	**1 095**	Retained earnings/(accumulated loss)		**(108)**	(419)
24 739	**29 525**	**Total equity**		**3 824**	3 172
		Non-current liabilities			
242	**110**	Borrowings	29	**14**	31
4 475	**4 963**	Deferred tax	14	**643**	573
1 129	**1 530**	Provision for environmental rehabilitation	30	**198**	145
144	**166**	Retirement benefit obligation and other provisions	31	**22**	18
5 990	**6 769**	**Total non-current liabilities**		**877**	767
		Current liabilities			
1 563	**1 460**	Trade and other payables	32	**189**	201
96	**19**	Income and mining taxes		**2**	12
3 857	**252**	Borrowings	29	**33**	494
5 516	**1 731**			**224**	707
497	**–**	Liabilities of disposal groups classified as held-for-sale	15	**–**	64
6 013	**1 731**	**Total current liabilities**		**224**	771
36 742	**38 025**	**Total equity and liabilities**		**4 925**	4 710

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

Figures in million (SA rand)	Number of ordinary shares issued	Share capital	Share premium	Retained earnings/ (accumulated loss)	Other reserves	Total
Note		*27*			*28*	
Balance – 30 June 2007	**399 608 384**	**200**	**25 436**	**(1 581)**	**(349)**	**23 706**
Dividends declared	–	–	–	(6)	–	(6)
Issue of shares						
– Exercise of employee share options	1 786 213	1	86	–	–	87
– Exchange for PNG Royalty	1 859 159	1	148	–	–	149
Share-based payments	–	–	23	–	43	66
Total comprehensive income for the year	–	–	–	(245)	982	737
Balance – 30 June 2008	**403 253 756**	**202**	**25 693**	**(1 832)**	**676**	**24 739**
Issue of shares						
– Exercise of employee share options	1 322 964	1	66	–	–	67
– Exchange for PNG Royalty	3 364 675	2	240	–	–	242
– Capital raising	18 045 441	8	1 879	–	–	1 887
Share-based payments	–	–	–	–	113	113
Total comprehensive income for the year	–	–	–	2 927	(450)	2 477
Balance – 30 June 2009	**425 986 836**	**213**	**27 878**	**1 095**	**339**	**29 525**

Figures in million (US dollar)	Number of ordinary shares issued	Share capital	Share premium	Retained earnings/ (accumulated loss)	Other reserves	Total
Note		*27*			*28*	
Balance – 30 June 2007	**399 608 384**	**32**	**3 720**	**(388)**	**2**	**3 366**
Dividends declared	–	–	–	(1)	–	(1)
Issue of shares						
– Exercise of employee share options	1 786 213	–	12	–	–	12
– Exchange for PNG Royalty	1 859 159	–	20	–	–	20
Share-based payments	–	–	3	–	6	9
Total comprehensive loss for the year	–	–	–	(30)	(204)	(234)
Balance – 30 June 2008	**403 253 756**	**32**	**3 755**	**(419)**	**(196)**	**3 172**
Issue of shares						
– Exercise of employee share options	1 322 964	–	7	–	–	7
– Exchange for PNG Royalty	3 364 675	–	23	–	–	23
– Capital raising	18 045 441	1	186	–	–	187
Share-based payments	–	–	–	–	13	13
Total comprehensive income for the year	–	–	–	311	111	422
Balance – 30 June 2009	**425 986 836**	**33**	**3 971**	**(108)**	**(72)**	**3 824**

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

Group cash flow statements

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	Note	US dollar 2009	US dollar 2008
		Cash flow from operating activities			
1 978	**2 813**	Cash generated by operations	33	**319**	268
273	**455**	Interest received		**51**	38
33	**2**	Dividends received		**–**	5
(417)	**(280)**	Interest paid		**(31)**	(57)
(129)	**(704)**	Income and mining taxes paid		**(85)**	(18)
1 738	**2 286**	**Cash generated by operating activities**		**254**	236
		Cash flow from investing activities			
(89)	**–**	Net increase in amounts invested in environmental trusts		**–**	(11)
205	**(83)**	(Increase)/decrease in restricted cash		**(9)**	28
127	**–**	Proceeds on disposal of South Kal Mine assets	33	**–**	18
–	**1 839**	Proceeds on disposals of Papua New Guinea joint venture	33	**235**	–
–	**2 135**	Proceeds on disposals of Randfontein Cooke assets	33	**209**	–
1 310	**–**	Proceeds on disposal of available-for-sale financial assets		**–**	184
(21)	**(38)**	Acquisition of intangible assets		**(4)**	(3)
(81)	**(41)**	Acquisition of other non-current investments		**(4)**	(11)
131	**55**	Proceeds on disposal of property, plant and equipment		**6**	18
(3 955)	**(3 050)**	Additions to property, plant and equipment		**(339)**	(552)
(2 373)	**817**	**Cash generated/(utilised) by investing activities**		**94**	(329)
		Cash flow from financing activities			
2 234	**–**	Long-term borrowings raised		**–**	323
(1 820)	**(3 738)**	Long-term borrowings paid		**(427)**	(256)
87	**1 953**	Ordinary shares issued		**194**	12
(6)	**–**	Dividends paid		**–**	(1)
495	**(1 785)**	**Cash (utilised)/generated by financing activities**		**(233)**	78
61	**217**	**Foreign currency translation adjustments**		**85**	(2)
(79)	**1 535**	Net increase/(decrease) in cash and equivalents		**200**	(17)
494	**415**	Cash and equivalents – beginning of period		**53**	70
415	**1 950**	**Cash and equivalents – end of period**		**253**	53

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

Notes to the group financial statements

For the years ended 30 June

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. Harmony has operations in Papua New Guinea, where the construction of the Hidden Valley mine is being completed, as well as in Western Australia.

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

These consolidated and company financial statements (on page 283 to 314 in the annual report) were authorised for issue by the board of directors on 9 October 2009.

2 Accounting policies

The principal accounting policies applied in the preparation of the consolidated and company financial statements are set out below. These policies have been consistently applied in all years presented.

2.1 Basis of preparation

The annual financial statements are prepared on the historical cost basis, as modified by available-for-sale financial assets, and financial assets and liabilities, which have been brought to account at fair value. The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies Act of South Africa.

New accounting standards and IFRIC interpretations

(a) *Standards and interpretations effective in 2009 but not relevant:*
The following standards and interpretations to published standards are mandatory for accounting periods beginning on or after 1 July 2008 but are not relevant to the group's operations:

Amendments to IAS 39 and IFRS 7, IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets;
IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction;
IFRIC 12, Service concession arrangements; and
IFRIC 13, Customer Loyalty Programmes.

(b) *Standards and amendments early adopted by the group in the 2008 year:*
IAS 1 (Revised) – Presentation of Financial Statements;
IAS 23 (Revised) – Borrowing Costs; and
IFRS 8 – Operating Segments.

(c) *Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group:*
At the date of authorisation of these financial statements, the standards, amendments 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 a reliable estimate of the impact of the adoption thereof for the group cannot yet be determined for all of them, as management is still in the process of determining the impact of these standards and interpretations on future financial statements. The group plans on adopting these standards, amendments and interpretations on the dates when they become effective.

Amendments and revised standards

IAS 27 (Revised) – Consolidated and Separate Financial Statements (effective from periods beginning 1 July 2009).
The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The effect of the amended IAS 27 will be recorded in future periods when such transactions are entered into.

For the years ended 30 June

2 Accounting policies (continued)

2.1 Basis of preparation (continued)

IFRS 3 (Revised) – Business Combinations (effective from periods beginning 1 July 2009).
The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed. The effect of the revised IFRS 3 will be recorded in future periods when such transactions are entered into.

IFRS 2 (Amendment) – Share-Based Payment: Vesting Conditions and Cancellations (effective from periods beginning 1 January 2009).
The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The effect of the amended IFRS 2 will be recorded in future periods when such transactions affecting vesting conditions and cancellations on share based payment occurs.

IAS 32 and IAS 1 (Amendment) – IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements: Puttable Financial Instruments and Obligations Arising on Liquidation (effective from periods beginning 1 January 2009).
The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: a) puttable financial instruments (for example, some shares issued by co-operative entities); b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required about the instruments affected by the amendments. The group does not expect the adoption of these amendments to have an impact on the consolidated financial statements.

IFRS 1 and IAS 27 (Amendment) – IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective from periods beginning 1 January 2009).
The amendment allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor. The group is not a first time adopter of IFRS. The effect of the amended IAS 27 will be recorded in future periods when such transactions are entered into.

IAS 39 (Amendment) – IAS 39 Financial Instruments: Recognition and Measurement Exposures Qualifying for Hedge Accounting (effective from periods beginning 1 January 2009).
The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The group currently does not anticipate the change to affect the financial statements as the group does not have hedges.

IFRS 7 (Amendment) – Financial Instruments disclosures: Improving Disclosures about Financial Instruments (effective from periods beginning 1 January 2009).
The amendment increases the disclosure requirements about fair value measurement and reinforces existing principles for disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosure and requires some specific quantitative disclosures for financial instruments in the lowest level in the hierarchy. In addition, the amendment clarifies and enhances existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. The standard will affect the disclosure of financial instruments in the financial statements.

Annual improvements to IFRS issued August 2008 (effective on or after 1 January 2009 unless otherwise specified).
This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs. The group is assessing the impact that these improvements will have on the financial statements.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.1 Basis of preparation (continued)

Annual improvements to IFRS issued April 2009 (effective on or after 1 January 2010 unless otherwise specified).

This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs. The group will assess the impact that these improvements will have on the financial statements.

New interpretations

IFRIC 15 – Agreements for the Construction of Real Estate (effective from periods beginning 1 January 2009)

IFRIC 15 addresses diversity in accounting for real estate sales. IFRIC 15 clarifies how to determine whether an agreement is within the scope of IAS 11 – Construction contracts or IAS 18 – Revenue and when revenue from construction should be recognised. The guidance replaces example 9 in the appendix to IAS 18. The group does not expect this interpretation to have an impact on the financial statements.

IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (effective from periods beginning 1 October 2008)

IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). It secondly provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The group currently does not anticipate the change affecting our financial statements as the group does not have hedges on its net investments in foreign operations.

IFRIC 17 – Distributions of Non-cash Assets to Owners (effective from periods beginning 1 July 2009)

IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as dividends in specie) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. The effect of the interpretation will be recorded in future periods when such transactions are entered into.

IFRIC 18 – Transfers of assets from customers (effective from periods beginning 1 July 2009)

The interpretation clarifies the accounting treatment for transfers of property, plant and equipment received from customers. This Interpretation applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both. The group currently does not expect this interpretation to have any effect on the financial statements.

2.2 Consolidation

The consolidated financial information includes the financial statements of the company, its subsidiaries, its proportionate interest in joint ventures, special purpose entities (SPEs) and its interests in associates.

(i) **Subsidiaries**, which are those entities in which the group has an interest of more than one half of the voting rights or otherwise has power to govern the financial and operating policies, are consolidated. Subsidiaries are consolidated from the date on which control is acquired and are no longer consolidated when control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities assumed at the date of acquisition plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. Non-controlling interests are carried at a proportion of the net identifiable assets acquired.

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill (refer to 2.7).

For the years ended 30 June

2 Accounting policies (continued)

2.2 Consolidation (continued)

In situations of successive share purchases when control already existed at the date of further acquisition, no fair value adjustment is made to the identifiable net assets acquired and any excess/deficit purchase price over the carrying value of non-controlling interests acquired is accounted for in equity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated and may provide evidence of an impairment that should be recognised. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

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

(ii) **Associates** are those entities, other than a subsidiary, in which the group has a material interest and in respect of which the group exercises significant influence over operational and financial policies, normally owning between 20% and 50% of the voting equity, but which it does not control.

Investments in associates are accounted for by using the equity method of accounting, and are initially recognised at cost. The cost of an acquisition is measured as the fair value of the assets given up, shares issued or liabilities assumed at the date of acquisition plus costs directly attributable to the acquisition.

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. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's shares of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The group's investment in associates includes goodwill identified on acquisition.

The carrying value of an associate is reviewed on a regular basis and, if an 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 and may provide 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 ventures** are those entities in which the group holds a interest and which is jointly controlled by the group and one or more ventures under a contractual arrangement. The group's interest in jointly controlled entities is accounted for by proportionate consolidation. Under this method, the group includes its share of the joint venture's 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 venture that is attributable to the other ventures. The group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the group from the joint venture 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.

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

(iv) **Special purpose entities (SPEs)** are those undertakings that are created to satisfy specific business needs of the group, These are consolidated where the group has the right to the majority of the benefits of the SPE and/or is exposed to the majority of the risk thereof. SPEs are consolidated in the same manner as subsidiaries when the substance of the relationship indicates that the SPE is controlled by the group.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.2 Consolidation (continued)

(v) **Transactions with non-controlling interests.** The group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3 Foreign currency transactions

(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 the South African rand and US dollars for the benefit of local and international users. The company's financial statements are presented in its functional currency, being South African rand.

For translation of the rand financial statement items to US dollar, an average of R9.00 (2008: R7.26) 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 prevailing on the date of the transaction) and the closing rate of R7.72 (2008: R7.80) per US$1 for asset and liability items. Equity items were translated at historic rates.

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 currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such 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. These transactions are included in the determination of other expenses – net.

Changes in the fair value of monetary securities denominated in a foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security, and other changes in the carrying amount of the security. Translation differences are recognised in profit or loss, and other changes in carrying amount are recognised in other reserves.

Translation differences on non-monetary financial assets and liabilities are reported as part of fair value gains or losses. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

(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:

a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the date of the transactions);
c) all resulting exchange differences are recognised as a separate component of other reserves.
d) equity items are translated at historic rates.

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 reserves. When a foreign operation is sold or the loans included in the net investment in foreign operations are repaid or partially repaid, exchange differences that were recorded in equity are recognised in profit or loss in the period in which the sale or repayment takes place.

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

For the years ended 30 June

2 Accounting policies (continued)

2.4 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive committee. The accounting policies of the segments are the same as those described in the accounting policy notes to the financial statements.

2.5 Property, plant and equipment

(i) **Mining assets** including mine development costs and mine plant facilities are initially recorded at cost, whereafter it is measured at cost less accumulated amortisation and impairment.

At the group's surface mines, when it has been determined that a mineral property can be economically developed as a result of establishing proven 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 ore body and remove overburden to initially expose the ore body. Stripping costs incurred during the production phase to remove waste ore are deferred and charged to production costs on the basis of the average life-of-mine stripping ratio. The average stripping ratio is calculated as the number of tonnes of waste material removed per tonne of ore mined. The average life-of-mine ratio is revised annually in the light of additional knowledge and change in estimates. The cost of "excess stripping" is capitalised as mine development costs when the actual stripping ratio exceeds the average life of mine stripping ratio. Where the average life of mine stripping ratio exceeds the actual stripping ratio, the cost is charged to the income statement.

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 as a result of establishing proven and probable reserves associated with specific ore blocks or areas of operations. 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.

During the development stage, the group may enter into arrangements whereby it agrees to transfer a part of its mineral interest in consideration for an agreement by another party (the farmee) to meet certain expenditure which would otherwise have to be undertaken by the group. Such arrangements, referred to as farm-in transactions, are accounted for as executory contracts – particularly when the expenditures to be incurred by the farmee are discretionary in nature, and the mineral interest to be transferred may vary depending upon such discretionary spend. At the date of completion of each party's obligations under the farm-in arrangement, the group derecognises the proportion of the mining assets and liabilities associated with the joint venture that it has sold to the farmee, and recognises its interest in the capital expenditure (consideration received) at fair value within operating assets. The difference between the net disposal proceeds and the carrying amount of the asset disposed of is recognised in profit or loss.

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.

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.

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

(ii) **Non-mining assets:** Land is shown at cost and not depreciated. Other non-mining fixed assets are shown at cost less accumulated depreciation and accumulated impairment losses.

(iii) **Undeveloped properties** are initially valued at the fair value of resources obtained through acquisitions. The carrying value 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.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.5 Property, plant and equipment (continued)

(iv) **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.

Production phase mineral interests represent interests in operating properties that contain proven and probable reserves. Development phase mineral interests represent interests in properties under development that contain proven and probable reserves. Exploration phase mineral interests represent interests in properties that are believed to potentially contain (i) other mineralised material such as inferred material within pits; measured, indicated and inferred material with insufficient drill spacing to qualify as proven and probable reserves; (ii) around-mine exploration potential such as inferred material not immediately adjacent to existing reserves and mineralisation but located within the immediate mine infrastructure; (iii) other mine-related exploration potential that is not part of measured, indicated or inferred material and is comprised mainly of material outside of the immediate mine area; or (iv) greenfield exploration potential that is not associated with any production, development or exploration phase property as described above.

The group's mineral use rights are enforceable regardless of whether proven or probable reserves have been established. In certain limited situations, the nature of a use changes from an exploration right to a mining right upon the establishment of proven 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 proven and probable reserves and/or undeveloped mineral interests.

(v) **Leased assets:** The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. The assets are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Finance lease payments are allocated using the rate implicit in the lease, which is included in finance costs, and the capital repayment, which reduces the liability to the lessor. The corresponding rental obligations, net of finance charges, are included in borrowings, with the current portion included under current liabilities.

Capitalised lease assets are depreciated over the shorter of their estimated useful lives and the lease terms.

(vi) **Depreciation and amortisation of mining assets:** 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 reserves. Changes in management's estimates of the quantities of economically recoverable reserves impact amortisation and depreciation on a prospective basis.

Costs incurred and capitalised to enable access to specific ore blocks or areas of the mine, and which only provide an economic benefit over the period of mining that ore block or area, are amortised using the units-of-production method where the denominator is the proven and probable reserves within that ore block or area.

If capitalised underground development costs provide an economic benefit over the entire life-of-mine, the costs are amortised using the unit-of-production method, where the denominator is the total accessible proven and probable reserves.

Proved and probable ore reserves reflect estimated quantities of economically recoverable reserves which can be recovered in future from known mineral deposits. Amortisation is first charged on mining ventures from the date on which the mining ventures are considered to have moved into the production phase.

For the years ended 30 June

2 Accounting policies (continued)

2.5 Property, plant and equipment (continued)

(vii) **Depreciation and amortisation of non-mining fixed assets:** 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; and
- 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(viii) **Depreciation and amortisation of mineral and surface use rights:** 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. 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.

For details on the group's accounting policy on impairments, refer to note 2.8.

2.6 Exploration costs

The group expenses all exploration and evaluation expenditures until the directors conclude that a future economic benefit is more likely to be realised than not, i.e. 'probable'. The information that the directors use to make that determination depends on the level of exploration as well as the degree of confidence in the ore body.

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 a final feasibility study has been completed, after which the expenditure is capitalised within development costs if the final feasibility study demonstrates that future economic benefits are probable.

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 directors are able to demonstrate that future economic benefits are probable through the completion of a prefeasibility study, after which the expenditure is capitalised as a mine development cost. A 'prefeasibility study' consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration, in the case of an open pit, 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 prefeasibility 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 directors to conclude that it is more likely than not that the group will obtain future economic benefit from the expenditures.

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 allow the directors to conclude that more likely than not the group will obtain future economic benefit from the expenditures.

Costs relating to property acquisitions are also capitalised. These costs are capitalised within development costs.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.7 Intangible assets

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:

(i) Intangible assets with an indefinite useful life

Intangible assets with an indefinite useful life are not amortised but tested for impairment on an annual basis. Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net assets of the acquired subsidiary, associate, joint venture or business at the date of acquisition. Goodwill on acquisition of subsidiaries, joint ventures and businesses are 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. Impairment losses on goodwill are not reversed. The impairment testing is performed on 30 June.

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.

(ii) Intangible assets with a finite useful life

Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. Intangible assets with a finite useful life are amortised on a straight line basis of over their estimated useful lives, which are reviewed annually, as follows:

- Computer software at 20% per year.

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

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

An impairment loss is recognised 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.

The assets' recoverable amount is generally determined using discounted estimated 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 and cash costs of production, all based on life-of-mine plans.

The term "recoverable minerals" refers to the estimated amount of gold that will be obtained from proven and probable reserves 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.

For the years ended 30 June

2 Accounting policies (continued)

2.8 Impairment of non-financial assets (continued)

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.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversal of impairments is also considered when there is objective evidence to indicate that the asset is no longer impaired.

2.9 Financial instruments

Financial instruments 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 instruments, with the exception of financial instruments classified as at fair value through profit or loss. The subsequent measurement of financial instruments 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.

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

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 and loss.

On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid is recognised in profit or loss.

Financial assets

The group classifies its financial assets in the following categories: loans and receivables, available-for-sale, held-to-maturity and at fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset.

(i) **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. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables include trade and other receivables (excluding VAT and prepayments), restricted cash and cash and cash equivalents.

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 (discussed below).

Restricted cash

Restricted cash consists of cash held for guarantees and performance bonds related to environmental rehabilitation, and as security deposits on mining tenements.

Trade and other receivables

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. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. 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.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.9 Financial instruments (continued)

(ii) **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 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. Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other reserves. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other reserves.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified in the income statement as profit or loss on sale of listed investments. Dividends on available-for-sale equity instruments are recognised in the income statement as part of investment income when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the value for a financial instrument cannot be obtained from an active market, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances. The valuation techniques make maximum use of market inputs and rely as little as possible on entity-specific inputs.

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, in the opinion of the directors, permanent diminution in value exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from other reserves and recognised in the income statement. Subsequent increases in the fair value are recognised in equity – impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(iii) **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 restricted investments held by the trust funds (refer note 20) are classified as held-to-maturity investments.

(iv) **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 and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management in terms of specified criteria. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held-for-trading or are expected to be realised within 12 months of the balance sheet date. 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.

Financial liabilities

Borrowings

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.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds are allocated to the conversion option. This is recognised and included in equity, net of income tax effects.

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.

For the years ended 30 June

2 Accounting policies (continued)

2.9 Financial instruments (continued)

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.10 Inventories

Inventories which include bullion on hand, gold in process, ore stockpiles and stores and materials, are measured at the lower of cost and net realisable value after appropriate allowances for redundant and slow moving items. Cost of bullion and gold in process 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 are classified as a non-current asset where the stockpile exceeds current processing capacity.

Stores and materials consist of consumable stores and are valued at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to perform the sale.

Gold in process inventories represent materials that are currently in the process of being converted to a saleable product. Conversion processes vary depending on the nature of the ore and the specific mining operation, but include mill in-circuit, leach in-circuit, flotation and column cells, and carbon in-pulp inventories. 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, stockpile or leach pad plus the in-process conversion costs, including the applicable depreciation relating to the process facility, incurred to that point in the process. Bullion on hand and gold in process at certain of the underground operations include gold-in-lockup which can be reliably measured, and generally this is from the smelter onwards. 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, normally from when ore is broken underground. Given the varying nature of the group's open-pit operations, gold in process represents either production in broken ore form or production from the time of placement on heap-leach pads.

2.11 Non-current assets or disposal group held-for-sale and discontinued operations

A non-current asset or disposal group (a business grouping of assets and their related liabilities) is designated as held-for-sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification as held-for-sale of a non-current asset or disposal group occurs when it is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset or disposal group, an active divestiture programme has been initiated, the non-current assets or disposal group is marketed at a price reasonable to its fair value and the disposal will be completed within one year from classification.

Upon classification of a non-current asset or disposal group as held-for-sale, it is reviewed for impairment. The impairment charged to the income statement is the excess of the carrying value of the non-current asset or disposal group over its expected net selling price (fair value less costs to sell). At each subsequent reporting date, the carrying values are remeasured for possible impairment. A gain is recognised for any subsequent increase in net selling price but not in excess of the cumulative impairment loss already recognised.

No depreciation is provided on non-current assets from the date they are classified as held-for-sale.

When a disposal group is classified as held-for-sale it is also necessary to assess whether or not the criteria for discontinued operations are met. If the criteria are met, the results of the disposal group are classified as discontinued operations in the income statement and the comparative amounts restated for all periods presented.

If a non-current asset or disposal group is classified as held-for-sale but the criteria for classification as held-for-sale are no longer met, the disclosure of such non-current asset or disposal group as held-for-sale is ceased.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.11 Non-current assets or disposal group held-for-sale and discontinued operations (continued)

On ceasing such classification, the non-current assets are reflected at the lower of:

- the carrying amount before classification as held-for-sale adjusted for any depreciation or amortisation that would have been recognised had the assets not been classified as held-for-sale; or
- the recoverable amount at the date the classification as held-for-sale ceases. The recoverable amount is the amount at which the asset would have been recognised after the allocation of any impairment loss arising on the cash generating unit as determined in accordance with the group's policy on impairment of non-financial assets.

Any adjustment required to be made on reclassification is charged to the income statement on reclassification, and included in income from continuing operations.

Where the disposal group was also classified as a discontinued operation, the subsequent classification from held-for-sale also requires that the discontinued operation be included in continuing operations. Comparative information in the income statement and cash flow note disclosures relating to the classification as a discontinued operation is re-presented accordingly. Comparative information in the balance sheet is not re-presented for this change.

2.12 Environmental obligations

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 are 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. 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.

2.13 Environmental trust funds

Contributions are made to the group's 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. Contributions are determined on the basis of the estimated environmental obligation over the life of the mine. The trusts are consolidated into the group. Income earned on monies paid to environmental trust funds is accounted for as investment income. The funds contributed to the trusts, plus growth in the trust funds, are included under restricted investments on the balance sheet.

2.14 Provisions

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 present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date. This 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.

For the years ended 30 June

2 Accounting policies (continued)

2.15 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 is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The group follows the comprehensive liability method of accounting for deferred tax using the balance sheet approach. Under this method deferred income taxes are recognised for the tax consequences of temporary differences by applying expected tax rates to the differences between the tax base of all assets or liabilities and its balance sheet carrying amount. Deferred tax is charged to the income statement, 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. 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 unutilised differences arise from amortisation and depreciation on property, plant and equipment, provisions, post retirement benefits, 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.

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.

2.16 Employee benefits

(i) **Pension and provident plans** are funded through annual contributions. The group's contributions to the defined contribution pension and provident plans are charged to the income statement in the year to which they relate. The group's liability is limited to its annually determined contributions.

(ii) **Medical plans:** 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 as the present value of the estimated future cash outflows using market yields consistent with the term and risks of the obligation. Actuarial gains and losses as a result of these valuations are recognised in the income statement at revaluation date. The future liability for current and retired employees and their dependents is accrued in full based on actuarial valuations obtained annually.

(iii) **Equity compensation benefits:** The group operates an equity-settled, share-based payments plan, where the group grants share options to certain employees. Equity share-based payments are measured at fair value 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, are 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.

(iv) **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 when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

(v) **Leave pay:** The group accrues for the cost of the leave days granted to employees during the period in which the leave days accumulate.

Notes to the group financial statements cont.

For the years ended 30 June

2 Accounting policies (continued)

2.17 Share capital

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.

2.18 Leases

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

For the group's policy on finance leases, refer to note 2.5 (v).

2.19 Revenue recognition

(i) **Revenue** arising from gold sales is recognised when the price is determinable, the product has been delivered in accordance with the terms of the contract, the significant risks and rewards of ownership have been transferred to the customer and collection of the sales price is reasonably assured. These criteria are typically met when the gold arrives at the refinery.

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

(ii) **Interest income:** 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 group.

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

2.20 Dividends declared

Dividends declared are recognised in the period in which they are approved by the shareholders. Dividends are payable in South African rands.

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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

3.1 Impairment of mining assets

The recoverable amount of mining assets is generally determined utilising discounted future cash flows. Management also considers such factors as the quality of the individual orebody and country risk in determining the fair value.

Key assumptions for the calculations of the mining assets' recoverable amounts are the forward gold price and the annual life-of-mine plans. In determining the gold price to be used, management assesses the long-term views of several reputable institutions on the gold price and based on this, derives the forward gold price. The life-of-mine plans are based on proven and probable reserves as included in the Reserve Declaration, which are determined in terms of SAMREC and JORC.

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, a gold price of R225 000 per kilogram and a discount rate of 9.34% (2008: R180 000 per kilogram and a 11.36% discount rate). 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.

For the years ended 30 June

3 Critical accounting estimates and judgements (continued)

3.1 Impairment of mining assets (continued)

Should management's estimate of the future not reflect actual events, further impairments may be identified. Factors affecting the estimates include:

- changes to proven and probable ore reserves;
- the grade of the ore reserves may vary significantly from time to time;
- review of strategy;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at the mines;
- changes in capital, operating mining, processing and reclamation costs.

It is impracticable to disclose the extent of the possible effects of the changes in assumptions for the forward gold price and life of mine plans at 30 June 2009, as these assumptions are inextricably linked.

3.2 Impairment of investment in associate

The investments in associates are evaluated for impairment by comparing the entire carrying value of the investment to the recoverable amount, which is the higher of value in use or fair value less costs to sell. In calculating fair value less cost to sell, the cash flows from disposal are looked at with reference to the closing share price at year-end.

3.3 Valuation of available-for-sale financial assets

If the value of financial instruments cannot be obtained from an active market, the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances. When considering indications of an impairment, management considers a prolonged decline to be longer than 12 months. The significance of the decline is assessed for each security individually.

3.4 Estimate of exposure and liabilities with regard to rehabilitation costs

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.

Management used an inflation rate of 6% (2008: short-term (two years): 9% and long-term: 6%) 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 dependant on the shaft's life of mine and are as follows: for 12 months – 6.75% (2008: 12.25%); for 1 – 5 years – 8.25% (2008: 11.75%); for 5 – 9 years – 8.25% (2008: 10.5%) and for 10 years or more – 8.75% (2008: 10.25%). These estimates were based on recent yields determined on government bonds.

3.5 Estimate of employee benefit liabilities

An updated actuarial valuation is carried out at the end of each financial year. Assumptions used to determine the liability included a discount rate of 10%, 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) (60 years) and a medical inflation rate of 7.8% (2008: discount rate of 12%, 60 years and 9.8% inflation rate).

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

3.6 Estimate of taxation

The group is subject to income tax in numerous 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. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters are 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 regards 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 raised.

Notes to the group financial statements cont.

For the years ended 30 June

3 Critical accounting estimates and judgements (continued)

3.7 Fair value of share-based payments

The fair value of options granted are 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. (Refer to note 36 for detail on each of the share option schemes.)

3.8 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 2.8. These calculations require the use of estimates as stated in note 3.1.

3.9 Gold in lock-up

Gold in lock-up in certain plants is estimated based on the calculated plant call factor. Plant call factor is the efficiency measurement of the percentage of gold extracted from the ore.

3.10 Assessment of contingencies

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

3.11 Gold mineral reserves

Gold mineral reserves 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, 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 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 change from year to year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves may change from year to year. Changes in the proven and probable reserves 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;
- depreciation and amortisation charged in the income statement may change as they are calculated on the units-of-production method; and
- environmental provisions may change as the timing and/or cost of these activities may be affected by the change in mineral reserves.

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

3.12 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.

For the years ended 30 June

4 Financial risk management

The group's financial instruments expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate 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 instruments are set out below:

Figures in rand million	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Financial liabilities at amortised cost
At 30 June 2009:				
Restricted cash	**161**	–	–	–
Restricted investments	–	–	**1 640**	–
Investments in financial assets	–	**57**	–	–
Trade and other receivables	**693**	–	–	–
Cash and cash equivalents	**1 950**	–	–	–
Borrowings	–	–	–	**362**
Trade and other payables	–	–	–	**553**
At 30 June 2008:				
Restricted cash	78	–	–	–
Restricted investments	–	–	1 465	–
Investments in financial assets	–	67	–	–
Trade and other receivables	681	–	–	–
Cash and cash equivalents	413	–	–	–
Borrowings	–	–	–	4 099
Trade and other payables	–	–	–	736

Figures in US dollar million	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Financial liabilities at amortised cost
At 30 June 2009:				
Restricted cash	**21**	–	–	–
Restricted investments	–	–	**212**	–
Investments in financial assets	–	**7**	–	–
Trade and other receivables	**90**	–	–	–
Cash and cash equivalents	**253**	–	–	–
Borrowings	–	–	–	**47**
Trade and other payables	–	–	–	**71**
At 30 June 2008:				
Restricted cash	10	–	–	–
Restricted investments	–	–	188	–
Investments in financial assets	–	9	–	–
Trade and other receivables	87	–	–	–
Cash and cash equivalents	53	–	–	–
Borrowings	–	–	–	525
Trade and other payables	–	–	–	94

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 co-operation 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.

Notes to the group financial statements cont.

For the years ended 30 June

4 Financial risk management (continued)

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

The group is exposed to foreign exchange risk arising from inter-company loans denominated in a currency other than the functional currency of that entity (A$ and Kina). Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to manage this risk.

Sensitivity analysis

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.

SA rand			US dollar	
2008	2009	Figures in million	2009	2008
		A$ against US$		
26	11	Increase by ten percent	1	3
(26)	(11)	Decrease by ten percent	(1)	(3)
0.96	0.81	Closing rate	0.81	0.96
		A$ against Rand		
235	–	Increase by ten percent	–	30
235	–	Decrease by ten percent	–	(30)
7.51	7.72	Closing rate	7.72	7.51
		Kina against A$		
268	130	Increase by ten percent	17	35
(268)	(130)	Decrease by ten percent	(17)	(35)
2.42	2.71	Closing rate	2.71	2.42

(ii) Other price risk

The group is exposed to the risk of fluctuations in the fair value of the available-for-sale 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

The equity investments are listed on the Australia Securities Exchange. A one percent increase in the share price at the reporting date, with all other variables held constant, would have increased other comprehensive income by R0.57 million (US$0.07 million) (2008: R1 million; US$0.1 million); an equal change in the opposite direction would have decreased other comprehensive income by R0.57 million (US$0.07 million) (2008: R1 million; US$0.1 million). The analysis is performed on the same basis for 2008.

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 other hedging arrangements to establish a price in advance for the sale of future gold production.

For the years ended 30 June

4 Financial risk management (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value Interest rate risk

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

Sensitivity analysis

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 2008.

SA rand			US dollar	
2008	2009	Figures in million	2009	2008
25	**4**	Increase by 100 basis points	**–**	3
(25)	**(4)**	Decrease by 100 basis points	**–**	(3)

The above table excludes the fixed rate convertible bond. As it is accounted for at amortised cost, interest rate changes do not affect reported profit or loss.

(b) 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. 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.

It is the policy of the group to renegotiate credit terms with long-standing customers who have a good credit history with the group. These customers are monitored on an ongoing basis to ensure that the customer remains within the renegotiated terms.

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 445 million (US$610.8 million) as at 30 June 2009 (2008: R2 811 million (US$361.2 million).

(c) 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 cont.

For the years ended 30 June

4 Financial risk management (continued)

(c) Liquidity risk (continued)

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

SA rand More than 1 year	SA rand Current	Figures in million	US dollar Current	US dollar More than 1 year
		2009		
112	254	Borrowings[(1) (2)]	33	15
–	553	Trade and other payables (excluding non-financial liabilities)	71	–
112	**807**		**104**	**15**
		2008		
228	4 038	Borrowings[(1) (2)]	518	29
–	736	Trade and other payables (excluding non-financial liabilities)	94	–
–	52	Trade and other payables (Discontinued operations, Note 15)	8	–
228	**4 826**		**620**	**29**

[(1)] R254 million (US$32.9 million) is due between 6 to 12 months (2008: R1 769 million (US$226.8 million)).
[(2)] R36 million (US$4.6 million) is due between 1 to 2 years (2008: R58 million (US$7.4 million)).

(d) 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. The group may also adjust the amount of dividends paid, sell assets to reduce debt or schedule projects to manage the capital structure.

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

(e) Fair value determination

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

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

The carrying values of financial assets and liabilities are assumed to approximate their fair value. The exception is the unsecured convertible fixed rate bond which had a fair value of R1 632 million (US$209.2 million) being 96% of the nominal value of R1 700 million for the year ended 30 June 2008.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		5 Cost of sales		
6 973	**7 657**	Production costs (a)	**850**	959
779	**1 390**	Amortisation and depreciation of mining properties, mine development costs and mine plant facilities (b)	**158**	107
67	**77**	Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities (c)	**9**	10
12	**21**	Provision for rehabilitation costs (d)	**3**	2
74	**53**	Care and maintenance cost of restructured shafts	**6**	10
236	**39**	Employment termination and restructuring costs (e)	**4**	32
42	**113**	Share-based payments (f)	**13**	6
280	**484**	Impairment of assets (g)	**61**	35
9	**2**	Provision for post retirement benefits	**–**	1
8 472	**9 836**	**Total cost of sales**	**1 104**	1 162

(a) Production costs include mine production, transport and refinery costs, applicable general and administrative costs, movement in inventories and ore stockpiles and ongoing environmental rehabilitation costs as well as transfers to and from deferred stripping. Ongoing employee termination costs are included, however employee termination costs associated with major restructuring and shaft closures are excluded. Production costs, analysed by nature, consist of the following:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
4 591	**4 857**	Labour costs, including contractors	**540**	632
1 666	**1 937**	Stores and materials	**215**	229
656	**840**	Water and electricity	**93**	90
136	**222**	Insurance	**25**	19
66	**136**	Transportation	**15**	9
69	**(14)**	Changes in inventory	**(2)**	9
(793)	**(953)**	Capitalisation of mine development costs	**(106)**	(109)
(26)	**(25)**	By-products sales	**(3)**	(4)
608	**657**	Other	**73**	84
6 973	**7 657**	**Total production cost**	**850**	959

(b) While Mt Magnet was classified as held-for-sale, no depreciation was recorded as per the requirements of IFRS 5, *Non-current assets held-for-sale and discontinued operations*. When Mt Magnet ceased being classified as held-for-sale, depreciation was calculated for the period from April 2007 to June 2009 and R219 million (US$28 million) recorded in the 2009 year.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		5 Cost of sales (continued)		
		(c) Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities consist of the following:		
30	**8**	Other non-mining assets	**1**	4
11	**24**	Intangible assets	**3**	2
26	**45**	Amortisation of issue costs	**5**	4
67	**77**	**Total amortisation and depreciation**	**9**	10
		(d) For the assumptions used to calculate the rehabilitation costs, refer to note 3.4.		
		(e) Employment termination and restructuring costs consist of the following:		
73	**10**	Free State	**1**	10
38	**9**	Randfontein and Elandskraal	**1**	5
23	**8**	Evander	**1**	3
73	**12**	Freegold	**1**	10
5	**–**	Avgold	**–**	1
24	**–**	Australia	**–**	3
236	**39**	**Total employment termination and restructuring cost**	**4**	32
		During the December 2007 quarter, a voluntary retrenchment process was begun, following the group's decision to decentralise central services, as well as the restructuring of shafts due to the cessation of continuous operations (Conops).		
		(f) Refer to note 36 for details on the share-based payments schemes operated by the group.		
		(g) Impairment consist of the following:		
–	**52**	Virginia [1]	**7**	–
–	**236**	Target [1]	**31**	–
125	**258**	Evander [1]	**33**	16
65	**–**	Kalgold [1]	**–**	8
(36)	**(62)**	Mount Magnet [2]	**(10)**	(5)
21	**–**	Other underground – assets [1]	**–**	3
105	**–**	Other underground – goodwill [3]	**–**	13
280	**484**	**Total impairment**	**61**	35

[1] During 2009 and 2008, impairments were recognised, which resulted primarily from the revised business (life-of-mine) plans that were completed during the June quarter of each year. Included in the revised plans were increases in labour and electricity costs. Also included in the revised plans for 2009 for Evander and Target was additional capital expenditure that is needed to access reserve ounces in areas where geological anomalies have been discovered. These adjustments impacted negatively on the recoverable amount and contributed to the recognition of the impairments at the shafts. Impairment tests were performed as required by IAS 36, *Impairment of Assets*, and as a result these impairments were recorded. For assumptions used to calculate the recoverable amount, refer to note 3.1.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

5 Cost of sales (continued)

[2] In 2009, the impairment recorded for Mt Magnet since being classified as held-for-sale was reversed when the requirement for IFRS 5 were no longer met and the carrying value was adjusted for depreciation as per IFRS 5. See note 5(b) in this regard.

During the 2008 year, the disposal group was tested for impairment and as the recoverable amount exceeded the carrying value, a portion of the impairment previously recognised was reversed.

[3] During 2008, goodwill relating to certain underground operations (classified under Other-underground) was also impaired. For further details on the allocation of goodwill, refer to note 18.

6 Profit on sale of property, plant and equipment

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
129	**965**	Profit on sale of property, plant and equipment	**116**	18

Included in the total for 2009 is R931 million (US$111.9 million) profit on sale of 50% of Harmony's gold and copper assets in Morobe Province, Papua New Guinea, to Newcrest Mining Limited (Newcrest) in terms of the Master Purchase and Farm-in agreement. The sale was concluded in three stages.

On 31 July 2008, stage 1, being the sale of an initial 30.1% participating interest in the assets, was concluded at a profit of R416 million (US$57.9 million). The remaining 19.99% interest was sold in two further stages, resulting in a profit of R439 million (US$44.6 million) for the 10% interest of stage 2 and a profit of R76 million (US$9.9 million) for the 9.99% interest of stage 3. These stages were completed on 27 February 2009 and 30 June 2009 respectively. Refer to note 23.

The amount in 2008 included the sale of tenements by Mt Magnet to BHP Nickel for a profit of R88 million (US$10.8 million).

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		7 Other expenses – net		
(99)	(56)	Foreign exchange gain – net (a)	(14)	(14)
6	–	Loss on financial instruments	–	1
97	100	Bad debts provision expense (b)	11	13
–	31	Bad debts written off (b)	3	–
93	26	Other expenses – net	3	13
97	101	**Total other expenses – net**	3	13

(a) (i) During the 2008 year, two inter-company loans, previously designated as forming part of the net investment of the group's international operations, were de-designated, mainly as a result of the expected repayment of these loans from the proceeds from the PNG Partnership Agreement (refer to note 23).

In accordance with the group's accounting policies, accumulated exchange gains that arose while the loans were considered to form part of the group's net investment in its international operations remain in equity and are only reclassified to the consolidated income statements as and when the loans are repaid. Therefore, following partial repayment of the loans in 2009 an accumulated exchange gain of R418 million (US$53.1 million) that arose while the loans were considered to form part of the group's net investment in its international operations has been reclassified from other reserves to the consolidated income statements.

On 30 June 2009, the group converted the remainder of the loan between the company and Harmony Gold (Australia) (Proprietary) Limited (Harmony Australia) to ordinary shares, and the portion of the accumulated exchange gain that arose while the loan to Harmony Australia formed part of the group's net investment, continues to be deferred in equity until the investment in Harmony Australia is sold.

Foreign exchange gains/(losses) arising after de-designation of the loans in 2008, have been included in the consolidated income statements and in 2009 amounted to a loss of R201 million (US$22.3 million) (2008: gain of R111 million (US$15.3 million).

(ii) During the 2009 year, foreign exchange losses of R292 million (US$30.0 million) were recognised relating to the exchange movements on the US$ denominated Pamodzi Resources Fund 1 LLP (PRF) loan for the Cooke transaction. Refer to note 22 for further detail.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		7 Other expenses – net (continued)		
		In anticipation of the receipt of the purchase consideration for the Cooke assets, the group arranged a forward exchange contract, allowing the group to sell the proceeds at R10.27 per US$1 on 21 April 2009. The gain on this arrangement was R205 million (US$21.1 million).		
		(b) The amount in 2008 includes a provision for an outstanding balance of R50 million (US$6.4 million) on the sale of Deelkraal to Ogoerion Construction CC.		
		During the 2009 year, trade debt and loans of R31 million (US$3.4 million) was written off as the group considered the debt irrecoverable. A net provision of R100 million (US$11.2 million) was made, where the group considered the recoverability of the debt to be doubtful. Refer to note 24.		
		8 Operating profit		
		The following have been included in operating profit:		
32	**25**	Auditors' remuneration	**3**	4
		External		
16	**15**	Fees – current year	**2**	2
1	**1**	Fees – prior year under provision	**–**	–
7	**2**	Fees – other services	**–**	1
		Internal		
8	**7**	Fees – current year	**1**	1
		9 Profit on sale of investments in associate		
–	**1**	Profit on sale of Village Reef Gold Mining Company Limited	**–**	–
–	**1**	**Total profit on sale of investment in associate**	**–**	–
		10 Fair value (loss)/gain on financial instruments		
		Fair value through profit or loss		
33	**–**	Mark-to-market adjustment (a)	**–**	5
33	**–**		**–**	5

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		10 Fair value (loss)/gain on financial instruments (continued)		
		Available-for-sale		
–	**(115)**	Impairment recognised in profit or loss (b)	**(12)**	–
–	**14**	Realised portion of mark-to-market movement (c)	**2**	–
–	**(101)**		**(10)**	–
33	**(101)**	**Total fair value (loss)/gain on financial instruments**	**(10)**	5

(a) The sale agreement of African Rainbow Minerals Limited (ARM) shares gave rise to a non-derivative financial instrument that is designated as at "fair value through profit or loss". The fair value movement recognised is equivalent to the interest paid on the Nedbank loans, which were guaranteed by the group. These guarantees were cancelled in September 2007.

(b) This amount relates to the portion of the mark-to-market losses reclassified from other reserves to the income statement when the investments were considered to be permanently impaired. Refer to note 21(b) and 28 in this regard.

(c) This portion relates to the realised portion of the mark-to-market gains reclassified from other reserves to the income statement on the disposal of the Dioro investment. Refer to note 21(b) and 28 for further detail.

11 Loss on sale of listed investments

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
459	**–**	Loss on sale of investment in Gold Fields Limited	**–**	63

The group acquired its investment in Gold Fields Limited (Gold Fields) in December 2006, in exchange for its interest in Western Areas Limited. The group disposed of 2 650 000 shares during 2007 and the remaining 7 348 079 shares in 2008, resulting in realised losses of R35 million (US$5 million) and R459 million (US$63 million), respectively.

12 Investment income

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
251	**442**	*Interest received*	**49**	34
35	**94**	Loans and receivables	**10**	5
134	**169**	Held-to-maturity investments	**19**	18
82	**179**	Cash and cash equivalents	**20**	11
33	**2**	*Dividend income on available for sale*	**–**	5
284	**444**	**Total investment income**	**49**	39

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		13 Finance costs		
		Financial liabilities		
37	**17**	Bank and short-term facilities	**2**	5
159	**135**	Convertible unsecured fixed rate bonds	**15**	22
277	**208**	Nedbank Limited	**23**	38
–	**5**	Westpac Bank	**–**	–
17	**–**	Rand Merchant Bank	**–**	2
6	**–**	Other creditors	**–**	1
496	**365**	Total finance costs from financial liabilities	**40**	68
		Non-financial liabilities		
10	**15**	Post-retirement benefits	**2**	1
117	**98**	Time value of money and inflation component of rehabilitation costs	**11**	16
59	**16**	South African Revenue Services (SARS)	**2**	8
186	**129**	Total finance costs from non-financial liabilities	**15**	25
682	**494**	**Total finance cost before interest capitalised**	**55**	93
(158)	**(282)**	Interest capitalised	**(31)**	(22)
524	**212**	**Total finance costs**	**24**	71

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation during the year is 12.3% (2008: 11.7%).

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		14 Taxation		
		SA normal taxation		
		Mining tax (a)		
35	**130**	– current year	**14**	5
112	**41**	– prior year	**5**	15
		Non-mining tax (b)		
7	**159**	– current year	**18**	1
6	**5**	– prior year	**1**	1
		Deferred tax (c)		
394	**358**	– deferred tax	**40**	55
		Foreign normal taxation		
(67)	**(497)**	– deferred tax (d)	**(55)**	(9)
487	**196**	**Total normal taxation**	**23**	68

(a) Mining tax on gold mining income in South Africa is determined according to a formula, based on the taxable income from mining operations. Gold mining companies within the group that have elected to be exempt from Secondary Tax on Companies (STC) are taxed at higher rates than those that have not made the election.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

14 Taxation (continued)

(a) (continued)

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 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.

The formulas for determining the South African gold mining tax rates are:

$Y = 43 – 215/X$ (elect not to pay STC) (2009 and 2008)

$Y = 34 – 170/X$ (no election made) (2009 and 2008)

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

(b) Non-mining income is taxed at 35% (exempt from STC) (2008: 35%) and 28% (no election made) (2008: 28%). Non-mining companies are taxed at the statutory corporate rate of 28% (2008: 28%).

(c) The 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 balance sheet date. Depending on the profitability of the operations, the tax rate can consequently be significantly different from year to year.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		14 Taxation (continued)		
		(d) Mining and non-mining income of Australian and PNG operations is taxed at a standard tax rate of 30% (2008: 30%). Deferred tax is provided at the estimated expected future mining tax rate for temporary differences, based on tax rates (and tax laws) that have been enacted at balance sheet date.		
		Income and mining tax rates		
		The South African taxation rates were changed in the 2008 year after an announcement of a reduction in the applicable rates by the Finance Minister in his annual budget speech in February 2008. There was no change in the 2009 year.		
		Major items causing the group's income tax provision to differ from the maximum mining statutory tax rate of 43% (2008: 43%) were:		
51	**(819)**	Tax on net income/(loss) from continuing operations at the maximum mining statutory tax rate	**(93)**	4
(652)	**(389)**	Non-allowable deductions	**(42)**	(88)
30	**126**	Difference between effective mining tax rate and statutory mining rate on mining income	**14**	4
2	**100**	Difference between non-mining tax rate and statutory mining rate on non-mining income	**11**	–
(74)	**479**	Effect on temporary differences due to changes in effective tax rates	**53**	(10)
(118)	**(45)**	Prior year adjustment – mining and non-mining tax	**(5)**	(16)
274	**352**	Capital allowances	**39**	38
(487)	**(196)**	**Income and mining taxation**	**(23)**	(68)
416%	**-10%**	**Effective income and mining tax rate**	**-10%**	680%
		Deferred tax liabilities and assets on the balance sheet as of 30 June 2009 and 30 June 2008, relate to the following:		
		Deferred tax		
4 525	**4 963**	Gross deferred tax liability	**643**	579
4 219	**4 786**	Amortisation and depreciation	**620**	540
99	**92**	Product inventory not taxed	**12**	13
8	**–**	Convertible bonds	**–**	1
199	**85**	Other	**11**	25

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		14 Taxation (continued)		
(1 485)	**(1 712)**	Gross deferred tax asset	**(222)**	(190)
–	**–**	Deferred financial liability	**–**	–
(817)	**(1 409)**	Unredeemed capital expenditure	**(183)**	(105)
(212)	**(231)**	Provisions, including non-current provisions	**(30)**	(27)
(456)	**(72)**	Tax losses	**(9)**	(58)
(50)	**–**	Disposal groups classified as held-for-sale	**–**	(6)
2 990	**3 251**	**Net deferred tax liability**	**421**	383
		Movement in the net deferred tax liability recognised in the balance sheet is as follows:		
2 719	**2 990**	Balance at beginning of year	**383**	386
341	**258**	Total charge per income statement (a)	**29**	47
(6)	**1**	Translation	**9**	(41)
(28)	**2**	Tax directly charged to equity (b)	**–**	(4)
(36)	**–**	Disposal groups classified as held-for-sale	**–**	(5)
2 990	**3 251**	**Balance at end of year**	**421**	383
		The following amounts that will realise or be recovered in the next 12 months have been included in the deferred tax liabilities and assets:		
297	**113**	Deferred tax liabilities	**15**	38
(167)	**(94)**	Deferred tax assets	**(12)**	(21)
130	**19**	**Net deferred tax liability**	**3**	17
		(a) The charge includes the amounts for both continuing and discontinued operations.		
		(b) The charge relates to deferred tax asset on the downward mark-to-market adjustment during the year on available-for-sale financial assets by Australian operations. Refer to note 21 and 28 in this regard.		
		As at 30 June, certain subsidiaries in the group had the following tax credits:		
9 323	**12 245**	• Unredeemed capital expenditure available for utilisation against future mining taxable income	**1 586**	1 195
2 636	**190**	• Tax losses carried forward utilisable against taxable income	**25**	338
571	**571**	• Capital Gains Tax (CGT) losses available to be utilised against future CGT gains.	**74**	73
2 575	**2 927**	As at 30 June, the group had not recognised the following deferred tax asset amounts	**379**	330

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		14 Taxation (continued)		
		The unrecognised temporary differences are:		
6 206	**7 155**	• Unredeemed capital expenditure	**926**	795
1 037	**207**	• Tax losses	**27**	133
571	**571**	• CGT losses	**74**	73
–	**1 190**	• Temporary differences relating to investments in associates	**154**	–

Secondary Taxation on Companies

STC is a tax levied on South African companies at a rate of 10% with effect from 1 October 2007 (previously 12.5%) on dividends distributed.

Current and deferred tax are measured at the tax rate applicable to undistributed income and therefore only take STC into account to the extent that dividends have been received or paid.

On declaration of a dividend, the company includes the STC in this dividend in its computation of the income tax expense in the period of such declaration.

273	**273**	Available STC credits at end of year	**35**	35

On 13 August 2009, the Board of Directors approved a final dividend for the 2009 financial year of 50 SA cents per share. The total dividend, paid on 21 September 2009, amounted to R213 million (US$28.6 million). As the STC credit exceeded the dividend, no STC was payable on this declaration.

15 Disposal groups classified as held-for-sale and discontinued operations

The assets and liabilities related to Mt Magnet and South Kal (operations in Australia), Orkney operations (operations in North West Province) have been presented as held-for-sale following approval of the group's management and board of directors on 20 April 2007. These operations also met the criteria to be classified as discontinued operations and were reported in the "Discontinued Operations – other" segment in the segment report.

On 6 December 2007, the sale relating to the South Kal operation (operation in Australia) was concluded at a loss, net of tax, of R51 million (US$7.6 million) and the assets were derecognised.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

15 Disposal groups classified as held-for-sale and discontinued operations (continued)

On 27 February 2008, the sale relating to the Orkney operations (operations in the North West Province) was concluded at a profit of R66 million (US$8.9 million) and the assets were derecognised.

The Mt Magnet operations were first classified as held-for-sale in 2007, when Harmony signed a letter of intent for the sale of its Mt Magnet operations with Monarch. However, in July 2008, Harmony was advised that Monarch placed itself in voluntary administration, and in August 2008, the Administrator indicated that Monarch would not proceed with the purchase and consequently the purchase agreement was terminated.

Harmony resumed management of the operation and re-commenced the sale process early in 2009. However, during the fourth quarter 2009, it was decided that further drilling at the Mt Magnet operation would enhance the selling potential of the operation and, as a result, the operation no longer met the requirements to be classified as held-for-sale in terms of IFRS 5. Consequently, the consolidated income statements, earnings per share and related notes for comparative periods have been re-presented to include income and expenses relating to the Mt Magnet operations in continuing operations. The Mt Magnet operations continue to be under care and maintenance.

On ceasing to be classified as held-for-sale, the carrying value was re-measured as per IFRS 5 (refer to note 2.11) and depreciation amounting to R219 million (US$28 million) was recorded. This also lead to the recording of a reversal of impairment of R216 million (US$28 million). Refer to note 5(b) and (g) respectively.

The assets and liabilities relating to the Cooke 1, Cooke 2, Cooke 3, Cooke plant and related surface operations (operations in Gauteng province) have been presented as held-for-sale following the approval of the group's management on 16 October 2007. These operations were also deemed to be discontinued operation.

The sale of assets to Rand Uranium (Proprietary) Limited (Rand Uranium) had two tranches, the first being the sale of the Randfontein Cooke assets. The second tranche related to the sale of the old Randfontein assets, situated near the Cooke operations and containing gold and uranium. Both tranches were subject to conditions, including the approval of the Ministerial Consent of the cession of the mining right (Section 11). In exchange for 60% of the issued share capital of Rand Uranium, PRF agreed to pay Harmony a purchase consideration of US$209 million.

For the years ended 30 June

15 Disposal groups classified as held-for-sale and discontinued operations (continued)

The conditions precedent for the sale of Randfontein's Cooke assets to Rand Uranium were fulfilled and the transaction became effective on 21 November 2008. US$40 million of the consideration was received on the effective date, with the balance and the interest on the outstanding amount, together amounting to US$172 million, being received on 20 April 2009. The conditions for the second sale were fulfilled on 22 April 2009.

Total profit for the transaction was R1 786 million (US$171 million) before tax.

The assets and liabilities for the operations classified as held-for-sale at the reporting dates presented follow below:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Balance sheet		
		Assets of disposal groups classified as held-for-sale		
1 183	–	Property, plant and equipment	–	152
175	–	Restricted investments	–	22
2	–	Investment in financial assets	–	–
171	–	Inventories	–	22
4	–	Trade and other receivables	–	1
2	–	Cash and cash equivalents	–	–
1 537	–	**Total assets of disposal groups classified as held-for-sale**	–	197
		Balance sheet		
		Liabilities of disposal groups classified as held-for-sale		
1	–	Borrowings	–	–
50	–	Deferred income tax	–	6
394	–	Provisions for other liabilities and charges	–	50
52	–	Trade and other payables	–	8
497	–	**Total liabilities of disposal groups classified as held-for-sale**	–	64

The results and cash flows relating to these operations are disclosed in the tables below:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Income statement		
		Analysis of the results of discontinued operations, and the results recognised on the re-measurement of assets for disposal by the group		
1 856	**614**	Revenue	**69**	253
(1 464)	**(454)**	Expenses – net	**(51)**	(199)
67	**1 786**	Profit on sale of shares	**171**	9
(86)	**–**	Loss on sale of property, plant and equipment	**–**	(13)
373	**1 946**	Profit from discontinued operations before tax	**189**	50
(14)	**(728)**	Taxation	**(71)**	(2)
359	**1 218**	**Profit for the year from discontinued operations**	**118**	48

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		15 Disposal groups classified as held-for-sale and discontinued operations (continued)		
		Cash flows		
482	181	Operating cash flows	20	67
(150)	2 048	Investing cash flows	199	(19)
38	–	Foreign exchange translation adjustment	69	(6)
370	2 229	**Total cash flows**	288	42
		16 Earnings/(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.		
400 750	414 121	Weighted average number of ordinary shares in issue ('000)	414 121	400 750
(604)	1 709	Net profit/(loss) from continuing operations	193	(78)
359	1 218	Net profit from discontinued operations	118	48
(245)	2 927	**Total net profit/(loss) attributable to shareholders**	311	(30)
(151)	413	Basic earnings/(loss) per share from continuing operations (cents)	47	(20)
89	294	Basic earnings per share from discontinued operations (cents)	28	12
(62)	707	**Total basic earnings/(loss) per share (cents)**	75	(8)
		Fully diluted earnings/(loss) per share		
		For diluted earnings 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.		
400 750	414 121	Weighted average number of ordinary shares in issue ('000)	414 121	400 750
2 144	1 842	Potential ordinary shares ('000)	1 842	2 144
402 894	415 963	**Weighted average number of ordinary shares for fully diluted earnings per share ('000)**	415 963	402 894

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		16 Earnings/(loss) per share (continued)		
(151)	**411**	Fully diluted earnings/(loss) per share from continuing operations (cents)	**46**	(20)
89	**293**	Fully diluted earnings per share from discontinued operations (cents)	**28**	12
(62)	**704**	**Total fully diluted earnings/(loss) per share (cents)**	**74**	(8)
		The inclusion of share options issued to employees as at 30 June 2009, as potential ordinary shares, had a dilutive effect on the diluted earnings per share. Additionally for the 2008 year, the potential ordinary shares to be issued upon the conversion of the convertible unsecured fixed-rate bond (refer to note 29) had an anti-dilutive effect on the diluted earnings per share. Accordingly, such additional shares were not taken into account in the determination of the diluted loss per share.		
		Headline earnings per share		
		The calculation of headline earnings, net of tax, per share is based on the basic earnings per share calculation adjusted for the following items:		
		Continuing operations		
(604)	**1 709**	Net profit/(loss)	**193**	(78)
		Adjusted for (net of tax):		
(90)	**(975)**	Profit on sale of property, plant and equipment	**(117)**	(12)
459	**–**	Loss on sale of listed investment	**–**	63
–	**71**	Fair value loss on financial instruments reclassified to profit or loss	**7**	–
–	**(384)**	Foreign exchange gain on loan repayment	**(43)**	–
–	**(1)**	Profit on sale of investment in associate	**–**	–
134	**457**	Impairment of assets	**58**	19
105	**–**	Impairment of intangible assets	**–**	15
95	**112**	Impairment of investment in associate	**13**	13
52	**–**	Disposal loss	**–**	7
2	**–**	Loss on sale of investment in joint venture	**–**	–
153	**989**	**Headline profit from continuing operations**	**111**	27
		Discontinued operations		
359	**1 218**	Net profit	**118**	48
		Adjusted for (net of tax):		
(7)	**(1 121)**	Profit on sale of property, plant and equipment	**(107)**	(1)
352	**97**	**Headline profit from discontinued operations**	**11**	47
505	**1 086**	**Total headline profit**	**122**	74
38	**239**	Basic headline earnings per share from continuing operations (cents)	**26**	6
88	**23**	Basic headline earnings per share from discontinued operations (cents)	**3**	12
126	**262**	**Total basic headline earnings per share (cents)**	**29**	18

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		16 Earnings/(loss) per share (continued)		
38	238	Fully diluted headline earnings per share from continuing operations (cents)	26	6
87	23	Fully diluted headline earnings per share from discontinued operations (cents)	3	12
125	261	**Total fully diluted headline earnings per share (cents)**	29	18
		17 Property, plant and equipment		
11 955	12 574	Mining properties, mine development costs and mine plant facilities	1 628	1 532
4 378	5 602	Mining assets under construction	725	561
11 192	9 678	Undeveloped properties	1 253	1 434
31	58	Other non-mining assets	8	4
27 556	27 912	**Total property, plant and equipment**	3 614	3 531
		Mining properties, mine development costs and mine plant facilities		
		Cost		
19 338	19 674	Balance at beginning of year	2 521	2 745
2 294	1 971	Additions	219	316
(1 227)	(3 127)	Disposals	(324)	(174)
100	205	Adjustment to rehabilitation asset	27	13
1 208	1 232	Transfers and other movements	160	166
839	(727)	Translation	(113)	(176)
(2 878)	5 763	Net reclassification from/(to) held-for-sale	746	(369)
19 674	24 991	Balance at end of year	3 236	2 521
		Accumulated depreciation and impairments		
9 207	7 719	Balance at beginning of year	989	1 307
104	546	Impairment of fixed assets (a)	71	13
(725)	(1 471)	Disposals	(141)	(104)
850	1 390	Depreciation for the year (a)	153	118
47	46	Depreciation for the year capitalised to mining assets under construction	5	6
(2)	–	Transfers and other movements	–	–
714	(602)	Translation	(89)	(34)
(2 476)	4 789	Net reclassification from/(to) held-for-sale	620	(317)
7 719	12 417	Balance at end of year	1 608	989
11 955	12 574	**Net book value**	1 628	1 532

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		17 Property, plant and equipment (continued)		
		Mining assets under construction		
		Cost		
2 846	**4 378**	Balance at beginning of year	**561**	404
1 692	**2 699**	Additions (b)	**300**	233
158	**282**	Finance costs capitalised	**31**	22
(26)	**(1 512)**	Disposals	**(186)**	(4)
(609)	**104**	Transfers and other movements	**13**	(84)
293	**(349)**	Translation	**6**	(13)
24	**–**	Net reclassification from held-for-sale	**–**	3
4 378	**5 602**	**Book value**	**725**	561
		Undeveloped property		
		Cost		
11 479	**11 206**	Balance at beginning of year	**1 436**	1 630
–	**208**	Additions	**23**	–
(167)	**(311)**	Disposals	**(39)**	(24)
(535)	**(1 336)**	Transfers and other movements	**(173)**	(74)
557	**(449)**	Translation	**(40)**	(80)
(128)	**876**	Net reclassification from/(to) held-for-sale	**113**	(16)
11 206	**10 194**	Balance at end of year	**1 320**	1 436
		Accumulated depreciation and impairments		
63	**14**	Balance at beginning of year	**2**	9
(37)	**(62)**	Reversal on impairment of fixed assets (a)	**(10)**	(6)
68	**–**	Transfers and other movements	**–**	9
121	**(108)**	Translation	**(12)**	16
(201)	**672**	Net reclassification from/(to) held-for-sale	**87**	(26)
14	**516**	Balance at end of year	**67**	2
11 192	**9 678**	**Net book value**	**1 253**	1 434
		Deferred stripping		
		Cost		
87	**65**	Balance at beginning of year	**8**	12
–	**–**	Translation	**–**	(1)
(22)	**–**	Reversal of deferred costs	**–**	(3)
65	**65**	Balance at end of year	**8**	8
		Accumulated depreciation		
–	**65**	Balance at beginning of year	**8**	–
65	**–**	Impairment of fixed assets	**–**	8
65	**65**	Balance at end of year	**8**	8
–	**–**	**Net book value**	**–**	–

Notes to the group financial statements cont.

2009

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		17 Property, plant and equipment (continued)		
		Other non-mining assets		
		Cost		
321	**347**	Balance at beginning of year	**44**	46
11	**32**	Additions	**4**	2
(40)	**(1)**	Disposals	**–**	(5)
32	**–**	Transfers and other movements	**–**	4
1	**(1)**	Translation	**–**	(6)
22	**5**	Net reclassification from held-for-sale	**1**	3
347	**382**	Balance at end of year	**49**	44
		Accumulated depreciation		
263	**316**	Balance at beginning of year	**40**	37
(30)	**–**	Disposals	**–**	(4)
30	**8**	Depreciation for the year	**1**	4
30	**–**	Transfers and other movements	**–**	4
–	**–**	Translation	**–**	(4)
23	**–**	Net reclassification from held-for-sale	**–**	3
316	**324**	Balance at end of year	**41**	40
31	**58**	**Net book value**	**8**	4
27 556	**27 912**	**Total net book value**	**3 614**	3 531

(a) For the 2008 figures these amounts include both continuing and discontinued operations.

(b) Included in this amount is the balance pertaining to the undivided 26% share of the mining titles in the Doornkop South Reef Project owned by African Vanguard Resources (Doornkop) (Proprietary) Limited (AVRD). The company is required to consolidate AVRD – refer to note 29 (c).

In terms of a revised agreement signed on 13 March 2009, Harmony will purchase this share back from AVRD in exchange for Harmony ordinary shares. The conditions precedent to this transaction are expected to be completed by end of February 2010.

(c) The additions include amounts relating to the purchase of the royalty agreements that Rio Tinto had over the Hidden Valley and Kerimenge deposits in PNG. During March 2008, Harmony concluded the buy back of these royalty rights for US$22 million through the issue of R149 million (US$20 million) Harmony shares and R18 million (US$2 million) in cash.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		17 Property, plant and equipment (continued)		
		On 1 December 2008, Harmony issued a further 3.4 million Harmony shares to Rio Tinto to cancel the Rio Tinto royalty rights over Wafi-Golpu in PNG. The value of the issued shares was R242 million (US$23 million).		
		(d) Additional disclosures		
		Leased assets		
266	**131**	Carrying value of capitalised leased assets (included in mining assets under construction)	**17**	35
291	**162**	Cost	**21**	38
(25)	**(31)**	Accumulated depreciation	**(4)**	(3)
253	**7**	Finance lease additions	**1**	28
		18 Intangible assets		
		Goodwill		
		Cost		
2 375	**2 372**	Balance at beginning of year (a)	**304**	337
–	**1**	Acquired through purchase of subsidiaries	**–**	–
(3)	**–**	Disposal (b)	**–**	–
–	**–**	Translation	**3**	(33)
2 372	**2 373**	Balance at end of year	**307**	304
		Accumulated depreciation		
105	**210**	Balance at beginning of year (a)	**27**	15
105	**–**	Impairment loss (c)	**–**	13
–	**–**	Translation	**–**	(1)
210	**210**	Balance at end of year	**27**	27
2 162	**2 163**	**Net book value**	**280**	277

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		18 Intangible assets (continued)		
		Computer software		
		Cost (d)		
42	**63**	Balance at beginning of year	**8**	6
21	**38**	Acquired during the year	**4**	3
–	**–**	Translation	**1**	(1)
63	**101**	Balance at end of year	**13**	8
		Accumulated depreciation		
5	**16**	Balance at beginning of year	**2**	1
11	**24**	Amortisation charge for the year	**3**	2
–	**–**	Translation	**–**	(1)
16	**40**	Balance at end of year	**5**	2
47	**61**	**Net book value**	**8**	6
2 209	**2 224**	**Total net book value**	**288**	283
		(a) The opening carrying value of goodwill amounting R2 162 million relates to the acquisition of ARMgold on 22 September 2003 and the balance related to the acquisition MP Britz Pharmacy and H Taute Pharmacy by Healthshare Health Solutions (Proprietary) Limited (Healthshare).		
		The net book value of goodwill has been allocated to the cash generating units:		
224	**224**	Bambanani	**29**	29
558	**558**	Tshepong	**72**	72
1 330	**1 330**	Phakisa	**172**	170
50	**51**	Other – underground	**7**	6
2 162	**2 163**		**280**	277

(b) On 1 January 2008, Harmony Gold Mining Company Limited sold its investment in Healthshare and the related goodwill was derecognised.

(c) The impairment of goodwill in 2008 relates to goodwill allocated to other underground segments. The related mining assets have also been impaired. Refer to note 5(g).

(d) The amount relates to the acquisition of the Oracle ERP software implemented in December 2006, as well as additional acquisition and implementation costs for the Oracle ERP software during the year.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		19 Restricted cash		
–	**112**	Environmental guarantees call account (a)	**15**	–
–	**2**	Security deposits (b)	**–**	–
78	**47**	Cash Management Account (c)	**6**	10
78	**161**	**Total restricted cash**	**21**	10

(a) The amount relates to funds set aside for guarantees made to the Department of Mineral Resources in South Africa for environmental and rehabilitation obligations.

(b) The amount was held in respect of security deposits on mining tenements.

(c) The amount relates to funds set aside by the international operations for performance bonds related to guarantees in Australia for environmental obligations.

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		20 Restricted investments		
		Held-to-maturity financial assets		
1 603	**1 597**	Investments held by Environmental Trust Funds (a)	**207**	206
36	**43**	Investments held by Social Trust Fund (b)	**5**	5
1 639	**1 640**		**212**	211
(174)	**–**	Disposal groups classified as held-for-sale	**–**	(23)
1 465	**1 640**	**Total restricted investments**	**212**	188

(a) The environmental trust funds are irrevocable trusts under the group's control. Contributions to the trust are invested in interest-bearing short-term investments. The costs of these investments approximate their fair value. These investments provide for the estimated cost of rehabilitation during and at the end of the life of the group's mines. Income earned on the investments are restricted in use and may only be used to fund the group's approved rehabilitation costs.

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Reconciliation of the movement in the Environmental Trust Funds:		
1 391	**1 603**	Balance at beginning of year	**206**	198
152	**178**	Interest income	**21**	21
(29)	**(184)**	Disposal of business	**(20)**	(4)
89	**–**	Contributions made	**–**	11
–	**–**	Translation	**–**	(20)
1 603	**1 597**		**207**	206
(174)	**–**	Disposal groups classified as held-for-sale	**–**	(23)
1 429	**1 597**	**Balance at end of year**	**207**	183

Notes to the group financial statements cont.

2009

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		20 Restricted investments		
		(b) The social trust fund is an irrevocable trust under the group's control. The group has undertaken 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 R19 million (US$2.7 million) was made during the 2004 year. The balance will be donated in instalments of R 3.5 million (US$0.45 million) per annum with the final instalment to be made 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 to avoid or minimise the effect of job losses and a decline in employment through turnaround or redeployment strategies.		
		Reconciliation of the movement in the Social Trust Fund:		
37	**36**	Balance at beginning of year	**5**	5
4	**4**	Contributions made*	**–**	1
3	**4**	Interest accrued*	**–**	–
(8)	**(1)**	Claims paid*	**–**	(1)
36	**43**	**Balance at end of year**	**5**	5
		* Please note that for 2009 when these amounts were translated into US dollars, the amounts were less than US$0.5 million and were rounded down, resulting in no movement being shown for the year.		
		21 Investment in financial assets		
2 544	**69**	Balance at beginning of year	**9**	361
135	**64**	Additions	**8**	20
(2 567)	**(37)**	Disposals	**(4)**	(362)
(60)	**(30)**	Mark-to-market of available-for-sale investments	**(3)**	(8)
33	**–**	Fair value movement of ARM investment (refer to note 10(a))	**–**	5
(16)	**(9)**	Translation	**(3)**	(7)
69	**57**		**7**	9
(2)	**–**	Disposal groups classified as held-for-sale	**–**	–
67	**57**	**Balance at end of year**	**7**	9
		The carrying amount consists of the following:		
		Available-for-sale financial assets		
2	**1**	Investment in Alloy Resources (a)	**–**	–
62	**–**	Investment in Dioro Exploration NL (b)	**–**	8
–	**41**	Investment in Avoca Resource Limited (c)	**5**	–
5	**15**	Investment in unlisted shares (d)	**2**	1
69	**57**		**7**	9
(2)	**–**	Disposal groups classified as held-for-sale	**–**	–
67	**57**	**Total available-for-sale financial assets**	**7**	9

For the years ended 30 June

SA rand			US dollar	
2008	2009	Figures in million	2009	2008

21 Investment in financial assets (continued)

(a) On 3 April 2006, Big Bell Gold Operations (Proprietary) Limited, a subsidiary of Harmony Australia, received 5 000 000 shares, valued at A$0.20 per share, in Alloy Resources, as partial consideration for the sale of Comet tenements.

The market value of the listed investments was R0.8 million (US$0.1 million) (A$0.025 per share) on 30 June 2009 (2008: R2 million (US$0.3 million) (A$0.05 per share). On 30 March 2009, the investment was considered to be permanently impaired, resulting in a cumulative loss amounting to R4 million (US$0.4 million) net of tax recognised in other reserves being reclassified from equity to profit or loss.

Subsequent to the impairment, a gain of R0.35 million (US$0.04 million) was recognised in other comprehensive income. Tax on this revaluation amounted to R0.1 million (US$0.01 million), which has been charged directly to equity.

(b) On 5 December 2007, the group concluded an agreement with Dioro Exploration NL (Dioro) to sell its South Kal operation (Australia) in exchange for 11 428 571 shares in Dioro, constituting an investment of 17.6% in Dioro's issued share capital. At that date, the shares were valued at R135 million (US$18.9 million) being A$1.75 (R11.80) per share. The shares are listed on the Australian Securities Exchange. At 30 June 2008, the shares were valued at A$0.74 (R5.77), resulting in a R58 million (US$8.1 million) loss being recognised in other comprehensive income, net of tax.

At 31 December 2008, as a result of a significant and prolonged decline in market value, an impairment in value was recognised, resulting in a cumulative loss of R76 million (US$7.7 million) net of tax, previously recognised in other reserves, being recognised in the income statement.

Subsequent to this impairment, gains relating to the increase in the fair value of the investment amounting to R14 million (US$1.5 million) were recognised in other comprehensive income. Tax of R1 million (US$0.1 million) relating to these gains were charged directly to equity. These gains and the related tax were recognised in the income statement on disposal of the investment (see below).

On 17 April 2009, the group disposed of its investment in exchange for shares in Avoca Resources Limited (Avoca). This was in terms of an offer made by Avoca to exchange every 3 Dioro shares held for 1 Avoca share. The market value on that day was R37 million (US$4.2 million).

Notes to the group financial statements cont.

For the years ended 30 June

21 Investment in financial assets (continued)

(c) On 17 April 2009, the group received 3 809 524 shares, valued at A$1.50 per share, or R37 million (US$4.2 million), in Avoca as consideration for its Dioro shares. The market value of the investment was R42 million (US$5.4 million) (A$1.75 per share) on 30 June 2009, with an increase of R4.5 million (US$0.5 million), net of tax, since acquisition being reflected as other comprehensive income. A portion of these shares were sold during September and October 2009. Refer to note 39.

(d) These investments 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. The directors' valuation is consistent with the value stated above. During the financial year under review, the group did not receive any income from these investments (2008: Nil).

22 Investment in associates

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
7	**145**	Balance at beginning of year	**19**	1
345	**–**	Shares acquired at cost (a)	**–**	46
–	**284**	Subsidiary becoming associate (b)	**25**	–
(34)	**–**	Elimination of unrealised profits	**–**	(5)
(78)	**12**	Share of profit/(loss) after tax	**1**	(11)
(95)	**(112)**	Impairment of share in associate	**(14)**	(12)
–	**–**	Translation	**12**	–
145	**329**	**Balance at end of year**	**43**	19
		The carrying amount consists of the following:		
145	**–**	Pamodzi Gold Limited (a)	**–**	19
–	**329**	Rand Uranium (Proprietary) Limited (b)	**43**	–
145	**329**	**Total investment in associates**	**43**	19

(a) On 27 February 2008, Pamodzi Gold Limited (Pamodzi) bought the Orkney operations from the group for a consideration of 30 000 000 Pamodzi shares. This resulted in Harmony owning 32.4% of Pamodzi. On the purchase date the value of the investment was R345 million (US$46.5 million) being R11.50 per share (US$1.54 per share). Pamodzi was listed on the JSE and has interests in operating gold mines in South Africa.

An impairment of the investment in associate of R95 million (US$12.3 million) was recognised at 30 June 2008, as the market value of the share had decreased to R4.85 per share (US$0.62 per share) The fair value of the investment was R145 million (US$18.6 million). For the four months to 30 June 2008, the group recognised R77 million (US$10.6 million) as its share of losses from associates.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

22 Investment in associates (continued)

On 30 September 2008, an impairment test was performed and an impairment of R112 million (US$13.5 million) was recorded. After taking into account the group's share of losses of R33 million (US$3.7 million), the carrying value at 31 December 2008 was R0. Subsequently, the group has not recognised its share of any further losses. During March 2009, Pamodzi was placed in liquidation and the trading of its shares on the JSE was suspended.

The audited financial statements for the year ended 31 December 2008 and the financial information for the six months ended 30 June 2009 were not available at the time of this report being finalised. As a result, the unaudited summarised information for the nine months ended 31 March 2009 has been included. This information is not comparable with the four month period ended 30 June 2008, disclosed in prior years.

100%	100%		100%	100%
414	**623**	Revenue	**69**	57
(536)	**(801)**	Production costs	**(89)**	(74)
(122)	**(178)**	Operating loss	**(20)**	(17)
(246)	**(361)**	**Net loss**	**(40)**	(34)
		The financial position as at 31 March 2009 and 30 June 2008 is disclosed below:		
1 671	**2 005**	Non-current assets	**260**	214
166	**145**	Current assets	**18**	21
1 837	**2 150**	**Total assets**	**278**	235
1 327	**1 863**	Current liabilities	**241**	170
239	**478**	Non-current liabilities	**62**	31
1 566	**2 341**	**Total liabilities**	**303**	201

(b) The group owns a 40% share of Rand Uranium, which is an unlisted company registered in South Africa, with gold mining operations in Gauteng, South Africa.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

22 Investment in associates (continued)

The group's interest was obtained by the completion of two transactions, discussed below.

On 21 November 2008, the company's wholly-owned subsidiary Randfontein Estates Limited disposed of its Randfontein Cooke assets to a newly formed wholly-owned subsidiary Rand Uranium, for a consideration of US$328 million (R3 484 million), settled with Rand Uranium shares. In a related transaction on the same date, 60% of these shares were sold to PRF for US$197 million (R2 093 million). US$40 million was paid on the effective date and the balance of US$157 million was paid on 20 April 2009. Interest was charged on the outstanding balance at 5% per annum, resulting in R32 million (US$3.3 million) being recognised in the income statement. The interest was also received on 20 April 2009.

The conditions precedent for the second part of the Rand Uranium transaction relating to the sale of the Old Randfontein assets to Rand Uranium were fulfilled on 22 April 2009. These assets were valued at US$20 million (R212 million). Additional shares were issued in settlement and 60% of these shares were sold to PRF in terms of the agreement. PRF paid its portion of the purchase price, US$12 million (R109 million), in cash on 20 April 2009.

The shareholders' agreement includes certain restrictions on the group's ability to dispose of its shares in Rand Uranium for a period of up to four years from the effective date, being 21 November 2008. In addition, PRF has the right, for a period of up to four years after the effective date, to have first claim on the proceeds, up to a specified amount, in the event of a disposal of the operations. Harmony has first right of refusal in such an event. However due to the contingent nature of the provision, the group has made no adjustments to the associate's carrying amount.

The group recognised a profit of R1 786 million (US$171 million) (before tax) on these transactions. This profit was included in the profit from discontinued operations. Refer to note 15.

During the seven months to June 2009, the group recognised its share of the post acquisition profits of R46 million (US$5.1 million). The carrying value of the investment at 30 June 2009 is R329 million (US$42.6 million).

Rand Uranium has a year-end of 30 June. At the time of finalisation of this report, the audited financial statements for Rand Uranium were not available. The unaudited financial information of Rand Uranium for the period since acquisition of the investment to June 2009 and as at 30 June 2009 are as follows:

SA rand 2008	SA rand 2009 (100%)		US dollar 2009 (100%)	US dollar 2008
	913	Revenue	101	
	(639)	Production costs	(71)	
	274	Operating profit	30	
	115	**Net profit**	**13**	

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		22 Investment in associates (continued)		
	4 456	Non-current assets	577	
	222	Current assets	29	
	4 678	**Total assets**	**606**	
	177	Current liabilities	23	
	702	Non-current liabilities	91	
	879	**Total liabilities**	**114**	

(c) On 21 June 2006, Harmony acquired 37.8%, or 2 295 563 ordinary shares, of the issued share capital of Village Reef Gold Mining Company (1934) Limited at a total cost of R 0.5 million (US$ 0.07 million). The equity stake was purchased from African Rainbow Minerals Limited at a price of 20 cents per share (US$ 3 cents per share). Village is listed on the JSE Limited in the gold sector and has been dormant for some time without any operating mines.

At 30 June 2008, the fair value of the investment was R0.7 million (US$0.09 million), calculated on a share price of 30 cents (US$4 cents)

During the twelve months to June 2008, the group did not recognise its share of losses from the associate. This unrecognised share amounted to R0.6 million (US$ 0.08 million).

On 10 July 2008, the group disposed of its interest in Village Reef Gold Mining Company to To The Point Growth Specialists Investments 2 (Pty) Ltd, for a consideration of R1.1 million (US$0.1 million).

(d) On 18 June 2007, the group disposed of 17% of its share in Orpheo by Harmony (Pty) Limited (Orpheo), which had been accounted for as a joint venture. After the transaction, the group held a 34% interest in Orpheo.

At 30 June 2008, the fair value of the investment was evaluated by management. It was determined that the carrying value exceeded the fair value and an impairment of R0.5 million (US$0.06 million) was recognised. During the 12 months ended 30 June 2008, the group's share of post-acquisition profit was R0.3 million (US$0.04 million).

On 1 September 2008, the group disposed of its shares held in Orpheo to the remaining shareholders, in exchange for a consideration of R1 (US$0.13).

Notes to the group financial statements cont.

For the years ended 30 June

SA rand		Figures in million	US dollar	
2008	2009		2009	2008

23 Investment in joint venture

(a) Papua New Guinea (PNG) Partnership agreement (50%)

On 22 April 2008, Morobe Consolidated Goldfields Limited and Wafi Mining Limited, subsidiaries of Harmony Australia, entered into a Master Purchase and Farm-in Agreement with Newcrest. This agreement provided for Newcrest to purchase a 30.01% participating interest (stage 1) and a further farm-in of an additional 19.99% participating interest in Harmony's PNG gold and copper assets, giving them a 50% interest. The total value of the transaction was estimated at US$530 million.

On 16 July 2008, the conditions to the Master Purchase and Farm-in agreement were finalised, which included regulatory and statutory approvals by the PNG Government. Stage 1 completion took place on 31 July 2008, and a total consideration of R1 792 million (US$229.8 million) was received on 7 August 2008, of which R390 million (US$50 million) was placed in a jointly controlled escrow account. This amount was subsequently released to Harmony following confirmation of approval of an exploration licence during September 2008 by the PNG mining authorities.

Harmony recognised a profit of R416 million (US$58 million) on the completion of stage 1, which represented a sale of a 30.01% undivided interest of Harmony's PNG gold and copper assets and liabilities comprising the joint venture.

During the farm-in period, Harmony agreed to transfer a further 19.99% interest to Newcrest in consideration for an agreement by Newcrest to meet certain expenditure which would otherwise have to be undertaken by Harmony. The interest to be transferred were conditional on the level of capital expenditures funded by Newcrest at certain milestones, and by the end of February 2009, Newcrest acquired another 10% through the farm-in arrangement. The final 9.99% was acquired by 30 June 2009.

At the date of completion of each party's obligations under the farm-in arrangement, Harmony derecognised the proportion of the mining assets and liabilities in the joint venture that it had sold to Newcrest, and recognised its interest in the capital expenditure at fair value. The difference between the net disposal proceeds and the carrying amounts of the asset disposed of during the farm-in arrangement amounted to a gain of R515 million (US$54 million), which has been included in the consolidated income statements for 2009.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

23 Investment in joint venture (continued)

The following are the group's effective share of income, expenses, assets and liabilities, which are included in the 2009 consolidated financial statements:

SA rand 2009		US dollar 2009
50%		50%
–	Revenue	–
–	Production costs	–
–	Gross profit	–
(108)	Other costs	(12)
(108)	**Net loss**	(12)
1 427	Non-current assets	185
343	Current assets	44
1 770	**Total assets**	229
1 241	Non-current liabilities	161
281	Current liabilities	36
1 522	**Total liabilities**	197

(b) Healthshare Health Solutions (Proprietary) Limited

The group held a joint venture interest in Healthshare Health Solutions (Proprietary) Limited (Healthshare) (45%). On 1 January 2008, the group disposed of its interest to the remaining shareholders of Healthshare at a loss of R2 million (US$0.3 million) and derecognised its share in assets and liabilities.

For the six months ending 31 December 2007, the group's share of the joint venture profit or losses amounted to a profit of R3 million (US$0.4 million).

24 Trade and other receivables

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Current		
		Financial assets:		
235	251	Trade receivables (gold)	33	30
340	259	Other trade receivables (a)	34	44
(132)	(112)	Provision for impairment	(15)	(17)
443	398	Trade receivables – net	52	57
–	112	Loans to associates and joint ventures (b)	15	–
75	85	Interest and other receivables	11	9
24	20	Employee receivables	2	3
2	3	Insurance claims receivable	–	–
		Non-financial assets:		
36	74	Prepayments	10	5
295	193	Value added tax	25	38
875	885	**Total current trade and other receivables**	115	112

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		24 Trade and other receivables (continued)		
		Non-current		
		Financial assets:		
103	**182**	Loans to associates (c)	**24**	13
49	**18**	Other loans receivable (d)	**2**	7
(15)	**(125)**	Provision for impairment (e)	**(16)**	(2)
137	**75**	**Total non-current trade and other receivables**	**10**	18

(a) Included in other trade receivables is an amount of R70 million (US$9.1 million) owed by Rand Uranium.

(b) Included in this balance is an amount of R37 million (US$4.8 million) due from Rand Uranium for services and goods supplied in terms of the service level agreements entered into between the group and Rand Uranium. Also included is an amount of R75 million (US$9.7 million) due to Harmony's Australian operations, being the Newcrest's portion of the group's loan to the PNG joint venture companies.

(c) Included in this balance is a loan of R66 million (US$8.5 million) to Rand Uranium. The loan bears interest at a rate equal to the 91 Day JIBAR plus 250 basis points and is repayable within seven years. The loan has been subordinated. Also included in this balance is a loan of R116 million (US$15.0 million) (2008: R103 million (US$13.2 million)) owed by Pamodzi. The loan bore interest at prime rate until March 2009 when Pamodzi was placed into liquidation. Harmony is a concurrent creditor in the Pamodzi Orkney liquidation.

(d) Loans comprise various loans, which have been valued by the directors. These loans are unsecured and bear interest at rates set out in the individual loan agreements. The repayment terms are also stipulated in the contracts and may vary from each other. Included in this balance is a loan of R9 million (US$1.1 million) (2008: R8 million (US$1.0 million)) due from Ubuntu Small Scale Mining (Proprietary) Limited (Ubuntu). The loan bears interest at prime less 3% with no fixed repayment terms.

(e) Included in this balance is the amount of R116 million (US$15.0 million) (2008: R0) relating to the loan owed by Pamodzi and an amount of R9 million (US$1.1 million) (2008: R8 million (US$1.0 million)) relating to the loan owed by Ubuntu. Interest of R13 million (US$1.5 million) was charged on impaired loans in 2009 (2008: R1 million (US$0 million)).

For the years ended 30 June

24 Trade and other receivables (continued)

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		The movement in the provision for impairment of trade receivables during the year was as follows:		
24	**132**	Balance at beginning of year	**17**	3
108	**36**	Provision for impairment of receivables	**4**	14
–	**(53)**	Unused amounts reversed	**(6)**	–
–	**(3)**	Receivables written off during the year	**–**	–
132	**112**	**Balance at end of year**	**15**	17
		The movement in the provision for impairment of loans receivables during the year was as follows:		
13	**15**	Balance at beginning of year	**2**	2
4	**117**	Provision for impairments of loans	**13**	1
(2)	**(7)**	Loans written off during the year	**(1)**	(1)
–	**–**	Translation	**2**	–
15	**125**	**Balance at end of year**	**16**	2

The ageing of trade receivables at the reporting date was:

Impairment	Gross		Gross	Impairment
		30 June 2009		
–	**268**	Fully performing	**35**	–
–	**106**	Past due by 1 to 30 days	**14**	–
–	**8**	Past due by 31 to 60 days	**1**	–
–	**6**	Past due by 61 to 90 days	**1**	–
39	**49**	Past due by more than 90 days	**7**	6
73	**73**	Past due by more than 361 days	**9**	9
112	**510**		**67**	15

Impairment	Gross		Gross	Impairment
		30 June 2008		
–	**395**	Fully performing	**51**	–
–	**26**	Past due by 1 to 30 days	**3**	–
–	**2**	Past due by 31 to 60 days	**–**	–
–	**4**	Past due by 61 to 90 days	**1**	–
89	**105**	Past due by more than 90 days	**13**	11
43	**43**	Past due by more than 361 days	**6**	6
132	**575**		**74**	17

Notes to the group financial statements cont.

For the years ended 30 June

24 Trade and other receivables (continued)

The ageing of loans receivable at the reporting date was:

SA rand 2008 Impairment	SA rand 2009 Gross	Figures in million	US dollar 2009 Gross	US dollar 2008 Impairment
		30 June 2009		
–	75	Fully performing	10	–
–	–	Past due by 1 to 30 days	–	–
–	–	Past due by 31 to 60 days	–	–
–	–	Past due by 61 to 90 days	–	–
14	14	Past due by more than 90 days	2	2
111	111	Past due by more than 361 days	14	14
125	200		26	16

SA rand 2008 Impairment	SA rand 2009 Gross	Figures in million	US dollar 2009 Gross	US dollar 2008 Impairment
		30 June 2008		
–	137	Fully performing	18	–
–	–	Past due by 1 to 30 days	–	–
–	–	Past due by 31 to 60 days	–	–
–	–	Past due by 61 to 90 days	–	–
11	11	Past due by more than 90 days	2	2
4	4	Past due by more than 361 days	–	–
15	152		20	2

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. Similarly, the loans and receivables noted above, other than those provided for, are fully performing and considered to be a low credit risk.

During the 2008 financial year, the balance of R50 million (US$6 million) due from Ogoerion Construction CC for the purchase of the Deelkraal surface assets was impaired. In the 2009 financial year, the deal was renegotiated and the Deelkraal plant was excluded from the transaction.

During the year 2009 and 2008, there was no renegotiation of the terms of any receivable, other than as discussed above.

As at 30 June 2009, there was no collateral pledged or held for any of the receivables. At 30 June 2008, the group held the Deelkraal surface assets as collateral for the amount owed by Ogoerion Construction CC.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		25 Inventories		
203	**283**	Gold in lock-up	**37**	26
131	**332**	Gold-in-process, bullion-on-hand and ore stockpiles	**43**	17
359	**420**	Stores and materials at weighted average cost	**54**	46
693	**1 035**	**Total inventories**	**134**	89
		Gold in-process at the following operations is valued at net realisable value:		
–	**231**	Doornkop	**30**	–
		During the year, R5 million (US$0.6 million) (2008:R10 million (US$1.4 million)) was provided for slow moving stock. The total provision at 30 June 2009 was R28 million (US$3.6 million) (2008: R23 million (US$3.3 million)).		
		26 Cash and cash equivalents		
415	**1 950**	Cash at bank and short-term deposits	**253**	53
(2)	**–**	Disposal groups classified as held-for-sale	**–**	–
413	**1 950**	**Total cash and cash equivalents**	**253**	53

27 Share capital

Authorised

1 200 000 000 (2008: 1 200 000 000) ordinary shares of SA 50 cents each

10 958 904 (2008: 10 958 904) redeemable convertible preference shares of SA 50 cents each

Issued

425 986 836 (2008: 403 253 756) ordinary shares of SA 50 cents each. All issued shares are fully paid.

Included in the total of issued shares is an amount of 2 314 shares held by Lydenburg Exploration Limited, a wholly owned subsidiary of the company.

On 1 December 2008, Harmony issued 3 364 675 shares to Rio Tinto Limited. The Harmony shares were issued to cancel the Rio Tinto royalty rights over Wafi-Golpu in Papua New Guinea. The value of issued shares was R242 million (US$23 million) at R71.98 per share.

Harmony engaged in capital raising by issuing two tranches of shares following the resolution passed by shareholders at the Annual General Meeting held on 24 November 2008. The first tranche was issued into the open market between 25 November 2008 and 19 December 2008. In this tranche, 10 504 795 Harmony shares were issued at an average subscription price of R93.20, resulting in R979 million (US$97.9 million) before costs being raised. The cost of the issue was R15 million (US$1.9 million), or 1.5%, of the value of shares issued.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

27 Share capital (continued)

A second tranche of shares was issued for cash into the open market between 10 February 2009 and 6 March 2009. This tranche consisted of 7 540 646 Harmony shares at an average subscription price of R124.45, resulting in R938 million (US$93.5 million) before costs being raised. The cost of the issue was R15 million (US$1.6 million) or 1.6% of the value of shares issued. The combined share issue amounts to R1.9 billion (US$192 million), or 4.5%, of the issued share capital as at 30 September 2008.

The unissued shares are under the control of the directors until the forthcoming annual general meeting. The Directors' Report and note 36 set out details in respect of the share option scheme and shares held in trust for employees of the group.

The company has a general authority to purchase its shares up to a maximum of 10% of the issued share capital in any one financial year. This is in terms of the annual general meeting of shareholders on 24 November 2008. The general authority is subject to the Listings Requirements of the JSE Limited and the Companies Act No 61 of 1973 of South Africa, as amended.

28 Other reserves

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
575	**78**	Foreign exchange translation reserve (a)	**(111)**	(216)
(39)	**8**	Mark-to-market of available-for-sale financial assets (b)	**4**	(2)
277	**277**	Equity component of convertible bond (c)	**41**	41
(381)	**(381)**	Acquisition of non-controlling interest in subsidiary (d)	**(57)**	(57)
275	**388**	Share-based payments (e)	**55**	42
(31)	**(31)**	Other	**(4)**	(4)
676	**339**	**Total other reserves**	**(72)**	(196)

The different categories of other reserves are made up as follows:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Foreign exchange translation reserve		
(111)	**575**	Balance at beginning of year	**(216)**	30
–	**(418)**	Realised portion reclassified through profit or loss	**(53)**	–
686	**(79)**	Current year's foreign exchange movement	**158**	(246)
575	**78**	**Balance at end of year**	**(111)**	(216)

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		28 Other reserves (continued)		
		Mark-to-market of available-for-sale financial assets		
(335)	**(39)**	Balance at beginning of year	**(2)**	(44)
–	**115**	Impairment recognised in profit or loss	**12**	–
–	**(35)**	Tax on impairment	**(3)**	–
335	**(14)**	Realised portion reclassified through profit or loss	**(2)**	47
–	**1**	Tax on realised portion	**–**	–
(67)	**(30)**	Mark-to-market – unrealised	**(3)**	(9)
28	**7**	Tax on mark-to-market	**1**	4
–	**3**	Translation	**1**	–
(39)	**8**	**Balance at end of year**	**4**	(2)
		Equity component of convertible bond		
277	**277**	Balance at beginning/end of year	**41**	41
		Acquisition of non-controlling interest in subsidiary		
(381)	**(381)**	Balance at beginning/end of year	**(57)**	(57)
		Share-based payments		
232	**275**	Balance at beginning of year	**42**	36
43	**113**	Share-based payments expensed	**13**	6
275	**388**	**Balance at end of year**	**55**	42
		Other reserves		
(31)	**(31)**	Balance at beginning/end of year	**(4)**	(4)

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

The realised portion reclassified through profit or loss relates to the repayment of the loans from Harmony Australia and PNG. Refer to note 7(a) for further detail.

(b) The balance of the mark-to-market reserve represents the movement in the fair value of the available-for-sale financial assets. For details on the movement, refer to note 21.

(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. Refer to note 29 (a) for more detail.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

28 Other reserves (continued)

(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, 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 the non-controlling interest acquired, amounting to R381 million (US$55 million), has been accounted for under other reserves.

(e) The group issues equity-settled instruments to certain qualifying employees under an Employee Share Option Scheme to purchase shares in the company's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. Share-based payments are expensed over the vesting period. During 2009, a share-based payment expense of R113 million (US$12.6 million) (2008: R43 million (US$5.9 million) was charged to the income statement. (Refer to note 36 for more detail).

29 Borrowings

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Unsecured borrowings		
–	–	Convertible unsecured fixed rate bonds (a)	–	–
1 700	–	Principal amount	–	218
(277)	–	Equity conversion component, net of deferred tax liability	–	(41)
(60)	–	Deferred tax liability on initial recognition	–	(9)
1 363	–	Liability component on initial recognition	–	168
271	–	Unwinding of time value of money portion	–	40
(8)	–	Less: amortised bond issue costs	–	(1)
–	–	Translation	–	1
1 626	–		–	208
(1 626)	–	Less: current portion	–	(208)
32	32	Africa Vanguard Resources (Proprietary) Limited (b)	4	4
32	32	**Total unsecured long-term borrowings**	4	4
		Secured borrowings		
–	–	Nedbank Limited (c)	–	–
194	224	Liability amount	29	25
(194)	(224)	Less: current portion	(29)	(25)
210	78	Westpac Bank (d)	10	27
258	106	Liability amount	14	33
(48)	(28)	Less: current portion	(4)	(6)

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		29 Borrowings (continued)		
–	–	Nedbank Limited (e)		
2 000	–	Principal amount	–	256
(11)	–	Less: amortised issue costs	–	(1)
1 989	–		–	255
(1 989)	–	Less: current portion	–	(255)
210	**78**	**Total secured long-term borrowings**	**10**	27
242	**110**	Total long-term borrowings	**14**	31
3 857	**252**	Total current portion of borrowings	**33**	494
4 099	**362**	**Total borrowings**	**47**	525

(a) On 21 May 2004, Harmony issued an international unsecured fixed rate convertible bond in an aggregate principal amount of R1 700 million (US $251.9 million). The bonds mature five years from the issue date at their nominal value of R1 700 million unless converted into the company's ordinary shares. The bonds are convertible at the option of the bondholders at any time on or after 1 July 2004 and up to and including 15 May 2009, unless previously redeemed, converted or purchased and cancelled, into fully paid ordinary shares, at nominal value Rand 0.50 per share. The number of ordinary shares to be issued at such a conversion shall be determined by dividing the principal amount of each bond by the conversion price in effect on the relevant conversion date. The initial conversion price is R121 per ordinary share subject to certain standard anti-dilutive provisions such as a rights offering, that are designed to maintain the value of the conversion option. No bond holders elected to convert their bonds into ordinary shares by 15 May 2009, and as a result all the fixed rate convertible bonds were redeemed on 20 May 2009.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

29 Borrowings (continued)

Interest at a rate of 4.875% per annum is payable semi-annually in arrears on 21 May and 21 November of each year, commencing 21 November 2004. The fair values of the liability component and the equity conversion component were determined on the issue of the bond. The fair value of the liability component, included in borrowings, was calculated using a market interest rate for an equivalent non-convertible bond (10%). The residual amount, representing the value of the equity conversion component, is included in accumulated other comprehensive income net of deferred income taxes. In subsequent periods, the liability component continues to be presented on the amortised cost basis, until extinguished on conversion or maturity of the bonds. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. The bonds were listed on the London Stock Exchange for Bonds. The terms and conditions of the bonds prohibit Harmony and its material subsidiaries from creating any encumbrance or security interest over any of its assets to secure any relevant debt (or any guarantee or indemnity in respect of any relevant debt) without according the same security to the bondholders or without obtaining the prior approval of the bondholders. Included in the amortisation charge as per the income statement is R8 million (US$0.9 million) (2008: R9 million (US$1.2 million) for amortisation of the bond issue costs.

(b) The loan to Africa Vanguard Resources (Doornkop) (Proprietary) Limited (AVRD) from its holding company African Vanguard Resources (Proprietary) Limited remained unchanged from the previous year. In 2005 AVRD borrowed an additional R18 million (US$2.3 million) to service working capital commitments. This increased the initial loan of R14 million (US$1.8 million) to R32 million (US$4.1 million). The loan is unsecured and interest free, with no fixed terms of repayment over the short term. Refer to note 29(c).

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

29 Borrowings (continued)

(c) On 30 July 2003, AVRD entered into a term loan facility of R140 million (US$19.1 million) with Nedbank Limited for the purpose of partially funding AVRD's purchase of an undivided 26% share of the Mining titles, to be contributed to the Doornkop South Reef project. Interest at a variable rate equal to JIBAR plus 2% shall be repayable to the extent that the AVRD received a portion of profit from the project. Unpaid interest shall be capitalised and repaid with the loan amount. Initially, the loan amount and any interest accrued was repayable on 30 July 2008, but the repayment date has been extended and negotiations are under way to further extend it to the date that conditions precedent on the sale of the 26% interest back to the group are fulfilled. Refer to note 17(b). Interest accrued and capitalised during the year ended 30 June 2009 amounted to R30 million (US$3.3 million) (2008: R30 million (US$4.1 million).

The facility from Nedbank to AVRD is guaranteed by Harmony and certain of its subsidiaries. As a result of this guarantee and other factors, the company is required to consolidate AVRD and has therefore included the loans from Nedbank and Africa Vanguard Resources (Proprietary) Limited in its consolidated borrowings.

(d) In July 2007, Morobe Consolidated Goldfields (MCG) entered into a finance lease agreement with Westpac Bank for the purchase of mining fleet to be used on the Hidden Valley project.

During the current year, MCG sold 50% of the finance lease liability to Newcrest in terms of the Master Purchase and Farm-In agreement.

Interest is charged at US – LIBOR plus 1.25% per annum. Interest is accrued monthly and lease installments are repayable quarterly terminating 30 June 2013. The mining fleet financed is used as security for these loans.

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		The future minimum lease payments are as follows:		
57	**30**	Due within one year	**4**	7
58	**36**	Due between one and two years	**5**	7
170	**44**	Due between two and five years	**6**	23
285	**110**		**15**	37
(27)	**(4)**	Future finance charges	**(1)**	(4)
258	**106**		**14**	33

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

29 Borrowings (continued)

(e) On 28 September 2007, the company entered into a term loan facility of R2 billion (US$283.9 million) with Nedbank Limited, for the purpose of partially funding capital expenditure in respect of projects, as well as to repay the short term bridging loan amounting to R500 million (US$68.6 million). Interest accrues on a day to day basis over the term of the loan at a variable interest rate, which is fixed for three month periods, equal to the JIBAR plus 2.75% plus banking costs. Amortisation bond cost for the year amounted to R11 million (US$1.2 million) (2008: R11 million (US$1.5 million).

Interest was repayable quarterly commencing on 28 September 2007. The loan was repaid in several tranches during the 2009 year with the final payment on 21 April 2009.

The exposure of the group's borrowings to changes in interest rates and contractual repricing is as follows:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
210	**78**	Variable	**10**	27
3 857	**252**	Current	**33**	494
–	**–**	Between 1 to 2 years	**–**	–
–	**–**	Between 2 to 5 years	**–**	–
32	**32**	Over 5 years	**4**	4
4 099	**362**	**Total borrowings**	**47**	525
100.0%	**100.0%**		**100.0%**	**100.0%**
5.1%	**21.6%**	Variable	**21.6%**	5.1%
94.1%	**69.6%**	Current	**69.6%**	94.1%
0.0%	**0.0%**	Between 1 to 2 years	**0.0%**	0.0%
0.0%	**0.0%**	Between 2 to 5 years	**0.0%**	0.0%
0.8%	**8.8%**	Over 5 years	**8.8%**	0.8%
100.0%	**100.0%**	**Total borrowings**	**100.0%**	100.0%

2008	2009		2009	2008
		The maturity of borrowings is as follows:		
3 857	**252**	Current	**33**	494
50	**35**	Between 1 to 2 years	**4**	6
160	**43**	Between 2 to 5 years	**6**	21
32	**32**	Over 5 years	**4**	4
4 099	**362**	**Total borrowings**	**47**	525

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		29 Borrowings (continued)		
		The effective interest rates at the balance sheet date were as follows:		
		Convertible unsecured fixed rate bonds (a) *	**0.0%**	10.0%
		Africa Vanguard Resources (Proprietary) Limited (b)	**0.0%**	0.0%
		Nedbank Limited (c)	**11.9%**	13.4%
		Westpac Bank (d)	**2.0%**	4.1%
		Nedbank Limited (e) *	**0.0%**	14.5%

* Loan repaid in full

Other borrowings

The level of the Harmony's borrowing powers, as determined by its Articles of Association, shall not, except with the consent of the Harmony's general meeting, exceed the greater of R40 million or the aggregate from time to time of the issued and paid-up share capital of the company, together with the aggregate of the amounts standing to the credit of all distributable and non-distributable reserves (including minority interests in subsidiary companies and provisions for deferred taxation) and any share premium accounts of the group. At year-end, total borrowings amounted to R362 million (US $47 million) (2008: R4 099 million (US $525 million).

30 Provision for environmental rehabilitation

The group's mining and exploration activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. 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 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Provision raised for future rehabilitation		
1 349	**1 523**	Balance at beginning of year	**196**	192
(115)	**(294)**	Disposal of assets	**(32)**	(16)
91	**207**	Change in estimate – Balance sheet	**27**	12
11	**3**	Change in estimate – Income statement	**–**	1
154	**120**	Inflation present value adjustment and time value of money component	**13**	22
33	**(29)**	Translation	**(6)**	(15)
1 523	**1 530**	Balance at end of year	**198**	196
(394)	**–**	Disposal groups classified as held-for-sale	**–**	(51)
1 129	**1 530**	**Total provision for environmental rehabilitation**	**198**	145

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		30 Provision for environmental rehabilitation (continued)		
		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 cost for the mines, in current monetary terms, is approximately R2 203 million (US$285 million) (2008: R2 102 million (US$269 million)). Refer to note 3.4 for the estimations and judgements used in the calculations.		
		Included in the charge to the income statement is an amount R33 million (US$4 million) (2008: R40 million (US$6 million)) relating to the time value of money.		
		Future net obligations		
2 102	**2 203**	Ultimate estimated rehabilitation cost	**285**	269
(1 603)	**(1 597)**	Amounts invested in environmental trust funds (Refer to note 20)	**(207)**	(206)
499	**606**	**Total future net obligations**	**78**	63
		The group intends to finance the ultimate rehabilitation costs from the money invested in 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.		
		31 Retirement benefit obligation and other provisions		
		Non-current		
130	**152**	Retirement benefit obligation (Refer to note 34)	**20**	17
14	**14**	Other	**2**	1
144	**166**	**Total non-current provisions**	**22**	18
		32 Trade and other payables		
		Financial liabilities		
675	**486**	Trade payables	**63**	86
61	**67**	Other liabilities	**8**	8
		Non-financial liabilities		
282	**298**	Payroll accruals	**39**	37
214	**236**	Leave liabilities	**31**	27
128	**156**	Shaft related accruals	**20**	16
159	**206**	Other accruals	**27**	21
44	**11**	Value added tax	**1**	6
1 563	**1 460**	**Total trade and other payables**	**189**	201

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		32 Trade and other payables (continued)		
		Leave liability		
		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:		
258	**232**	Balance at beginning of year	**29**	36
(271)	**(252)**	Benefits paid	**(27)**	(36)
(15)	**(20)**	Movement due to sale of business	**(2)**	(2)
5	**(9)**	Translation	**(1)**	(1)
255	**285**	Total expense per income statement	**32**	32
232	**236**		**31**	29
(18)	**–**	Disposal groups classified as held-for-sale	**–**	(2)
214	**236**	**Balance at end of year**	**31**	27
		33 Cash generated by operations		
		All amounts disclosed include discontinued operations.		
		Reconciliation of profit/(loss) before taxation to cash generated by operations:		
256	**3 851**	Profit before taxation	**405**	33
		Adjustments for:		
896	**1 467**	Amortisation and depreciation	**167**	123
280	**484**	Impairment of assets	**61**	36
6	**–**	Loss on financial instruments	**–**	1
(110)	**(2 751)**	Profit on sale of mining assets	**(287)**	(15)
9	**6**	Net increase in provision for post retirement benefits	**1**	1
16	**3**	Net increase in provision for environmental rehabilitation	**–**	2
78	**(12)**	(Profit)/loss from associates	**(1)**	11
95	**112**	Impairment of investment in associate	**14**	12
43	**113**	Share-based payments	**13**	6
(33)	**101**	Fair value movement of financial instrument	**10**	(4)
459	**–**	Loss on sale of listed investments	**–**	63
–	**(1)**	Profit on sale of investment in associate	**–**	–
(33)	**(2)**	Dividends received	**–**	(5)
(273)	**(455)**	Interest received	**(51)**	(38)
557	**232**	Interest paid	**26**	76
97	**100**	Provision for doubtful debts	**11**	13
–	**31**	Bad debts written off	**3**	–
(95)	**5**	Other non cash transactions	**–**	(13)
		Effect of changes in operating working capital items:		
(76)	**(132)**	Receivables	**(15)**	4
(41)	**(177)**	Inventories	**(20)**	7
(153)	**(162)**	Accounts payable and accrued liabilities	**(18)**	(45)
1 978	**2 813**	**Cash generated by operations**	**319**	268

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008

33 Cash generated by operations (continued)

Additional cash flow information

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

Acquisitions and disposals of subsidiaries/businesses:

For the year ended June 2009

(a) Disposal of Village

On 10 July 2008, the group disposed of its 37.8% interest in Village to To The Point Growth Specialists Investments 2 (Proprietary) Limited, for a consideration of R1.1 million (US$0.1 million). The investment in Village as at 30 June 2009 had a fair value of R0.7 million (US$0.09 million).

(b) Disposal of Orpheo (Proprietary) Limited (Orpheo)

On 1 September 2008, the group disposed of its 34% interest in Orpheo for a consideration of R1 (US$0.13). The investment had been fully impaired on the date of sale.

(c) Disposal of Randfontein Cooke Assets

During the year, the group disposed of its Cooke and Old Randfontein assets to Rand Uranium, a wholly-owned subsidiary. In a related transaction, 60% of Rand Uranium shares were disposed of to PRF in two tranches. For detail, refer to note 22(b).

The aggregate fair value of the assets and liabilities sold were:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Transaction one		
–	449	Property, plant and equipment	42	–
–	35	Environmental trust fund	3	–
–	(41)	Rehabilitation liability	(4)	–
–	(19)	Other costs	(2)	–
–	(25)	Foreign exchange movements	5	–
–	1 627	Profit on disposal	153	–
–	**2 026**	**Proceeds received in cash**	**197**	–
		Transaction two		
–	12	Property, plant and equipment	1	–
–	73	Environmental trust fund	8	–
–	(116)	Rehabilitation liability	(13)	–
	(19)	Foreign exchange movements	(2)	–
–	159	Profit on disposal	18	–
–	**109**	**Proceeds received in cash**	**12**	–

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		33 Cash generated by operations (continued)		
		(d) PNG joint venture		
		During the year, Harmony and Newcrest entered into a joint venture agreement, which provided that Newcrest would purchase a 30.01 participating interest and a further buy-out of an additional 19.99% participating interest in Harmony's PNG gold and copper assets.		
		The aggregate fair value of the assets and liabilities sold were:		
		Stage 1: 30.01% participating interest		
–	1 404	Property, plant and equipment	185	–
–	42	Trade and other receivables	6	–
–	7	Inventory	1	–
–	(74)	Long-term loans	(10)	–
–	(3)	Rehabilitation liability	–	–
–	–	Foreign exchange movements	(11)	–
–	416	Profit on disposal	58	–
–	1 792	**Proceeds received in cash**	229	–
		Stage 2: 10% participating interest		
–	512	Property, plant and equipment	52	–
–	7	Trade and other receivables	1	–
–	8	Inventory	1	–
–	(30)	Long-term loans	(3)	–
–	(50)	Trade and other payables	(5)	–
–	(1)	Rehabilitation liability	–	–
–	439	Profit on disposal	44	–
–	885	Disposal proceeds	90	–
–	–	Proceeds received in cash	–	–
–	855	**Proceeds received by way of the farm-in agreement**	90	–
		Stage 3: 9.99% Participating interest		
–	556	Property, plant and equipment	72	–
–	13	Trade and other receivables	2	–
–	24	Inventory	3	–
–	(21)	Long-term loans	(3)	–
–	(45)	Trade and other payables	(6)	–
–	(22)	Rehabilitation liability	(3)	–
–	76	Profit on disposal	10	–
–	581	Disposal proceeds	75	–
–	(47)	Proceeds received in cash	(6)	–
–	534	**Proceeds received by way of the farm-in agreement**	69	–

The principal non-cash transactions for the year were the acquisition of PNG royalty agreement (refer to note 17(c)), share-based payments (refer to note 36) and share exchange of Dioro for Avoca (refer to note 21(b) and(c)).

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		33 Cash generated by operations (continued)		
		For the year ended June 2008		
		(a) On 6 December 2007, the group disposed of its assets and liabilities in South Kal Mine to Dioro. The aggregate fair value of the assets and liabilities sold were:		
337	–	Property, plant and equipment	–	50
23	–	Consumables	–	3
21	–	Shares	–	3
(55)	–	Rehabilitation liability	–	(8)
(81)	–	Loss on disposal	–	(12)
245	–	Disposal proceeds	–	36
(118)	–	Proceeds received by way of shares	–	(18)
127	–	**Proceeds received in cash**	–	18
		(b) On 27 February 2008, the group disposed of its assets and liabilities in its Orkney operations to Pamodzi Gold Limited. The aggregate fair value of assets and liabilities sold were:		
291	–	Property, plant and equipment	–	38
28	–	Environmental trust fund	–	4
(13)	–	Leave liability	–	(2)
(60)	–	Rehabilitation liability	–	(7)
99	–	Profit on disposal	–	13
345	–	Disposal proceeds	–	46
(345)	–	Proceeds received by way of shares	–	(46)
–	–	**Cash and cash equivalent at disposal**	–	–

The principal non-cash transactions for the year were the acquisition of the PNG royalty agreement (refer to note 17(c), share-based payments (refer to note 36) and the purchase of assets under finance lease (refer to note 29).

For the years ended 30 June

SA rand			US dollar	
2008	2009	Figures in million	2009	2008

34 Retirement benefit obligations

(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 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.

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% of gross salary and wages for the 2009 year (2008: 9%). The fund is a defined contribution plan.

Substantially all the group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the group for the 2009 financial year amounted to R358 million (US$39.8 million) (2008: R338 million (US$46.5 million)).

(b) **Post-retirement benefits other than pensions:** Most of the supervisory and managerial workers in South Africa participate in the Minemed medical scheme, as well as other medical schemes. The group contributes to these schemes on behalf of current employees and retired employees who retired prior to 31 December 1996 (Minemed scheme). The annual contributions for these retired employees are fixed. The group's contributions to these schemes on behalf of current employees amounted to R78 million (US$8.6 million) for 2009 and R71 million (US$9.8 million) for 2008.

With the exception of some Freegold employees included from date of acquisition, no post-retirement benefits are available to other current 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.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		34 Retirement benefit obligations (continued)		
		Assumptions used to determine the liability relating to the Minemed medical scheme included, a discount rate of 10%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA "a mf" tables and a medical inflation rate of 7.8%. It is also assumed that all members will retire at the age of 60 and will remain on the current benefit option.		
		The liability is based on an actuarial valuation conducted during the year ended 30 June 2009, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2010.		
130	152	Present value of unfunded obligations	20	17
		Movement in the liability recognised in the balance sheet		
107	130	Balance at beginning of year	17	15
(3)	(3)	Contributions paid	–	–
4	10	Other expenses included in staff costs/current service cost	1	1
10	15	Interest cost	2	1
12	–	Net actuarial loss recognised during the year	–	2
–	–	Translation	–	(2)
130	152	**Balance at end of year**	20	17
		The principal actuarial assumptions used for accounting purposes were:		
12.0%	10.0%	Discount rate	10.0%	12.0%
9.8%	7.8%	Healthcare inflation rate	7.8%	9.8%
60	60	Normal retirement age	60	60
		The net liability of the defined benefit plan is as follows:		
130	152	Present value of defined benefit obligation	20	17
–	–	Fair value of plan assets	–	–
130	152	**Net liability**	20	17
		The present value of the defined benefit obligation was R107 million (US$15.2 million) in 2007, R107 million (US$14.9 million) in 2006 and R89 million (US$13.3 million) in 2005.		
		The effect of a one percentage point increase and decrease in the assumed medical cost trend rates is as follows:		

1% Increase	1% Increase		1% Increase	1% Increase
		Effect on:		
3	3	Aggregate of service cost and interest cost	–	–
23	26	Defined benefit obligation	3	3

For the years ended 30 June

SA rand 2008 1% Decrease	SA rand 2009 1% Decrease	Figures in million	US dollar 2009 1% Decrease	US dollar 2008 1% Decrease
		34 Retirement benefit obligations (continued)		
		Effect on:		
2	**3**	Aggregate of service cost and interest cost	**–**	–
18	**21**	Defined benefit obligation	**3**	2
		The group expects to contribute approximately R4 million (US$0.5 million) to its benefit plan in 2010.		
		35 Employee benefits		
		Aggregated earnings		
		The aggregate earnings of employees including directors were:		
4 296	**4 585**	Salaries and wages and other benefits	**509**	591
338	**363**	Retirement benefit costs	**40**	47
71	**78**	Medical aid contributions	**9**	10
4 705	**5 026**	**Total aggregated earnings**	**558**	648

	2009	2008
Number of permanent employees as at 30 June:		
South African operations*	**37 028**	36 839
International operations**	**48**	873
Total number of permanent employees	**37 076**	37 712

Directors' remuneration is fully disclosed in the Directors' report.

* No employees were attributable to the discontinued operations at 30 June 2009 (2008: 3 618).

** The total number of employees at Australian operations at 30 June 2009 was 48 (2008: 873). Of this total, no employees (2008: 0) were attributable to the discontinued operations. The employee numbers reduced primarily due to the disposal of 50% of the PNG assets to Newcrest. Our attributable portion of the joint venture's employees is 425.

During the 2009 year, R14 million (US$2 million) (2008: R5 million (US$0.7 million)) was included in the payroll cost for termination costs. This excludes the cost for voluntary retrenchment process (refer to note 5).

Notes to the group financial statements cont.

For the years ended 30 June

36 Share option scheme

The group currently has the 2001, 2003 schemes and the 2006 share plan that are active. The objective of these schemes is to recognise the contributions of senior staff to the group's financial position and performance and to retain key employees.

The options granted under the 2001 and 2003 schemes
A fifth of the options granted under the 2001 and 2003 schemes 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 the options.

On resignation and retirement, share options which have not yet vested will lapse and share options which have vested may be taken up at the employee's election before the last day of service. Payment of shares forfeited will therefore not be required. On death, all options vest immediately and the deceased estate has a period of twelve months to exercise these options.

Following the introduction of the 2006 share plan, no further options are expected to be allocated under these two schemes.

Number of share options relating to the 2001 and 2003 option schemes	2009	2008
Share options granted	**28 442 420**	28 442 420
Exercised	**18 570 971**	17 249 668
Vested but not exercised	**1 791 215**	1 792 796
Unvested	**1 059 343**	2 735 443
Forfeited and lapsed	**7 020 891**	6 664 513
Vesting periods of unvested shares		
Within one year	**1 059 343**	1 367 722
One to two years	**–**	1 367 721
Total number of shares unvested	**1 059 343**	2 735 443

No options were granted in the 2008 and 2009 years for the 2001 and 2003 option schemes.

Activity on share options granted but not yet exercised	Shares	Weighted average option price (SA rand)
For the year ended 30 June 2009		
Balance at beginning of year	**4 528 239**	49.14
Options exercised	**(1 321 303)**	51.42
Options forfeited and lapsed	**(356 378)**	53.12
Balance at end of year	**2 850 558**	47.58
For the year ended 30 June 2008		
Balance at beginning of year	**8 129 669**	48.38
Options exercised	**(1 764 132)**	49.16
Options forfeited and lapsed	**(1 837 298)**	45.77
Balance at end of year	**4 528 239**	49.14

The details pertaining to share options issued and exercised by directors during the year are disclosed in the directors' report.

For the years ended 30 June

36 Share option scheme (continued)

List of options granted but not yet exercised (listed by grant date)	At 30 June 2009	Option price (SA rand)	Remaining life (years)
24 April 2001	**17 000**	36.50	1.8
20 November 2001	**177 701**	49.60	2.4
23 September 2002	**13 647**	66.00	3.2
27 March 2003	**125 300**	91.60	3.7
10 August 2004	**576 558**	66.15	5.1
26 April 2005	**1 940 352**	39.00	5.8
Total option granted but not yet exercised	**2 850 558**		

The number of shares held by the Harmony Share Trust at year end amounted to 63 500 (2008: 107 400). This trust is considered to be an SPE and is therefore consolidated in accordance with the group's accounting policies.

List of options granted but not yet vested (listed by grant date)	2009	2008
10 August 2004	**316 498**	817 660
26 April 2005	**742 845**	1 917 783
Total options granted but not yet vested	**1 059 343**	2 735 443

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
163	**102**	Average market price options traded during the year	**11**	22
297	**128**	Average fair value of share options vested during the year	**14**	41
3	**6**	Share based cost recognised	**1**	1

	Option allocation 10 August 2004	Option allocation 26 April 2005
The share based cost is calculated using the binomial valuation model based on the following assumptions at grant date:		
Price at date of grant (SA rand per share)	66.15	39
Risk-free interest rate:	9.9%	8.4%
Expected volatility:	40.0%	35.0%
Expected dividend yield:	0.0%	0.0%
Vesting period:	5 years	5 years

Share-based payments are measured at the fair value of the equity instruments at the date of the grant. The cost is expensed over the vesting period, based on the group's estimate of the options that are expected to eventually vest.

The only vesting conditions for the 2001 and 2003 schemes is that the employees should be in the employment of the group.

The volatility measured at the standard deviation of expected share price returns were based on statistical analysis of daily share prices over the last three years before grant date.

Notes to the group financial statements cont.

For the years ended 30 June

36 Share option scheme (continued)

The shares granted under the 2006 share plan

The 2006 share plan consist of both performance shares (PS) and share appreciation rights (SARs). The PS will vest after three years from the grant date, if and to the extent that the performance conditions have been satisfied. The SARs will vest in equal thirds in year 3, 4 and 5 after grant date, subject to the performance conditions having been satisfied. The SARs have an expiry date of 6 years from the grant date and the offer price equals the closing market price of the underlying shares on the trading date immediately preceding the grant.

The aggregate number of shares which may be allocated to the share plan on any day, when added to the total number of unexercised SARs, unvested performance shares, and restricted shares which have been allocated for SARs and PS, and any other employee share scheme operating by the company, shall not exceed 14% of the number of issued ordinary shares of the company from time to time. On 30 June 2009, 3 718 127 PS and 5 284 500 SARs had been allocated to participating employees.

Termination of employees participation in the share plan is based on "No Fault" and "Fault" definitions.

In the case of SARs, if employment is terminated for No Fault reasons, then the value of the appreciation in all unvested and un-exercised SARs is settled in shares or cash at the option of the employer as at the date of termination of employment, after the deduction of any tax payable. The employer has no past practice of settling in cash.

In the case of PS, if employment is terminated for No Fault reasons, then

- First the maximum number conditionally awarded is pro-rated for the time period until the termination date;
- Then this adjusted number is reduced to a third on the assumption that Harmony's performance was a median one with one third vesting;
- And then settled in cash or shares after the deduction of any tax payable.

In either case, if employment is terminated for Fault reasons, all unvested and un-exercised SARs and all PS not yet vested are lapsed and cancelled.

Number of shares relating to the 2006 share plan at 30 June	2009	2008
Shares granted	**9 002 627**	4 676 720
Unvested	**7 854 749**	4 236 938
Performance shares	**3 302 163**	1 341 444
Share appreciation rights	**4 552 586**	2 895 494
Shares forfeited	**1 147 878**	439 782
Performance shares	**415 964**	170 658
Share appreciation rights	**731 914**	269 124
Vesting periods of unvested shares:		
Within one year	**503 589**	–
One to two years	**1 651 892**	603 399
Two to three years	**3 675 954**	1 932 502
Three to four years	**1 329 960**	965 165
Four to five years	**693 354**	735 872
Total number of unvested shares	**7 854 749**	4 236 938

For the years ended 30 June

36 Share option scheme (continued)

Activity on PS and SARs granted but not yet exercised	2009 Shares	2009 Weighted average option price (SA rand)	2008 Shares	2008 Weighted average option price (SA rand)
For the year ended 30 June 2009				
Balance at beginning of year	**4 236 938**		1 468 510	
Performance shares	**1 341 444**	**n/a**	538 516	n/a
Share appreciation rights	**2 895 494**	**81.04**	929 994	112.64
Options granted	**4 325 907**		3 195 613	
Performance shares	**2 206 026**	**n/a**	973 586	n/a
Share appreciation rights	**2 119 881**	**77.81**	2 222 027	71.19
Options lapsed	**(708 096)**		(427 185)	
Performance shares	**(245 306)**	**n/a**	(170 658)	n/a
Share appreciation rights	**(462 790)**	**92.79**	(256 527)	110.27
Balance at end of year	**7 854 749**		4 236 938	
Performance shares	**3 302 164**	**n/a**	1 341 444	n/a
Share appreciation rights	**4 552 585**	**79.38**	2 895 494	81.04

List of shares granted but not yet exercised (listed by grant date)	At 30 June 2009	Strike price (SA rand)	Remaining life (years)
Performance shares			
15 November 2006	**316 020**	n/a	0.38
15 November 2007	**815 410**	n/a	1.38
7 March 2008	**12 308**	n/a	1.68
5 December 2008	**2 158 425**	n/a	2.43
Share appreciation rights			
15 November 2006	**562 707**	112.64	3.38
15 November 2007	**1 863 662**	70.54	4.38
7 March 2008	**46 154**	102.00	4.69
5 December 2008	**2 080 063**	77.81	5.44
Total options granted but not yet exercised	**7 854 749**		

None of the allocations for the 2006 share plan have vested yet.

Notes to the group financial statements cont.

2009

For the years ended 30 June

36 Share option scheme (continued)

SA rand			US dollar	
2008	2009	Figures in million	2009	2008
39	107	Share-based cost recognised	12	5

The share-based cost is calculated using Monte Carlo simulation on the PS and Black-Scholes on the SARs, based on the following assumptions at grant date.

	Performance shares	SARs
Price at date of grant (SA rand per share)		
– 15 November 2006 share allocation	n/a	112.64
– 15 November 2007 share allocation (valuation date 21 December 2007)	n/a	68.44
– 15 November 2007 share allocation (valuation date 21 April 2008)	n/a	92.25
– 7 March 2008 share allocation	n/a	102.00
– 5 December 2008 share allocation (valuation date 5 December 2008)	n/a	77.81
– 5 December 2008 share allocation (valuation date 16 February 2009)	n/a	116.90
Risk-free interest rate:		
– 15 November 2006 share allocation	9.58%	8.79%
– 15 November 2007 share allocation (valuation date 21 December 2007)	10.81%	9.84%
– 15 November 2007 share allocation (valuation date 21 April 2008)	11.71%	10.68%
– 7 March 2008 share allocation	11.04%	10.44%
– 5 December 2008 share allocation (valuation date 5 December 2008)	8.55%	8.43%
– 5 December 2008 share allocation (valuation date 16 February 2009)	8.18%	8.30%
Expected volatility*:		
– 15 November 2006 share allocation	34.71%	26.37%
– 15 November 2007 share allocation (valuation date 21 December 2007)	46.32%	35.10%
– 15 November 2007 share allocation (valuation date 21 April 2008)	49.52%	41.72%
– 7 March 2008 share allocation	50.49%	54.50%
– 5 December 2008 share allocation (valuation date 5 December 2008)	56.62%	48.61%
– 5 December 2008 share allocation (valuation date 16 February 2009)	70.86%	49.03%
Expected dividend yield:		
– for all allocations	0.00%	0.00%
Vesting period (from grant date):		
– for all allocations	3 years	5 years

Share-based costs are measured at the fair value of the equity instruments at the date of the grant as defined in IFRS 2. The grant date is the date of which the entity and counterparty have a shared understanding of the terms and conditions of the share-based payment arrangement. The cost is expensed over the vesting period, based on the group's estimate of the options that are expected to eventually vest.

For 15 November 2006, 15 November 2007 and 7 March 2008 issue:
The performance criteria imposed by the board and which must be satisfied before settlement of any PS under these awards are linked to the company's TSR in comparison to the Philadelphia XAU index of international gold and precious metal mining companies (50%) and the JSE Gold Mining index (50%).

The following performance criteria was imposed per the Harmony (2006) Share Plan which must be satisfied before the settlement of any SARs:

- that the company's headline earnings per share have grown since the allocation date by a minimum of CPI plus 3%;
- that the company's performance has since the allocation date been a satisfactory achievement in terms of the company's sustainability index.

For the years ended 30 June

36 Share option scheme (continued)

For 5 December 2008 issue:
The performance criteria imposed by the board and which must be satisfied before the Settlement of any PS under this award are linked to the company's TSR (total shareholder return) in comparison to the SA Gold Index (50%) and the SA Resource Index (50%);

The following performance criteria was imposed per the Harmony (2006) Share Plan which must be satisfied before the settlement of any SARs:

- that the company's headline earnings per share have grown since the allocation date by more than the CPI.

For options granted during the year, the following fair values were used as a basis to recognise share-based payment cost:

- For options measured on 5 December 2008, the value is R50.47 and R48.12 per share for PS and SARs respectively.
- For options measured on 16 February 2009, the value is R69.17 and R73.67 per share for PS and SARs respectively.

* 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.

37 Related parties

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had interest, direct or indirectly, in any transaction or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, since 1 July 2008 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, being any director (whether executive or otherwise) of the group.

Directors' remuneration is fully disclosed in the Directors' report.

African Rainbow Minerals Limited (ARM) currently holds 15% of Harmony's shares. Patrice Motsepe, André Wilkens and Frank Abbott are directors of ARM.

Harmony owns a 40% interest in Rand Uranium. Graham Briggs, Frank Abbott and Fikile de Buck are directors of Rand Uranium.

A list of the major shareholders can be found on page 317.

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

Material transactions with associates and joint ventures:
All transactions with related parties are conducted at arms-length.

Rand Uranium disposal
On 21 November 2008, the group disposed of its Randfontein Cooke assets to Rand Uranium in exchange for a 100% interest in the company. On the same date the group disposed of 60% of the interest held in Rand Uranium to PRF which resulted in a 40% interest held and Rand Uranium became an associate.

The conditions precedent for the second part of the Rand Uranium transaction relating to the sale of the Old Randfontein assets were fulfilled on 22 April 2009. Additional shares were issued in settlement and 60% of these shares were sold to PRF in terms of the agreement. PRF paid its portion of the purchase in cash on 20 April 2009. The total value of these transactions was R3 697 million (US$348 million). (Refer to note 22(b) for detail).

PNG disposal
On 22 April 2008, Morobe Consolidated Goldfields Limited and Wafi Mining Limited, subsidiaries of Harmony Gold (Australia) (Proprietary) Limited entered into a Master Purchase and Farm-in Agreement with Newcrest. This agreement provided for Newcrest to purchase a 30.01% participating interest (stage 1) and a further buy-out of an additional 19.99% participating interest in Harmony's PNG Gold and copper assets, giving them a 50% interest. The total value of the transaction was R 3 562 million (US$530 million). (Refer to note 23(a) for detail).

Notes to the group financial statements cont.

2009

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		37 Related parties (continued)		
		Sales and services rendered to related parties		
46	**218**	Associates	**24**	6
–	**2**	Joint Venture	**–**	–
46	**220**		**24**	6
		Purchases and services acquired from related parties		
–	**6**	Associates	**1**	–
		Outstanding balances due by related parties		
103	**173**	Associates	**22**	13
–	**75**	Joint Ventures	**10**	–
103	**248**		**32**	13

Refer to note 24 (a), (b) and (c) for detail on the items relating to the loans to associates and joint ventures. Refer to note 24(e) for details on the provisions raised against these loans.

38 Commitments and contingencies

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Capital expenditure commitments		
1 164	**248**	Contracts for capital expenditure	**32**	149
–	**230**	Share of Joint Venture's contract for capital expenditure	**30**	–
1 720	**734**	Authorised by the directors but not contracted for	**95**	221
2 884	**1 212**	**Total capital commitments**	**157**	370

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

The group is contractually obliged to make the following payments in respect of operating leases, including for land and buildings, and for mineral tenement leases:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
60	**40**	Within one year	**5**	8
–	**10**	Between one year and five years	**1**	–
60	**50**		**6**	8

This includes R6.7 million (US$0.9 million) for the PNG Joint Venture. For details on the group's finance leases, refer to note 29.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		38 Commitments and contingencies (continued)		
		Contingent liabilities		
18	**25**	Guarantees and suretyships	**3**	2
171	**301**	Environmental guarantees (i)	**39**	22
189	**326**		**42**	24

(i) Included in the balance for 2009 is an amount of R130 million (US$16.8 million) relating to guarantees provided for the Rand Uranium transaction. These guarantees will be cancelled once Rand Uranium puts its own guarantees in place. Also included is an amount of R112 million (US$14.5 million) for which funds have been set aside. Refer to note 19.

Contingent liability

(a) *Class Action.* On 18 April 2008, Harmony Gold Mining Company Limited was made aware that it has been named or may be named as a defendant in a lawsuit filed in the U.S. District Court in the Southern District of New York on behalf of certain purchasers and sellers of Harmony's American Depositary Receipts (ADRs) with regard to certain of its business practices. Harmony has retained legal counsel, who advise Harmony on further developments in the U.S.

During January 2009, the plaintiff filed an Amended Complaint with the Court. Subsequently, the company filed a Motion to Dismiss all claims asserted in the Class Action Case with the Court. The plaintiffs have filed an opposing response and the company has since replied to that response. It is not possible to predict with certainty when the Court will rule on the Motion to Dismiss as the timing of the ruling is entirely within the discretion of the Court. It is currently not possible to estimate if there will be a financial effect, or what that effect might be.

(b) The group may have a potential exposure to rehabilitate groundwater and radiation that may exist where the group has and/or continues to operate. In addition the group may have an exposure in relation to obtaining a full closure certificate for the rehabilitation of these areas.

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. It is further not certain that the company would be held liable for any or all of these exposures.

Should the group determine that any part of these contingencies require them being recorded and accounted for as liabilities, i.e. where they become quantifiable and probable, it could have a material impact on the financial status of the group.

Notes to the group financial statements cont.

For the years ended 30 June

39 Subsequent events

Pamodzi Gold Free State (Proprietary) Limited (In Provisional Liquidation)

During June 2009, Harmony Group reported that the provisional liquidators for Pamodzi Gold Free State (Proprietary) Limited (In Provisional Liquidation) (Pamodzi Free State) had chosen Harmony as the preferred bidder of Pamodzi Free State's assets. These assets consist of President Steyn 1 and 2 Shafts, Loraine 3 Shaft, Freddie 7 Shaft and Freddie 9 Shaft, a metallurgical gold plant, a waste rock dump and a dormant tailings storage facility.

Harmony's offer was accepted during July 2009, following the approval from the Industrial Development Corporation of South Africa and the relevant trade unions.

Further to the above Harmony announced during September 2009, that Harmony has entered into four separate agreements to purchase Pamodzi Free State's assets. The Pamodzi Free State assets will be purchased free from all liabilities, save for all associated rehabilitation and environmental liabilities. The purchase consideration for these assets is R405 million (US$52.4 million).

The major conditions precedent that have to be fulfilled in order for the agreements to become unconditional are the conversion of the Pamodzi Free State mining rights and the consent for the cession thereof to Harmony by the Minister of Minerals.

Dividends

On 13 August 2009, the board of directors approved a final dividend for the 2009 financial year of 50 SA cents per share. The total dividend, amounting to R213 million (US$28.6 million) was paid on 21 September 2009. As this dividend was declared after the reporting date, it has not been reflected in the financial statements for the periods ended 30 June 2009.

PNG exploration acquisition

On 27 August 2009, Harmony acquired two new exploration projects, the Amanab and the Mt. Hagen Projects, in PNG.

Amanab project EL1708 was granted on 6 July 2009 and comprises of about 863 square kilometres of tenure. The tenement is located approximately 160km north of the OK Tedi copper-gold mine in the Sandaun Province and was pegged to target the bedrock source of the alluvial goldfield centred on the Yup River.

The Mt Hagen project comprises two contiguous tenements encompassing approximately 1 100 square kilometres of tenure. The tenements are located approximately 20km north-northeast of Mt Hagen and are readily accessible via the Highlands Highway connecting Lae and Porgera.

Harmony acquired 100% of the mineral rights for EL1596 from Frontier Resources for the cash consideration of A$0.3 million (US$0.25 million).

Harmony also acquired the rights to explore the adjacent tenement EL1611 over a four year period, with the condition that Harmony's exploration program meets the minimum annual expenditure commitment. At any time during this period Harmony may exercise an option to purchase 100% of the tenement for a total cash consideration of R19 million (US$2.4 million).

Avoca Resources Limited

During September 2009 and the first part of October 2009, the group disposed of 56% of its Avoca Resources Limited shares, or 2.1 million shares, for A$3.6 million (US$3.0 million).

The group intends disposing of the remaining shares by the end of October 2009.

Big Bell Operations (Proprietary) Limited

During the September 2009 quarter, the board approved the sale of Big Bell Operations (Proprietary) Limited (BBGO), operations in Western Australia. A tender process was completed and a preferred bidder was identified. The share sale agreement is expected to be completed and executed during the December 2009 quarter. BBGO has been classified as held-for-sale.

For the years ended 30 June

40 Segment report

The group has only one product, 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 managed by a single general manager and management team.

After applying the quantitative thresholds from IFRS8, the reportable segments were determined as:

Tshepong, Phakisa, Bambanani, Masimong, Target, Doornkop, Elandskraal, Evander, Virginia, Cooke (held-for-sale and discontinued) and Papua New Guinea. All other operating segments have been grouped together under other – underground or other – surface, under their classification as either continuing or discontinued.

When assessing profitability, the chief operating decision maker (CODM) considers the revenue and cash production costs of each segment. The net of these amounts is the cash operating profit or loss. Therefore, cash operating profit has been disclosed in the segment report as the measure of profit or loss.

The CODM does not consider depreciation or impairment and therefore these amounts have not been disclosed in the segment report.

Segment assets consist of mining assets which can be attributed to the shaft or group of shafts. Items such as trade and other receivables and investments in financial assets are not allocated at a shaft level and therefore form part of the reconciliation to total assets.

The comparative segment reports have been restated to reflect Mt Magnet being classified as a continuing operation.

A reconciliation of the segment totals to the group financial statements has been included in note 41.

Notes to the group financial statements cont.

For the years ended 30 June

Segment report – 2009 (Rand)

	Revenue Rm	Cash production cost Rm	Cash operating profit Rm	Mining assets Rm	Capital expenditure Rm	Kilograms produced* kg	Tonnes milled* t'000
Continuing operations							
South Africa							
Underground							
Tshepong	1,780	978	802	3 634	249	7 178	1 375
Phakisa	171	107	64	3 658	461	691	185
Bambanani	924	651	273	705	52	3 780	517
Doornkop	343	281	62	2 544	395	1 311	549
Elandsrand	1 422	1 056	366	2 715	422	5 422	962
Target	688	536	152	2 218	342	2 713	644
Masimong	1 215	661	554	665	130	4 791	890
Evander	1 514	998	516	940	210	5 912	1 125
Virginia	2 033	1 488	545	898	199	8 030	2 261
Other	503	366	137	240	56	2 043	513
Surface							
Other	903	535	368	142	84	3 566	8 867
Total South Africa	**11 496**	**7 657**	**3 839**	**18 359**	**2 600**	**45 437**	**17 888**
International							
Papua New Guinea	–	–	–	3 540	1 782	–	–
Other operations	–	–	–	259	–	–	–
Total international	**–**	**–**	**–**	**3 799**	**1 782**	**–**	**–**
Total continuing operations	**11 496**	**7 657**	**3 839**	**22 158**	**4 382**	**45 437**	**17 888**
Discontinued operations							
Cooke operations	614	447	167	–	87	2 500	1 287
Total discontinued operations	**614**	**447**	**167**	**–**	**87**	**2 500**	**1 287**
Total operations	**12 110**	**8 104**	**4 006**	**22 158**	**4 469**	**47 937**	**19 175**
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 41).	(614)	(447)		15 867			
	11 496	**7 657**		**38 025**			

* Production statistics are unaudited.

For the years ended 30 June

Segment report – 2009 (US dollar)

	Revenue US$m	Cash production cost US$m	Cash operating profit US$m	Mining assets US$m	Capital expenditure US$m	Ounces produced* oz	Tons milled* t'000
Continuing operations							
South Africa							
Underground							
Tshepong	198	109	89	471	28	230 778	1 516
Phakisa	19	12	7	474	51	22 216	204
Bambanani	103	72	31	91	6	121 530	570
Doornkop	38	31	7	330	44	42 150	605
Elandsrand	158	117	41	352	47	174 321	1 061
Target	76	60	16	287	38	87 225	710
Masimong	135	73	62	86	14	154 034	981
Evander	168	111	57	122	24	190 075	1 241
Virginia	226	165	61	116	22	258 170	2 493
Other	56	41	15	31	6	65 684	566
Surface							
Other	100	59	41	18	9	114 648	9 778
Total South Africa	**1 277**	**850**	**427**	**2 378**	**289**	**1 460 831**	**19 725**
International							
Papua New Guinea	–	–	–	458	198	–	–
Other operations	–	–	–	34	–	–	–
Total international	–	–	–	492	198	–	–
Total continuing operations	**1 277**	**850**	**427**	**2 870**	**487**	**1 460 831**	**19 725**
Discontinued operations							
Cooke operations	69	50	19	–	10	80 377	1 419
Total discontinued operations	**69**	**50**	**19**	**–**	**10**	**80 377**	**1 419**
Total operations	**1 346**	**900**	**446**	**2 870**	**497**	**1 541 208**	**21 144**
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 41)	(69)	(50)		2 055			
	1 277	**850**		**4 925**			

* Production statistics are unaudited.

Notes to the group financial statements cont.

For the years ended 30 June

Segment report – 2008 (Rand)

	Revenue Rm	Cash production cost Rm	Cash operating profit/(loss) Rm	Mining assets Rm	Capital expenditure Rm	Kilograms produced* kg	Tonnes milled* t'000
Continuing operations							
South Africa							
Underground							
Tshepong	1 621	906	715	3 157	195	8 271	1 495
Phakisa	28	17	11	2 444	293	125	31
Bambanani	932	741	191	762	107	4 817	827
Doornkop	258	225	33	2 128	349	1 370	448
Elandsrand	964	751	213	2 370	318	5 108	890
Target	503	374	129	2 147	256	2 476	622
Masimong	698	637	61	733	114	3 621	809
Evander	1 402	916	486	1 023	242	7 210	1 312
Virginia	1 488	1 308	180	831	152	7 708	2 130
Other	416	376	40	230	43	2 111	485
Surface							
Other	900	422	478	153	150	4 603	8 637
Total South Africa	**9 210**	**6 673**	**2 537**	**15 978**	**2 219**	**47 420**	**17 686**
International							
Papua New Guinea	–	–	–	4 521	1 428	–	–
Other operations	407	300	107	515	29	2 342	876
Total international	**407**	**300**	**107**	**5 036**	**1 457**	**2 342**	**876**
Total continuing operations	**9 617**	**6 973**	**2 644**	**21 014**	**3 676**	**49 762**	**18 562**
Discontinued operations							
Cooke operations	1 406	887	519	667	162	7 346	3 541
Other operations	450	481	(31)	–	117	2 315	951
Total discontinued operations	**1 856**	**1 368**	**488**	**667**	**279**	**9 661**	**4 492**
Total operations	**11 473**	**8 341**	**3 132**	**21 681**	**3 955**	**59 423**	**23 054**
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 41)	(1 856)	(1 368)		15 061			
	9 617	**6 973**		**36 742**			

* Production statistics are unaudited.

For the years ended 30 June

Segment report – 2008 (US dollar)

	Revenue US$m	Cash production cost US$m	Cash operating profit/ (loss) US$m	Mining assets US$m	Capital expenditure US$m	Ounces produced* oz	Tons milled* t'000
Continuing operations							
South Africa							
Underground							
Tshepong	223	125	98	404	27	265 914	1 649
Phakisa	4	2	2	312	40	4 024	34
Bambanani	128	102	26	98	15	154 879	912
Doornkop	35	31	4	273	48	44 038	494
Elandsrand	133	103	30	304	44	164 215	981
Target	69	51	18	275	35	79 602	686
Masimong	96	88	8	94	16	116 424	892
Evander	193	127	66	131	33	231 799	1 447
Virginia	204	180	24	107	20	247 820	2 349
Other	58	52	6	29	6	67 862	535
Surface							
Other	126	57	69	19	19	147 980	9 524
Total South Africa	**1 269**	**918**	**351**	**2 046**	**303**	**1 524 557**	**19 503**
International							
Papua New Guinea	–	–	–	580	197	–	–
Other operations	56	41	15	66	4	75 297	966
Total international	**56**	**41**	**15**	**646**	**201**	**75 297**	**966**
Total continuing operations	**1 325**	**959**	**366**	**2 692**	**504**	**1 599 854**	**20 469**
Discontinued operations							
Cooke operations	194	123	71	86	22	236 170	3 906
Other operations	59	66	(7)	–	16	74 433	1 048
Total discontinued operations	**253**	**189**	**64**	**86**	**38**	**310 603**	**4 954**
Total operations	**1 578**	**1 148**	**430**	**2 778**	**542**	**1 910 457**	**25 423**
Reconciliation of the segment information to the consolidated income statement and balance sheet (refer to note 41)	(253)	(189)		1 932			
	1 325	**959**		**4 710**			

* Production statistics are unaudited.

Notes to the group financial statements cont.

For the years ended 30 June

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		41 Reconciliation of segment information to consolidated income statements and balance sheet:		
		The "reconciliation of segment data to consolidated financials" line item in the segment reports is broken down into the following elements, to give a better understanding of the differences between the income statement, balance sheet and the segment report.		
		Revenue from:		
1 856	**614**	Discontinued operations	**69**	253
		Production costs from:		
1 368	**447**	Discontinued operations	**50**	189
		Reconciliation of cash operating profit to consolidated profit/(loss) before taxation and discontinued operations:		
11 473	**12 110**	Total segment revenue	**1 346**	1 578
(8 341)	**(8 104)**	Total segment production costs	**(900)**	(1 148)
3 132	**4 006**	Cash operating profit	**446**	430
(488)	**(167)**	Less discontinued operations	**(19)**	(64)
2 644	**3 839**		**427**	366
(1 499)	**(2 179)**	Cost of sales items other than production costs	**(254)**	(203)
(779)	**(1 390)**	Amortisation and depreciation of mining properties, mine development cost and mine plant facilities	**(158)**	(107)
(67)	**(77)**	Amortisation and depreciation of other than mining properties, mine development cost and mine plant facilities (b)	**(9)**	(10)
(12)	**(21)**	Provision/(reversal of provision) for rehabilitation costs	**(3)**	(2)
(74)	**(53)**	Care and maintenance cost of restructured shafts	**(6)**	(10)
(236)	**(39)**	Employment termination and restructuring costs	**(4)**	(32)
(42)	**(113)**	Share-based payments	**(13)**	(6)
(280)	**(484)**	Impairment of assets	**(61)**	(35)
(9)	**(2)**	Provision for post retirement benefits	**–**	(1)
1 145	**1 660**	**Gross profit**	**173**	163
(228)	**(362)**	Corporate,administration and other expenditure	**(40)**	(33)
(224)	**(289)**	Exploration expenditure	**(32)**	(32)
129	**965**	Profit on sale of property, plant and equipment	**116**	18
(97)	**(101)**	Other expenses – net	**(3)**	(13)
725	**1 873**	**Operating profit**	**214**	103
(78)	**12**	Profit/(loss) from associates	**1**	(11)
–	**1**	Profit on sale of investment in associate	**–**	–
(95)	**(112)**	Impairment of investment in associate	**(14)**	(12)
(2)	**–**	Loss on sale of investment in joint venture	**–**	–
33	**(101)**	Fair value (loss)/gain on financial instruments	**(10)**	5
(459)	**–**	Loss on sale of listed investments	**–**	(63)
(1)	**–**	Impairment of investments	**–**	–
284	**444**	Investment income	**49**	39
(524)	**(212)**	Finance cost	**(24)**	(71)
(117)	**1 905**	**Profit/(loss) before taxation and discontinued operations**	**216**	(10)

For the years ended 30 June

41 Reconciliation of segment information to consolidated income statements and balance sheet: (continued)

Reconciliation of total segment assets to consolidated assets includes the following:

SA rand 2008	SA rand 2009	Figures in million	US dollar 2009	US dollar 2008
		Non-current assets		
7 057	**5 754**	Property, plant and equipment not allocated to specific segments	**744**	906
2 209	**2 224**	Intangible assets	**288**	283
78	**161**	Restricted cash	**21**	10
1 465	**1 640**	Restricted investments	**212**	188
67	**57**	Investment in financial assets	**7**	9
145	**329**	Investments in associates	**43**	19
1 485	**1 712**	Deferred tax asset	**222**	190
137	**75**	Trade and other receivables	**10**	18
		Current assets		
693	**1 035**	Inventories	**134**	89
–	**–**	Investment in financial assets	**–**	–
875	**885**	Trade and other receivables	**115**	112
82	**45**	Income and mining taxes	**6**	11
–	**–**	Restricted cash	**–**	–
413	**1 950**	Cash and cash equivalents	**253**	53
355	**–**	Assets of disposal groups classified as held-for-sale excluding mining assets	**–**	44
15 061	**15 867**	**Total assets**	**2 055**	1 932