Annual financial statements

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The bottom line

For the year ended 30 June 2007

METRIC (RAND)	2007 RM	2006 RM
Underground operations		
Tonnes milled (000)	**13 690**	13 040
Gold produced (kg)	**66 863**	67 881
Yield (g/t)	**4.88**	5.20
Cash operating cost (R/t milled)	**549**	460
Surface operations		
Tonnes milled (000)	**7 022**	5 839
Gold produced (kg)	**5 739**	6 361
Yield (g/t)	**0.82**	1.09
Cash operating cost (R/t milled)	**92**	100
Total operations		
Gold produced (kg)	**72 602**	74 242
Gold price received per kilogram (R/kg)	**147 580**	108 268
Cash operating cost (R/kg)	**112 407**	88 629

IMPERIAL (US DOLLAR)	2007 $M	2006 $M
Underground operations		
Tonnes milled (000)	**15 093**	14 381
Gold produced (oz)	**2 149 686**	2 182 415
Yield (oz/t)	**0.142**	0.152
Cash operating cost ($/t milled)	**69**	66
Surface operations		
Tonnes milled (000)	**7 742**	6 439
Gold produced (oz)	**184 512**	204 510
Yield (oz/t)	**0.024**	0.032
Cash operating cost ($/t milled)	**12**	14
Total operations		
Gold produced (oz)	**2 334 198**	2 386 925
Gold price received per ounce ($/oz)	**638**	529
Cash operating cost ($/oz)	**486**	433

Average conversion rate for the 12 months under review: US$1 = R7.20 (2006: R6.36)

This statement does not form part of the annual financial statements and is unaudited. It is included for convenience.

To the members of Harmony Gold Mining Company Limited

We have audited the annual financial statements and Group annual financial statements of Harmony Gold Mining Company Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 30 June 2007, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 103 to 110 and pages 114 to 188.

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and of the Group as of 30 June 2007, and their financial performance and their cash flows for the year then ended, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: HP Odendaal
Registered Auditor
Johannesburg

28 September 2007

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		NOTE	GROUP 2007 RM	GROUP 2006 RM
		Continuing operations			
1 448	**2 011**	**Revenue**		**9 148**	6 823
(1 352)	**(1 710)**	Production cost – exclusive of amortisation and depreciation of mining properties, mine development costs and mine plant facilities	4	**(6 866)**	(5 582)
(135)	**(188)**	Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	4	**(834)**	(880)
(14)	**(14)**	Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities	5	**(29)**	(59)
(20)	**(37)**	Corporate, administration and other expenditure	4	**(184)**	(120)
12	**(41)**	Reversal of provision/(provision) for rehabilitation costs	4	**16**	20
(11)	**(13)**	Marketing and new business expenditure		**(65)**	(54)
–	**–**	Exploration expenditure		**(194)**	(71)
55	**–**	Employment termination and restructuring costs	6	**–**	72
(28)	**–**	Care and maintenance cost of closed shafts		**(52)**	(118)
(48)	**(20)**	Share-based compensation		**(40)**	(95)
2	**2**	Profit on sale of property, plant and equipment	7	**182**	65
156	**(13)**	Reversal of impairment/(impairment) of assets	8	**134**	216
1	**–**	Reversal of provision/(provision) for post retirement benefits	36	**13**	(7)
–	**–**	Fair value of non-derivative financial instruments	9	**111**	87
–	**–**	Gain/(loss) on financial instruments		**41**	(516)
(12)	**(4)**	Other expenses – net	10	**(49)**	(161)
54	**(27)**	**Operating profit/(loss)**	11	**1 332**	(380)
–	**–**	Loss from associates	24	**(19)**	(105)
306	**–**	(Loss)/profit on sale of listed investments	12	**(35)**	306
–	**–**	Profit on sale of subsidiaries	13	**–**	14
–	**–**	Profit on sale of investment in associate	14	**236**	–
275	**41**	Investment income	15	**197**	201
(275)	**(265)**	Finance cost	16	**(515)**	(436)
360	**(251)**	**Profit/(loss) before tax**		**1 196**	(400)
(46)	**(24)**	Taxation	17	**(249)**	(141)
314	**(275)**	**Net profit/(loss) from continuing operations**		**947**	(541)
		Discontinued operations			
–	**–**	(Loss)/profit from discontinued operations	18	**(332)**	16
–	**–**	Loss from measurement to fair value less cost to sell	18	**(274)**	–
314	**(275)**	**Net profit/(loss)**		**341**	(525)
		Earnings/(loss) per share from continuing operations attributable to the equity holders of the Company during the year			
		– Basic earnings/(loss) per share (cents)	19	**238**	(137)
		– Fully diluted earnings/(loss) per share (cents)	19	**235**	(137)
		(Loss)/earnings per share from discontinued operations attributable to the equity holders of the Company during the year			
		– Basic (loss)/earnings per share (cents)	19	**(152)**	4
		– Fully diluted (loss)/earnings per share (cents)	19	**(150)**	4

At 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		NOTE	GROUP 2007 RM	GROUP 2006 RM
		Assets			
		Non-current assets			
1 517	**1 695**	Property, plant and equipment	20	**24 398**	23 318
–	**37**	Intangible assets	21	**2 307**	2 270
1	**–**	Restricted cash	22	**5**	255
131	**199**	Investments in financial assets	23	**1 387**	2 271
1	**1**	Investments in associates	24	**7**	1 909
27 777	**26 472**	Investments in subsidiaries	25	**–**	–
110	**158**	Deferred income tax asset	17	**2 321**	1 975
64	**57**	Trade and other receivables	28	**95**	91
29 601	**28 619**	**Total non-current assets**		**30 520**	32 089
		Current assets			
247	**305**	Inventories	27	**742**	666
–	**–**	Investments in financial assets	23	**2 484**	–
191	**209**	Trade and other receivables	28	**918**	735
30	**19**	Income and mining taxes		**16**	27
–	**–**	Restricted cash	22	**274**	–
157	**522**	Cash and cash equivalents	29	**711**	651
625	**1 055**			**5 145**	2 079
–	**–**	Non-current assets classified as held for sale	18	**1 284**	–
625	**1 055**	**Total current assets**		**6 429**	2 079
30 226	**29 674**	**Total assets**		**36 949**	34 168
		Equity			
		Share capital and reserves			
25 521	**25 663**	Share capital	30	**25 636**	25 489
372	**392**	Other reserves	31	**(349)**	(271)
615	**339**	(Accumulated loss)/retained earnings		**(1 681)**	(2 015)
26 508	**26 394**	Total equity		**23 606**	23 203
		Non-current liabilities			
1 463	**1 541**	Borrowings	32	**1 743**	2 591
180	**248**	Deferred income tax liabilities	17	**5 000**	4 275
–	**–**	Derivative financial instruments	33	**–**	631
115	**285**	Provision for environmental rehabilitation	34	**1 092**	860
16	**17**	Provision for other liabilities and charges	35	**17**	16
4	**4**	Retirement benefit obligations	36	**107**	107
1 778	**2 095**	**Total non-current liabilities**		**7 959**	8 480
		Current liabilities			
935	**460**	Trade and other payables	37	**1 755**	1 472
1 000	**500**	Borrowings	32	**2 855**	1 006
–	**220**	Bank overdraft	29	**220**	–
5	**5**	Shareholders for dividends		**7**	7
1 940	**1 185**			**4 837**	2 485
–	**–**	Liabilities directly associated with non-current assets classified as held for sale	18	**547**	–
1 940	**1 185**	**Total current liabilities**		**5 384**	2 485
3 718	**3 280**	**Total liabilities**		**13 343**	10 965
30 226	**29 674**	**Total equity and liabilities**		**36 949**	34 168

For the year ended 30 June 2007

	NUMBER OF ORDINARY SHARES ISSUED	SHARE CAPITAL RM	SHARE PREMIUM RM	(ACCUMULATED LOSS)/RETAINED EARNINGS RM	OTHER RESERVES RM	TOTAL RM
Notes		30	30		31	
Group						
Balance – 1 July 2005	393 341 194	197	25 092	(1 485)	(586)	23 218
Net loss	–	–	–	(525)	–	(525)
Dividends declared	–	–	–	(5)	–	(5)
Issue of shares						
– Exercise of employee share options	3 593 256	2	181	–	–	183
Treasury shares	–	–	17	–	–	17
Foreign exchange translation	–	–	–	–	109	109
Deferred share-based compensation	–	–	–	–	103	103
Mark-to-market of listed and other investments	–	–	–	–	105	105
Mark-to-market of environmental trust funds	–	–	–	–	(2)	(2)
Balance – 30 June 2006	**396 934 450**	**199**	**25 290**	**(2 015)**	**(271)**	**23 203**
Net profit	–	–	–	341	–	341
Dividends declared	–	–	–	(7)	–	(7)
Issue of shares						
– Exercise of employee share options	2 673 934	1	137	–	–	138
Treasury shares	–	–	9	–	–	9
Foreign exchange translation	–	–	–	–	205	205
Deferred share-based compensation	–	–	–	–	45	45
Mark-to-market of listed and other investments	–	–	–	–	(328)	(328)
Balance – 30 June 2007	**399 608 384**	**200**	**25 436**	**(1 681)**	**(349)**	**23 606**
Company						
Balance – 1 July 2005	393 341 194	197	25 141	301	213	25 852
Net income	–	–	–	314	–	314
Issue of shares						
– Exercise of employee share options	3 593 256	2	181	–	–	183
Deferred share based compensation	–	–	–	–	48	48
Mark-to-market of listed and other investments	–	–	–	–	111	111
Balance – 30 June 2006	**396 934 450**	**199**	**25 322**	**615**	**372**	**26 508**
Net loss	–	–	–	(275)	–	(275)
Issue of shares						
Exercise of employee share options	2 673 934	1	137	–	–	138
Sale of excess shares in share trust	–	–	4	–	–	4
Deferred share based compensation	–	–	–	–	20	20
Balance – 30 June 2007	**399 608 384**	**200**	**25 463**	**339**	**392**	**26 394**

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		NOTE	GROUP 2007 RM	GROUP 2006 RM
		Cash flows from operating activities			
159	**(250)**	Cash generated by/(utilised in) operations	41	**1 797**	690
254	**29**	Interest received	15	**183**	207
21	**12**	Dividends received	15	**21**	17
(199)	**(168)**	Interest paid	16	**(226)**	(201)
–	**6**	Income and mining taxes (paid)/refunded		**(13)**	(12)
235	**(371)**	**Net cash generated by/(utilised in) operating activities**		**1 762**	701
		Cash flows from investing activities			
(14)	**(8)**	Net increase in amounts invested in environmental trusts		**(12)**	(31)
–	**1**	Restricted cash		**(29)**	(203)
–	**–**	Cash held by subsidiaries on acquisition	42	**–**	2
–	**–**	Investment in Orpheo by Harmony acquired	42	**–**	(5)
–	**–**	Investment in MP Britz and H Taute Pharmacies acquired	42	**–**	(1)
–	**–**	Proceeds on disposals of Buffalo Creek	42	**–**	19
–	**–**	Cost on closure of hedge positions		**(576)**	(344)
2 461	**–**	Proceeds on disposal of available-for-sale financial assets		**395**	2 462
–	**–**	Acquisition of associate		**–**	(2 012)
–	**(42)**	Increase in intangible assets		**(42)**	–
(3 598)	**1 197**	(Increase)/decrease in other non-current investments		**(32)**	18
3	**2**	Proceeds on disposal of property, plant and equipment		**190**	80
(200)	**(276)**	Additions to property, plant and equipment		**(2 698)**	(1 747)
(1 348)	**874**	**Net cash (utilised in)/generated by investing activities**		**(2 804)**	(1 762)
		Cash flows from financing activities			
1 000	**500**	Long-term borrowings raised		**1 804**	1 000
(1 213)	**(1 000)**	Long-term borrowings paid		**(1 002)**	(1 393)
183	**142**	Ordinary shares issued		**138**	183
(1)	**–**	Dividends paid		**(7)**	(7)
(31)	**(358)**	**Net cash generated by/(utilised in) financing activities**		**933**	(217)
–	**–**	**Foreign currency translation adjustments**		**(48)**	151
(1 144)	**145**	**Net (decrease)/increase in cash and cash equivalents**		**(157)**	(1 127)
1 301	**157**	**Cash and equivalents – beginning of year**		**651**	1 778
157	**302**	**Cash and equivalents – end of year**		**494**	651

For the year ended 30 June 2007

1 Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in all years presented, unless otherwise stated.

(a) Basis of preparation

The annual financial statements, as modified by available-for-sale financial assets, and financial assets and liabilities (including derivative instruments), which have been brought to account at fair value through the income statement or through other reserves under shareholders' equity, are prepared on an historical cost basis. The accounting policies as set out below have been consistently applied unless otherwise stated. The financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the South African Companies Act.

New accounting standards and IFRIC interpretations

Certain new accounting standards and IFRIC interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2007. 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.

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

Title		**Effective date**
New statement		
• IFRS 7 – Financial instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures	*	Financial year commencing on or after 1 January 2007
• IFRS 8 – Operating segments	#	Financial year commencing on or after 1 January 2009
Amendments		
• IFRS 3 – Implementation guidance	#	Financial year commencing on or after 1 January 2007
• IAS 23 (Revised) Borrowing costs (Revised March 2007)	#	Financial year commencing on or after 1 January 2009
• Revised guidance on implementing IFRS 4	*	Financial year commencing on or after 1 January 2007
New interpretations		
IFRIC 10 – Interim financial reporting and impairment	^	– Financial year commencing on or after 1 November 2006
IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions	#	– Financial year commencing on or after 1 March 2007
IFRIC 12 – Service Concession Arrangements	#	– Financial year commencing on or after 1 January 2008

Not yet assessed
* Affects disclosure
^ Effect not material

(b) Consolidation

The consolidated financial information includes the financial statements of the Company, its subsidiaries, its proportionate interest in joint ventures, special purpose entities (SPEs) – also referred to as special purpose vehicles (SPVs) – 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 undertaken at the date of acquisition plus costs directly attributable to the acquisition.

For the year ended 30 June 2007

1 Accounting policies

(b) Consolidation (continued)

(i) Subsidiaries (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at acquisition date, irrespective of the extent of any minority interest. Minorities 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 1(m)(a)).

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 minorities acquired is accounted for in shareholders' equity.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless cost cannot be recovered. 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 financial statements.

(ii) Associates are those entities, other than a subsidiary, in which the Group has a material long term 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 undertaken 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 reserves. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share 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 permanent impairment is identified.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred.

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 financial statements.

For the year ended 30 June 2007

1 Accounting policies (continued)

(b) Consolidation (continued)

(iii) Joint ventures are those entities in which the Group holds a long-term interest and which is jointly controlled by the Group and one or more venturers 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 venturers. 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 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.

(c) 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 South African rands, which is the Company’s functional and the Group’s presentation 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 and 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 the carrying amount are recognised in equity.

Translation differences on non-monetary financial assets and liabilities are reported as part of fair value gain 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 the fair value reserve in equity.

(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 the balance sheet;
b) income and expenses for each income statement are translated at average exchange rates; and
c) all resulting exchange differences are recognised as a separate component of equity.

For the year ended 30 June 2007

1 Accounting policies (continued)

(c) Foreign currency transactions (continued)

(iii) Group companies (continued)

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 shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

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

(iv) Convenience translations: The consolidated income statement, the consolidated balance sheet and the consolidated statement of cash flows have been expressed in United States dollars for information purposes and do not form part of the audited financial statements.

For this purpose, the consolidated income statement and the consolidated statement of cash flows were translated at the average rate for the year and the consolidated balance sheet at the exchange rate ruling at the balance sheet date.

(d) 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 insignificant risk of changes in fair value and insignificant interest rate risk and original maturities of three months or less.

(e) Restricted cash

Restricted cash consists of cash held as security deposits on mining tenements, cash held to acquire shares in subsidiaries as part of the compulsory takeover of shares as well as cash held on margin call in terms of certain conditions of borrowing agreements.

(f) 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 and 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 and re-evaluates this designation at every reporting date.

(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. They are initially recognised at fair value and subsequently measured at amortised cost. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

(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.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at cost plus transaction costs for all financial assets. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in equity.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement.

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.

For the year ended 30 June 2007

1 Accounting policies (continued)

(f) Financial assets (continued)

(ii) Available-for-sale financial assets (continued)

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 equity and recognised in 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 measured at amortised cost.

(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. 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.

(g) Inventories

Inventories, which include bullion on hand, gold in process and stores and materials, are measured at the lower of cost and net realisable value after appropriate allowances for redundant and slow moving items. The cost of bullion and gold in process is determined by reference to production cost, including amortisation and depreciation at the relevant stage of production.

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

Bullion on hand and gold in process at certain of the underground operations includes gold in lockup, which can be reliably measured and generally this is from the smelter onwards. Where mechanised mining is used in underground operations, work in progress 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, predominantly located in Australia, gold in process represents either production in broken ore form or production from the time of placement on heap leach pads. It is valued using the weighted average cost method. Costs included are average production costs, including amortisation and depreciation at the relevant stage of production.

The Group assesses the gold content of broken ore or ore placed on heap leach pads by reference to the historical recovery factor obtained by the type of broken ore and ore added to the heap leach pad.

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.

(h) 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. 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 amount of the provision is recognised in the income statement.

(i) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designated derivatives as hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge).

For the year ended 30 June 2007

1 Accounting policies (continued)

(i) Derivative financial instruments (continued)

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as the risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 33. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

Fair value hedge: Changes in the fair value of derivatives that are designated and qualifies as fair value hedges are recognised in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other expenses – net'. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'.

(j) Borrowings

Borrowings are initially recognised at fair value net of transaction cost incurred and subsequently measured at amortised cost, comprising original debt less principal payments and amortisations, 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 shareholders' 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.

(k) Exploration costs

Exploration costs are expensed as incurred. When a decision is taken that a mining property is capable of commercial production, all further pre-production expenditure, including evaluation costs, are capitalised. Costs related to property acquisitions and mineral and surface rights are capitalised. Where the directors consider that there is little likelihood of the properties or rights being exploited or the value of the exploration rights have diminished below cost, an impairment is recognised.

(l) 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. Costs include pre-production expenditure incurred in the development of the mine and the present value of future decommissioning costs. Interest on borrowings to specifically finance the establishment of mining assets is capitalised until it is substantially completed. Development costs incurred to evaluate and develop new orebodies, or to define mineralisation in existing orebodies, or to establish or expand productive capacity or to maintain production are capitalised. Mine development costs are capitalised to the extent it provides access to gold bearing reef and have future economic benefit.

Stripping costs incurred during the production phase to remove waste ore are deferred and charged to operating 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.

For the year ended 30 June 2007

1 Accounting policies (continued)

(l) Property, plant and equipment (continued)

(i) Mining assets (continued)

Where the average life of mine stripping ratio exceeds the actual stripping ratio, the cost is charged to the income statement. 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.

(ii) Non-mining fixed 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 fair value of these properties are annually tested for impairment.

(iv) 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. To the extent that these costs benefit the entire ore body, they are amortised over the estimated life of the ore body. Costs incurred to access specific ore blocks or areas that only provide benefit over the life of that area are amortised over the estimated life of that specific ore block or area. 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 reach commercial production quantities.

(v) 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;
– 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 the carrying amount. These are included in the income statement.

(m) 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.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

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.

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

For the year ended 30 June 2007

1 Accounting policies (continued)

(n) 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 as 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 its 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 of the cash flows of other shafts and assets belonging to the Group. Non-financial assets other than goodwill that suffered an impairment are reviewed for a possible reversal of the impairment at each reporting date.

(o) 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.

The net present values 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 rates that reflect inflation and the time value of money.

The discount rate used is based on 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 as well as changes to estimates are capitalised to mining assets against an increase in the rehabilitation provision. The rehabilitation asset is amortised as noted in the Group's accounting policy. 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.

(p) Environmental trust funds

Annual 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. 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 investments in financial assets on the balance sheet.

(q) 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 best estimate of the expenditure required to settle the present obligation at balance sheet date. This estimate takes into account associated risks and uncertainties.

Where the effect of the time value of money is material, the amount recognised is the present value of the expenditure expected to be required to settle the obligation. Where discounting is used, the carrying amount of the provision increases in each period to reflect the passage of time. This increase is recognised as a borrowing cost.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks associated with the liability.

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 year ended 30 June 2007

1 Accounting policies (continued)

(r) Deferred taxation

The Group follows the comprehensive liability method of accounting for deferred tax using the balance sheet approach. Under this method, deferred income and mining 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 it relates to a transaction that is recognised directly in equity, or on 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 differences arise from amortisation and depreciation on property, plant and equipment, provisions, post retirement benefits, 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 unused tax losses and unutilised capital allowances can be utilised.

(s) 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 equity-settled, share-based compensation plans, 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 deferred share-based compensation is expensed over the vesting period, based on the company's estimate of the shares that are expected to eventually vest. The company used the binomial option pricing model in determining the fair value of the options granted. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, 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 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 the cost of the leave days granted to employees during the period in which the leave days accumulate.

(t) 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.

(u) 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.

(v) Revenue recognition

(i) **Revenue** represents gold sales and is recognised when the risks and rewards of ownership has passed to the buyer with delivery to the refinery. Sales revenue excludes value added tax but includes the net profit and losses arising from financial derivatives that meet the definition of a normal sale to the extent that they relate to that metal and have been matched at the date of the financial statements.

For the year ended 30 June 2007

1 Accounting policies (continued)

(v) Revenue recognition

(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.

(w) Dividends declared

Dividends proposed and the related transactions thereon are recognised when declared by the board of directors. The dividends paid therefore relate to those declared in the current financial year. Dividends are payable in South African rands.

Dividends declared which are payable to foreign shareholders are subject to approval by the South African Reserve Bank in terms of South African foreign exchange control regulations. In practice, dividends are freely transferable to foreign shareholders.

(x) Segmental reporting

The primary reporting format of the Group is by business segment. As there is only one business segment, being the mining, extraction and production of gold, relevant disclosures are given in the financial statements. The secondary reporting format is by geographical analysis by origin. The segmental information is supplied by shaft in the geographical area. The accounting policies of the segments are the same as those described in the accounting policy notes to the Group financial statements.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with IFRS requires the Groups' 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:

(a) Impairments of mining assets

The fair value of mining assets is generally determined using discounted future cash flows. Management also considers such factors as the market capitalisation of the Group, the quality of the individual orebody and country risk in determining the fair value.

During the year under review, the Group calculated fair value based on an updated life of mine plans, a gold price of R115 000 per kilogram and a discount rate of 9.18% (2006: R105 000 per kilogram and an 8.38% discount rate). (refer note 8).

(b) 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 this, the following are looked at: the closing share price on year end, average share price over a reasonable period thereafter as well as recent transactions. An impairment loss or the reversal of an impairment loss is only recognised when deemed of a permanent nature.

(c) Valuation of investments (assets available for sale)

If the value of the 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.

For the year ended 30 June 2007

2 Critical accounting estimates and judgements (continued)

(d) 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.

An inflation rate of 5% and the expected life of the mines according to the life-of-mine plans were utilised in the calculation of the estimated net present value of the rehabilitation liability. The different discount rates used for the calculation are as follows: for 12 months – 13.77%; for 1 – 5 years – 10.61%; for 5 – 9 years – 9.49%, for 10 years or more – 9.25%. (2006: discount rate of 12.88% and inflation rate of 5.5%), and for the Australian operations a discount rate of 7% (2006: 7%).

(e) Estimate of employee benefit liabilities

An updated actuarial valuation is being carried out at the end of each financial year. Assumptions used to determine the liability included, a discount rate of 9%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA 1956/62 mortality table (SA "a mf" tables) (60 years) and a medical inflation rate of 6.34% (2006: discount rate of 9%, 60 years and 6.34% inflation rate).

(f) 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 is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(g) Hedging and financial derivatives

The Delta of the hedge position, is the equivalent gold position that would have the same mark-to-market sensitivity for a small change in the gold price. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and volatilities at year end (refer note 40).

(h) Fair value of share-based compensation

The fair value of options granted are being determined using the binomial valuation model. The significant inputs into the model are: vesting period and conditions, risk free interest rate, volatility, price on date of grant and dividend yield. (Refer to note 39 for detail on each of the share option schemes.)

(i) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(m)(i). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(j) Gold in lock-up

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

(k) Assessment of contingencies

Contingencies will only realise value 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.

(l) Undeveloped properties

The valuation of undeveloped properties was based on going market prices for these resources.

(m) Gold 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.

For the year ended 30 June 2007

3 Financial risk management

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges 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, the use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.

(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. 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.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

(ii) Price risk

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, such that a fall in the price of gold below Harmony's cash operating cost of production for any sustained period may lead Harmony to experience losses and curtail or suspend certain operations.

(b) Credit risk

Credit risk arises from the risk that a counterparty may default or not meet its obligations timeously. Financial instruments, which subject the company to significant concentrations of credit risk, consist predominantly of cash and cash equivalents, short-term investments and various derivative financial instruments.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

(d) Cash flow and fair value liquidity risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group manages its cash flow interest rate risk by using fixed-to-floating interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from fixed rates to floating rates. Generally, the Group raises long-term borrowings at fixed rates and swaps them into floating rates that are lower than those available if the Group borrowed at floating rates directly. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between floating contract rates and fixed-rate interest amounts calculated by reference to the agreed notional principal amounts.

For the year ended 30 June 2007

3 Financial risk management (continued)

Financial risk factors (continued)

(e) Foreign currency sensitivity

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.

(f) Interest rate and liquidity risk

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

(g) Gold lease rate swaps

Harmony generally does not undertake any specific actions to cover its exposure to gold lease rates in respect of its derivative financial instruments.

(h) Interest rate swaps

The Group had interest rate swap agreements to convert its senior unsecured fixed rate bond (HAR1) to variable rate debt. These interest rate swaps were designated as fair value hedges. The bond as well as the interest rate swaps matured in the prior year and were settled in full.

(i) Surplus funds

In the ordinary course of business, the Group receives cash from its operations and is required to fund its 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.

COMPANY			GROUP	
2006 RM	2007 RM		2007 RM	2006 RM
		4 Cash operating costs/cost of sales		
		Cash operating 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. These costs, analysed by nature, consist of the following:		
1 004	**1 249**	Labour costs, including contractors	**5 008**	4 119
281	**365**	Stores and materials	**1 653**	1 333
141	**149**	Water and electricity	**738**	674
15	**21**	Hospital costs	**27**	82
(12)	**66**	Changes in inventory	**(58)**	(143)
(138)	**(128)**	On-going capital	**(528)**	(625)
61	**(12)**	Other	**26**	142
1 352	**1 710**	Cash operating costs	**6 866**	5 582
135	**188**	Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	**834**	880
20	**37**	Corporate, administration and other expenditure	**184**	120
(12)	**41**	(Reversal of provision)/provision for rehabilitation costs	**(16)**	(20)
1 495	**1 976**	Cost of sales	**7 868**	6 562

For the year ended 30 June 2007

5 Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
–	–	Other non-mining assets	**15**	45
–	**5**	Intangible assets	**5**	–
14	**9**	Borrowings' issue costs	**9**	14
14	**14**		**29**	59

6 Employment termination and restructuring costs

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
55	–	Free State	–	55
–	–	Randfontein and Elandskraal	–	(5)
–	–	Evander	–	(6)
–	–	Freegold	–	31
–	–	Avgold	–	(2)
–	–	Musuku	–	(1)
55	–		–	72

During the 2006 year, the Company continued with the process of down-scaling production at some shafts. This was done according to the initial plan, that was communicated to the unions by 30 June 2005, initiated following the weakening of the gold price in rand per kilogram terms. Actual cost amounted to R140 million and was utilised against the provision recognised in FY05. The remaining balances were reversed during FY06.

7 Profit on sale of property, plant and equipment

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
–	–	Sale of Randfontein 4 Shaft (a)	**69**	–
–	–	Sale of Deelkraal surface assets (b)	**98**	–
2	**2**	Other	**15**	65
2	**2**		**182**	65

(a) The Randfontein 4 Shaft was sold to Ezulwini Mining Company (Pty) Ltd for R60 million on 29 December 2006. The liabilities exceeded the assets with R9 million, resulting in a profit of R69 million.

(b) The Deelkraal surface assets, which had a Rnil carrying value were disposed of, for R98 million to Ogoerion Construction CC on 5 April 2007. Payments totalling R10 million have been made to date. The remaining amount will be paid in 24 monthly instalments that commenced on 1 June 2007.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		8 Reversal of impairment/(impairment) of assets		
156	**(13)**	Free State	**(13)**	156
–	**–**	Lydex	**–**	(114)
–	**–**	Evander	**–**	80
–	**–**	Kalgold	**133**	–
–	**–**	Freegold	**14**	94
156	**(13)**		**134**	216

During the year ended 30 June 2007, the Group recorded an impairment at the Free State operations. The Group also reversed impairments previously recorded at its Kalgold and Freegold operations, where the fair values exceeded the carrying values determined through value-in-use calculations.

During the year ended 30 June 2006; the Group reversed R330 million of the R736 million impairment recorded in FY05 at its Free State, Evander and Freegold operations. The fair values determined by a value in use calculation, fairly exceeded the carrying value of the abovementioned operations at 30 June 2006. Accordingly a decision was made to reverse the previously recorded impairments.

The R114 million impairment recorded in 2006 at Lydenburg Exploration Ltd (Lydex) relates to an impairment loss on amounts previously capitalised as undeveloped properties for which no future financial benefits are expected by management.

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		9 Fair value of non-derivative financial instruments		
–	**–**	Mark-to-market adjustment	**111**	87
–	**–**		**111**	87

The sale agreement of African Rainbow Minerals Ltd (ARM) shares gave rise to a non-derivative financial instrument that is designated as "fair value through profit and loss". This is due to Harmony not sharing in the full increase in the share value of the ARM shares above R29 per share, as the fair value movement recognised is equivalent to the interest paid on the Nedbank loans (refer note 32).

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		10 Other expenses – net		
8	**14**	Foreign exchange profits/(losses) – net	**11**	(25)
–	–	Non-mining bad debts	**(10)**	(5)
(20)	**(18)**	Other expenditure – net	**(50)**	(131)
(12)	**(4)**		**(49)**	(161)
		11 Operating profit/(loss)		
		The following have been included in operating profit/(loss):		
6	**8**	**Professional fees**	**42**	35
2	**2**	**Auditors' remuneration**	**14**	13
2	**2**	Fees – current year	**11**	11
–	–	Fees – prior year (over)/under provision	**–**	–
–	–	Fees – other services	**3**	2
		12 (Loss)/profit on sale of listed investments		
307	–	(Loss)/profit on sale of investment in Gold Fields Limited	**(35)**	307
(1)	–	Loss on sale of investment in San Gold Resources Corporation	–	(1)
306	–	(Loss)/profit on sale of listed investments	**(35)**	306

In the 2006 financial year, the Company disposed of its remaining investment, purchased in November 2004, held in Gold Fields Limited (Gold Fields) for R2 442 million. The process was concluded through market disposals which commenced on 10 November 2005 and an open market offering on 15 and 16 November 2005. The investment was acquired at a cost of R2 135 million, resulting in a profit of R307 million.

In the first half of the 2007 financial year, the Company received new Gold Field shares, in a share exchange for its Western Areas Limited shares.

The Group disposed of 1 150 000 of these Gold Fields shares for R143 million in four transactions between 26 January 2007 and 12 February 2007. The total cost of these shares was R155.3 million, resulting in a loss of R12.3 million. During May and June 2007, a further 1 500 000 shares with a cost of R202.5 million were disposed of for R179.6 million, resulting in a loss of R22.9 million.

On 29 December 2005, Harmony disposed of its investment in San Gold Resources Corporation for R19 million. The investment was carried at a total cost of R20 million, resulting in a loss of R1 million.

For the year ended 30 June 2007

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		13 Profit on sale of subsidiaries		
–	–	Profit on sale of investment in Buffalo Creek Mines (Pty) Ltd	–	14

On 31 March 2006, the Company disposed of the entire share capital of Buffalo Creek Mines (Pty) Ltd (Buffalo Creek) for R106 million (A$ 24 million). According to the agreement the A$24 million was to be settled as follows:

- A$4.3 million to be paid in cash
- 1 907 892 shares in GBS Gold International Inc. (GBS Gold), valued at A$5 million.
- A$5 million to be paid in cash in September 2006
- Shares in GBS Gold equal to the value of A$4.4 million
- A$5.4 million to be paid in cash in September 2007

The net asset value of Buffalo Creek was R92 million (A$21 million), resulting in a profit of R14 million (A$2.9 million) for the Group.

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		14 Profit on sale of investment in associate		
–	–	Profit on sale of Western Areas Limited	**236**	–

On 8 December 2006, the Group disposed of its interest in Western Areas Limited (Western Areas) in exchange for Gold Fields ordinary shares. This was in terms of an offer by Gold Fields whereby every 100 Western Areas shares was exchanged for 35 Gold Fields shares. The Group received 15 745 079 Gold Fields shares for its 44 985 939 Western Areas shares. The net profit on the transaction was R236 million, taking into account the share of post-acquisition loss of R123 million.

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		15 Investment income		
254	**29**	Interest received on held-to-maturity and other financial assets	**183**	207
11	**12**	Dividends received from available-for-sale financial assets	**21**	11
10	–	Other	**(7)**	(17)
275	**41**		**197**	201
		16 Finance cost		
		Interest paid		
–	**3**	Banks and short-term facilities	**3**	–
90	–	Senior unsecured fixed rate bonds	–	90
84	**83**	Convertible unsecured fixed rate bonds	**83**	82
24	**65**	Rand Merchant Bank	**94**	24
1	**17**	Other creditors	**38**	3
199	**168**	**Total interest paid**	**218**	199

For the year ended 30 June 2007

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		16 Finance cost (continued)		
		Interest accrued		
63	**68**	Convertible unsecured fixed rate bonds	**68**	63
–	**–**	Nedbank Limited	**127**	102
–	**–**	Post-retirement benefits	**10**	8
13	**29**	Time value of money and inflation components of rehabilitation costs	**108**	78
–	**–**	Interest capitalised	**(16)**	(14)
76	**97**	**Total interest accrued**	**297**	237
275	**265**	**Total finance cost**	**515**	436

The interest accrued relates to imputed interest charges on the various liabilities in terms of the applicable accounting rules.

17 Taxation

The components of taxation in the income statement are the following:

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		South African taxation		
–	**–**	Non-mining tax	**(13)**	(11)
–	**(4)**	Non-mining tax – prior year	**4**	–
(26)	**(18)**	Deferred tax	**(389)**	(141)
(20)	**(2)**	Deferred tax – impairment of assets	**(6)**	(65)
		Foreign taxation		
–	**–**	Deferred tax	**155**	76
(46)	**(24)**	**Total taxation**	**(249)**	(141)

Mining tax on mining income is determined on a formula basis which takes into account the profit and revenue from mining operations during the year. Non-mining income is taxed at a standard rate. Mining and non-mining income of Australian operations are taxed at a standard tax rate of 30% (2006: 30%). Deferred tax is provided at the estimated expected future mining tax rate for temporary differences. Major items causing the Company's income tax provision to differ from the maximum mining statutory tax rate of 45 % (2006: 45%) were:

For the year ended 30 June 2007

17 Taxation (continued)

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
(131)	**88**	Tax on net income at the maximum statutory mining tax rate	**(214)**	179
58	**(94)**	Non-taxable income/non-allowable deductions	**(86)**	(97)
62	–	Difference between estimated effective mining tax rate and maximum mining statutory rate on timing differences	–	38
	3	Difference between South African mining formula tax rate and maximum mining statutory rate on mining income	**56**	10
–		Difference between non-mining tax rate and mining statutory rate on non-mining income	**7**	(76)
(35)	**(14)**	Change in estimated effective mining tax rate on deferred tax	**(159)**	(194)
–	–	Change in statutory non-mining tax rate	–	–
–	**(3)**	Deferred tax effect on change in estimate of environmental rehabilitation	**143**	–
–	**(4)**	Prior year adjustment mining and non-mining tax rate	**4**	–
(46)	**(24)**	**Income and mining taxation**	**(249)**	(141)
13%	**-8%**	**Effective income and mining tax rate**	**20%**	-35%
		Deferred income and mining tax liabilities and assets on the balance sheet as of 30 June 2007 and 30 June 2006, relate to the following:		
		Deferred income and mining tax liabilities		
137	**198**	Amortisation and depreciation	**4 050**	3 587
1	**4**	Product inventory not taxed	**101**	64
27	**22**	Convertible bonds	**22**	28
–	**1**	Other	**6**	13
166	**225**		**4 179**	3 693
(96)	**(135)**		**(1 521)**	(1 393)
–	–	Deferred financial liability	**(25)**	(72)
(21)	**(42)**	Unredeemed capital expenditure	**(872)**	(681)
(8)	**(33)**	Provisions, including non-current provisions	**(262)**	(172)
(66)	**(60)**	Tax losses	**(362)**	(468)
–	–	Non-current assets reclassified as held for sale	**21**	–
70	**90**		**2 679**	2 300
		The Group's net deferred tax liability/(asset) is made up as follows:		
(110)	**(158)**	Deferred tax assets	**(2 321)**	(1 975)
180	**248**	Deferred tax liabilities	**5 000**	4 275
70	**90**		**2 679**	2 300

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		17 Taxation (continued)		
		The movement in the net deferred tax liability recognised in the balance sheet is as follows:		
25	**70**	At the beginning of the year	**2 300**	2 183
–	–	Acquired through the purchase of subsidiaries and businesses and the finalisation of purchase prices of subsidiaries and businesses	–	(17)
46	**20**	Total charge per income statement	**316**	127
–	–	Foreign currency translation adjustments	**42**	6
–	–	Non-current assets reclassified as held for sale	**21**	–
70	**90**	At the end of the year	**2 679**	2 300

As at 30 June 2007, the Group has unredeemed capital expenditure of R8 696 million (2006: R7 797 million) and tax losses carried forward of R1 391 million (2006: R2 507 million) available for deduction against future mining income. These future deductions are utilisable against mining income generated only from the Group's current mining operations and do not expire unless the Group ceases to trade for a period longer than one year.

18 Non-current assets held for sale and discontinued operations

The assets and liabilities related to Mt Magnet and South Kal (operations in Australia), ARMgold Welkom and Orkney operations (operations in the Free State and North West Province), and Kudu and Sable (operations in the Free State area), have been presented as held-for-sale following the approval of the Group's management and Board of Directors on 20 April 2007.

	GROUP 2007 RM	GROUP 2006 RM
Operating cash flows	**(370)**	(100)
Investing cash flows	**48**	339
Financing cash flows	–	(159)
Foreign exchange translation adjustment	**23**	18
Total cash flows	**(299)**	98
(a) Non-current assets classified as held-for-sale		
Property, plant and equipment	**876**	–
Restricted cash	**5**	–
Investment financial assets	**64**	–
Deferred income tax	**120**	–
Inventories	**121**	–
Trade and other receivables	**84**	–
Income and mining taxes	**11**	
Cash and cash equivalents	**3**	–
	1 284	–

For the year ended 30 June 2007

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		18 Non-current assets held for sale and discontinued operations (continued)		
		(b) Liabilities directly associated with non-current assets classified as held for sale		
		Borrowings	**1**	–
		Deferred income tax	**99**	–
		Provisions for other liabilities and charges	**257**	–
		Trade and other payables	**136**	–
		Accrued liabilities	**54**	–
			547	–
		(c) Analysis of the results of discontinued operations, and the results recognised on the remeasurement of assets or disposal by the Group		
		Revenue	**1 567**	1 216
		Expenses	**(1 703)**	(1 203)
		(Loss)/profit from discontinued operations before tax	**(136)**	13
		Taxation	**(196)**	3
		(Loss)/profit from discontinued operations after tax	**(332)**	16
		Pre-tax loss recognised on the remeasurement of assets of disposal	**(391)**	–
		Taxation	**117**	–
		Loss for the year from discontinued operations	**(606)**	16

19 Earnings/(loss) per share

Basic 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.

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		Weighted average number of ordinary shares in issue (’000)	**397 911**	393 727
		Net profit/(loss) from continuing operations	**947**	(541)
		Basic earnings/(loss) per share from continuing operations (cents)	**238**	(137)
		Net (loss)/profit from discontinued operations	**(606)**	16
		Basic (loss)/earnings per share from discontinued operations	**(152)**	4
		Total net profit/(loss) attributable to shareholders	**341**	(525)
		Total basic earnings/(loss) per share (cents)	**86**	(133)

Fully diluted earnings/(loss) per share

For the 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 and warrants 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.

For the year ended 30 June 2007

19 Earnings per share (continued)

	COMPANY 2006 RM	COMPANY 2007 RM	GROUP 2007 RM	GROUP 2006 RM
Weighted average number of ordinary shares in issue ('000)			**397 911**	393 727
Potential ordinary shares ('000)			**4 471**	–
Weighted average number of ordinary shares for fully diluted earnings per share ('000)			**402 382**	393 727
Fully diluted earnings/(loss) per share from continuing operations (cents)			**235**	(137)
Fully diluted (loss)/earnings per share from discontinued operations (cents)			**(150)**	4
Total fully diluted earnings/(loss) per share (cents)			**85**	(133)

The inclusion of share options issued to employees as at 30 June 2006, as potential ordinary shares, had an anti-dilutive effect on the diluted loss per share. Additionally the potential ordinary shares to be issued upon the conversion of the convertible unsecured fixed rate bond (refer to note 32) had an anti-dilutive effect on 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 per share is based on the basic earnings per share calculation adjusted for the following items:

	COMPANY 2006 RM	COMPANY 2007 RM	GROUP 2007 RM	GROUP 2006 RM
Continued operations				
Net profit/(loss)			**947**	(541)
Adjusted for:				
Profit on sale of property, plant and equipment			**(129)**	(65)
Loss/(profit) on sale of listed investment			**30**	(306)
Profit on sale of investment in associate			**(220)**	–
Profit on sale of subsidiary			**–**	(14)
Reversal of impairment of assets			**(116)**	(151)
Headline profit/(loss)			**512**	(1 077)
Discontinued operations				
Net (loss)/profit			**(606)**	16
Adjusted for:				
Profit on sale of listed investment			**(7)**	–
Impairment of assets			**273**	–
Headline (loss)/profit			**(340)**	16
Total headline profit/(loss)			**172**	(1 061)
Basic headline earnings/(loss) per share from continuing operations (cents)			**128**	(273)
Fully diluted headline earnings/(loss) per share from continuing operations (cents)			**127**	(273)
Basic headline (loss)/earnings per share from discontinued operations (cents)			**(85)**	4
Fully diluted headline (loss)/earnings per share from discontinued operations (cents)			**(84)**	4
Total basic headline earnings/(loss) per share (cents)			**43**	(269)
Total fully diluted headline earnings/(loss) per share (cents)			**43**	(269)

For the year ended 30 June 2007

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		20 Property, plant and equipment		
1 075	**1 258**	Mining properties, mine development costs and mine plant facilities	**10 131**	10 059
–	–	Mining assets under construction	**2 706**	1 488
442	**437**	Undeveloped properties	**11 416**	11 669
–	–	Deferred stripping	**87**	28
–	–	Other non-mining assets	**58**	74
1 517	**1 695**		**24 398**	23 318
		Mining properties, mine development costs and mine plant facilities		
		Cost		
2 634	**2 834**	Cost at beginning of year	**19 998**	18 322
200	**276**	Additions	**1 468**	1 323
(1)	–	Disposals	**(15)**	(2)
–	–	Foreign currency translation adjustments	**392**	410
–	**104**	Adjustment to rehabilitation asset	**380**	(55)
–	–	Non-current assets reclassified as held for sale	**(2 885)**	–
2 833	**3 214**		**19 338**	19 998
		Accumulated depreciation		
1 783	**1 759**	Accumulated depreciation and amortisation at beginning of year	**9 939**	8 768
(156)	**13**	Impairment of fixed assets	**390**	(330)
–	–	Disposals	**(3)**	(33)
–	–	Foreign currency translation adjustments	**58**	507
131	**184**	Amortisation and depreciation charge for the year	**1 137**	1 027
–	–	Non-current assets reclassified as held for sale	**(2 314)**	–
1 758	**1 956**		**9 207**	9 939
1 075	**1 258**	**Net book value**	**10 131**	10 059
		Mining assets under construction		
		Cost		
–	–	Cost at beginning of year	**1 489**	1 024
–	–	Additions	**1 192**	454
–	–	Foreign currency translation adjustments	**49**	10
–	–	Non-current assets reclassified as held for sale	**(24)**	–
–	–	**Book value**	**2 706**	1 488
		Undeveloped property		
		Cost		
467	**467**	Cost at beginning of year	**12 213**	12 257
–	–	Additions	**35**	13
–	–	Disposals	**(20)**	(145)
–	–	Foreign currency translation adjustments	**(1)**	88
–	–	Non-current assets reclassified as held for sale	**(748)**	–
467	**467**		**11 479**	12 213

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		NOTE	GROUP 2007 RM	GROUP 2006 RM
		20 Property, plant and equipment (continued)			
		Undeveloped properties (continued)			
		Accumulated depreciation			
22	**25**	Accumulated depreciation and amortisation at beginning of year		**544**	523
–	–	Foreign currency translation adjustments		**53**	18
–	–	Reversal on impairment of fixed assets		**(68)**	–
3	**5**	Amortisation and depreciation change for the year		**5**	3
–	–	Non-current assets reclassified as held for sale		**(471)**	–
–	**5**			**63**	544
442	**437**	**Net book value**		**11 416**	11 669
		Deferred stripping			
		Cost			
–	–	Cost at beginning of year		**93**	75
–	–	(Reversal of cost deferred)/cost deferred		**(6)**	18
–	–			**87**	93
		Accumulated depreciation			
–	–	Accumulated impairment losses at beginning of year		**65**	65
–	–	Reversal of impairment losses		**(65)**	–
–	–			–	65
–	–	**Net book value**		**87**	28
		Other non-mining assets			
		Cost			
28	**28**	Cost at beginning of year		**345**	303
–	–	Acquired through the purchase of subsidiaries		–	1
–	–	Acquired through the purchase of businesses		–	5
–	–	Additions		**3**	39
–	–	Disposals		**(1)**	(2)
–	–	Foreign currency translation adjustments		**1**	(1)
	–	Non-current assets reclassified as held for sale		**(27)**	–
28	**28**			**321**	345
		Accumulated depreciation			
28	**28**	Accumulated depreciation and amortisation at beginning of year		**271**	112
–	–	Impairment of assets		–	114
–	–	Amortisation and depreciation charge for the year		**15**	45
–	–	Non-current assets reclassified as held for sale		**(23)**	–
28	**28**			**263**	271
–	–	**Net book value**		**58**	74
1 517	**1 695**	**Total net book value**		**24 398**	23 318

Other non-mining assets consist of mineral subscription and participation rights, freehold land, computer equipment and motor vehicles.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		21 Intangible assets		
		Goodwill		
		Cost		
–	–	Cost at beginning of year (a)	**2 375**	2 372
–	–	Acquired through the purchase of subsidiaries (b)	–	3
–	–		**2 375**	2 375
		Accumulated depreciation		
–	–	Accumulated depreciation and amortisation at beginning and end of year (a)	**105**	105
–	–	Net book value	**2 270**	2 270
		Computer software		
		Cost		
–	**42**	Acquired during the year (c)	**42**	–
–	**42**		**42**	–
		Accumulated depreciation		
–	**5**	Amortisation charge for the year	**5**	–
–	**5**		**5**	–
–	**37**	**Net book value**	**37**	–
–	**37**	**Total net book value**	**2 307**	2 270

(a) The opening net book value of goodwill in the 2006 financial year relates to the acquisition of ARMgold on 22 September 2003.

(b) The goodwill relates to the acquisition of MP Britz Pharmacy and H Taute Pharmacy, by Healthshare Health Solutions (Pty) Ltd. Healthshare Health Solutions (Pty) Ltd is a joint venture company with Network Healthcare Holdings Limited (Netcare).

(c) The asset relates to acquisition costs for the Oracle ERP software implemented in December 2006.

For the year ended 30 June 2007

22 Restricted cash

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
–	–	Rand Merchant Bank margin call account (a)	**274**	–
–	–	Australian shareholders funds (b)	–	8
–	–	Security deposits (c)	**10**	246
1	–	Bissett proceeds held in trust (d)	–	1
–	–	Reclassified as current	**(274)**	–
–	–	Reclassified as non-current assets held for sale	**(5)**	–
1	–		**5**	255

(a) With the refinancing of the Rand Merchant Bank term loan facility, R274 million was placed in a security deposit account with Rand Merchant Bank.

(b) An amount of A$0.1 million (2006: A$1.4 million) is held to acquire the remaining shares in Australian subsidiaries, as part of the compulsory takeover of shares.

(c) An amount of A$1.6 million (2006: A$46 million) is held in respect of security deposits on mining tenements.

(d) An amount of C$0.2 million of the proceeds on sale of Bissett was held in trust with Stike and Elliot attorneys in Canada at 30 June 2006. The amount was held in trust until clearance was provided by the Canadian tax authority that all outstanding tax obligations by Harmony had been met.

Restricted cash is measured at fair value.

For the year ended 30 June 2007

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		23 Investments in financial assets		
		Available-for-sale financial assets		
–	–	Investment in GBS Gold International Inc (a)	–	21
–	–	Investment in Alloy Resources (b)	–	5
–	–	Investment in African Rainbow Minerals Limited (c)	**1 051**	941
–	–	Investment in Gold Fields Limited (d)	**1 433**	–
–	–	Investment in Peninsula Minerals Limited (e)	–	1
–	**50**	Investment in Clidet No 700 (Pty) Ltd	**50**	–
2	**2**	Investment in other unlisted companies (g)	**5**	16
–	–	Reclassified as current assets	**(2 484)**	–
2	**52**		**55**	984
		Held-to-maturity financial assets		
129	**147**	Environmental trust funds (h)	**1 332**	1 287
131	**199**		**1 387**	2 271

(a) On 31 March 2006, Vadessa (Pty) Ltd, a subsidiary of Harmony Gold (Australia) (Proprietary) Limited, received 1 907 892 shares in GBS Gold International Inc. (GBS Gold), issued at C$1.75, as partial consideration for the sale of the Company's wholly owned subsidiary, Buffalo Creek Mines (Pty) Ltd. GBS Gold is a mineral resources company, which are listed on the Toronto Stock Exchange. The market value of the investment was R21 million (C$1.75 per share) on 30 June 2006, resulting in a decrease of R4.7 million since acquisition, which was reflected as equity reserves (refer note 31(b) for more detail).

On 28 September 2006, the Group sold 361 807 GBS Gold shares for R30 million, resulting in a profit of R1.1 million

On 9 February 2007, the Group disposed of the remaining 1 546 085 shares for R38.5 million, resulting in a profit of R7 million.

(b) On 3 April 2006, Big Bell Gold Operations (Pty) Ltd, a subsidiary of Harmony Gold (Australia) (Proprietary) Limited, 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 investment was R4.5 million (A$0.15 per share) on 30 June 2007 (2006: R5 million (A$0.185 per share)), resulting in a decrease of R0.5 million for the year (2006: R0.4 million), which was reflected as equity reserves (refer to note 31(b) for more detail). This investment has now been included in non-current assets held for sale (refer note 18).

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM

23 Investments in financial assets (continued)

(c) During the 2005 financial year, Harmony entered into a number of transactions to dispose of the 19.5% investment held in ARM. These transactions included transactions in the open market to dispose of a 5.82% share in ARM on which a loss of some R213 million was recorded. In addition Harmony disposed of the remaining portion of the investment in ARM to the ARM Broad-Based Economic Empowerment Trust (the Trust). As part of the various agreements put in place to arrange the sale of the shares to the Trust, Harmony has accepted terms which resulted in the majority of the risk not being transferred away from Harmony. This relates mainly to a guarantee whereby the loan of R480 million can be put to Harmony by Nedbank Limited in the event of default on any of the loans obtained by the Trust in acquiring the shares from Harmony. Based on accounting rules governing accounting for SPEs, it is required that Harmony consolidate the Trust and therefore the total Trust liability and the total investment in ARM is accounted for on the consolidated balance sheet, as the Trust is deemed to form part of the Harmony Group.

On 6 June 2006, the Trust refinanced the shares held by the Trust, which resulted in the cancellation of the "Put Option". The "Put Option" was replaced with a guarantee to the value of R367 million as at 27 May 2006, plus interest accrued at the applicable funding rate. The number of shares available for disposal by the Trust is 8 175 640.

An indemnity from ARM to the value of 50% of Harmony's liability under the guarantee has been received. This guarantee is subject to a maximum amount of R107 million as at 27 May 2006, plus interest thereon at the applicable funding rate, which further reduces Harmony's obligation. Net obligation to Harmony, after taking the aforementioned adjustments into account, will be R260 million plus accrued interest (2006: R260 million plus accrued interest).

The value of the shares in the Trust have been written down to R29 per share which is the maximum realisable price in terms of the agreement (refer to note 9).

This investment is disclosed as a current asset as it was disposed of subsequent to year end.

(d) On 8 December 2006, the Group received 15 745 079 ordinary shares in Gold Fields, issued at R135.02 per share, in exchange for its interest in Western Areas Limited (Western Areas). This was in terms of the offer by Gold Fields to exchange every 100 Western Areas shares held for 35 Gold Fields shares. Gold Fields is a mineral resources company, primarily gold, which is listed on the JSE Limited (JSE) and has a secondary listing on the New York Stock Exchange.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM

23 Investments in financial assets (continued)

The Group disposed of 1 150 000 shares for R143 million in four transactions between 26 January 2007 and 12 February 2007. The total cost of these shares was R155.3 million, resulting in a loss of R12.3 million. During May and June 2007, a further 1 500 000 shares with a cost of R202.5 million were disposed of for R179.6 million, resulting in a loss of R22.9 million. After this transaction, the Group still held 7 348 079 shares in Gold Fields, after taking into account the 5 747 000 shares sold to RMB Morgan Stanley in terms of the Equity Performance Swap. (See note 32(i) in this regard).

The investment was carried at fair value and the R335.5 million mark-to-market movement for 2007 resulted in a decrease of R335.5 million since acquisition, which was reflected as equity reserves (Refer to note 31(b)).

Dividends to the value of R13 million were received from this investment during the 2007 financial year

This investment is disclosed as a current asset as it was disposed of subsequent to year end.

(e) On 5 February 2007, the Company disposed of its shares in Peninsula Minerals Limited for A$0.4 million, resulting in a profit of R1.7 million (A$0.3 million). These shares, totalling 5 million ordinary shares, were received on 25 January 2005, issued at A$0.02 per share, as partial consideration for the sale of tenements.

(f) On 11 December 2006, Harmony subscribed to 50 000 cumulative redeemable participating preference shares in Clidet No 700 (Proprietary) Limited (Clidet 700) for R50 million. The consideration was paid on 3 January 2007. Clidet 700 used these funds to purchase 4 106 667 ordinary shares in Pamodzi Gold Limited (Pamodzi Gold), which listed on the JSE on 11 December 2006. Clidet 700 has ceded the Pamodzi Gold shares to Harmony as security for the amounts owing in terms of the redemption of the preference shares. The preference shares may be redeemed after 1 May 2009 by Clidet 700, or after three years and one day from the issue date by Harmony. Dividends are accumulated and are payable on the redemption date, if not paid before.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM

23 Investments in financial assets (continued)

(g) Investments are held in various unlisted industry-related companies. 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 in the investments has occurred. During the financial year under review, the Group did not receive any income from these investments (2006: R0).

(h) The environmental trust funds are irrevocable trusts under the Group's control. Contributions to the trusts are invested primarily in interest-bearing short-term and other 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 is accounted for as investment income. These investments are restricted in use and may only be used to fund the Group's approved rehabilitation costs.

24 Investments in associates

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
–	**1**	Opening carrying amount	**1 909**	–
–	**–**	Disposal of share in associate	**(1 890)**	–
–	**–**	Joint venture becoming associate	**6**	–
1	**–**	Shares acquired at cost	**–**	2 014
–	**–**	Share of loss after tax	**(18)**	(105)
1	**1**	Closing carrying amount	**7**	1 909
		The carrying amount consist of the following:		
–	**–**	Western Areas Limited (a)	**–**	1 908
1	**1**	Village Main Reef Gold Mining Company Ltd (b)	**1**	1
–	**–**	Orpheo (c)	**6**	
1	**1**		**7**	1 909

On 9 March 2006, the Group acquired a 29.2% interest in the issued share capital of Western Areas (44 985 939 shares) through its subsidiary, the ARMgold/Harmony Joint Investment Company Pty Ltd, for a total cost of R2 012 million. Western Areas is listed on the JSE Limited and has interests in operating gold mines in South Africa.

On 30 June 2006, the fair value of the investment was calculated at R1 872 million (R41.70 per share). The fair value was evaluated by management and no permanent indication of impairment was identified, therefore no diminution was recognised.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP RM	GROUP RM

24 Investments in associates (continued)

On 8 December 2006, the Group disposed of its interest in Western Areas in exchange for Gold Fields ordinary shares. This was in terms of an offer by Gold Fields whereby every 100 Western Areas was exchanged for 35 Gold Fields shares. The Group received 15 745 079 Gold Fields shares for its 44 985 939 Western Areas shares. The net profit on the transaction was R236 million, taking into account the share of post-acquisition loss of R123 million.

During the 2007 year, the Group's share of post-acquisition profit and loss was R17.9 million.

The unaudited results of Western Areas for the period since acquisition of the investment on 9 March 2006 to 30 June 2006 are as follows:

	100%	29.2%
Revenue	**50**	15
Cash operating costs	**(165)**	(48)
Cash operating loss	**(115)**	(33)
Operating Loss	**(155)**	(45)
Net loss	**(358)**	(105)

At 30 June 2006, the unaudited balance sheet of Western Areas was as follows:

	100%	29.2%
Non-current assets	**6 043**	1 765
Current assets	**250**	73
Total assets	**6 293**	1 838
Equity and liabilities	**887**	259
Non-current liabilities	**4 642**	1 356
Current liabilities	**764**	223
	6 293	1 838

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP RM	GROUP RM

24 Investments in associates (continued)

(b) On 21 June 2006, Harmony acquired 37.8% of the issued share capital of Village Main Reef Gold Mining Company (1934) Limited at a total cost of R0.5 million. The equity stake was purchased from African Rainbow Minerals Limited at a price of 20 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.

During the twelve months to June 2007, the Group's share of post-acquisition profit was R0.07 million.

Village Main Reef Gold Mining Company (1934) Limited has a 30 June year-end and the latest available audited financials are for the year ended 30 June 2007.

	100%	37.8%
Non-current assets	**1**	–
Current assets	**4**	2
Total assets	**5**	2
Equity	**2**	1
Non-current liabilities	**3**	1
Total liabilities	**5**	2

(c) 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.

The Group originally purchased its 50% share for R5 million. The proceeds for the disposal was R1.7 million and the fair value of the portion disposed was R1.5 million, resulting in a R0.2 million profit.

The loss attributable to the Group for the period since being classified as an associate is R0.1 million. Included in the balance at year-end is the loan owing to the Group for the sale consideration.

Orpheo has a 30 June year-end and the latest available audited financials are for the year ended 30 June 2006.

At 30 June 2007, the unaudited balance sheet of Orpheo was as follows:

	100%	34.0%
Non-current assets	**2**	1
Current assets	**3**	1
Total assets	**5**	2
Equity and liabilities	**2**	1
Non-current liabilities	**1**	–
Current liabilities	**2**	1
	5	2

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		25 Investments in subsidiaries		
20 400	20 400	Shares at cost (refer Annexure A)		
7 377	6 072	Loans to subsidiaries (refer Annexure A)		
27 777	26 472	Total investments in subsidiaries		
		26 Investment in joint ventures		
		The group has a joint venture agreement with Healthshare Health Solutions (Pty) Ltd (45%)		
		The group's effective share of income, expenses, assets and liabilities which is included in the 2007 consolidated statements, is as follows:		
		Income statement		
		Interest received	**1**	1
		Other income/expenses	**20**	19
		Profit before tax	**21**	20
		Taxation	**(8)**	(7)
		Dividend declared	**(12)**	(10)
		Net profit	**1**	3
		Balance sheet		
		Non-current assets		
		Goodwill	**3**	3
		Current assets		
		Inventories	**3**	2
		Trade and other receivables	**7**	3
		Cash and cash equivalents	**8**	12
		Total assets	**21**	20
		Equity	**10**	9
		Current liabilities		
		Trade and other payables	**6**	7
		Income tax	**5**	4
		Total equity and liabilities	**21**	20

During the financial year the Group received income of R7 million (2006: R6 million) from this investment.

For the year ended 30 June 2007

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		27 Inventories		
94	**28**	Gold in-process and bullion on hand	**506**	458
153	**277**	Stores and materials at weighted average cost	**236**	208
247	**305**		**742**	666
		Gold in-process at the following operations is valued at net realisable value:		
		Free State	**28**	–
		Evander	**77**	–
		Elandskraal	**–**	18
		Freegold	**87**	–
		Target	**92**	–
			284	18
		28 Trade and other receivables		
		Current		
84	**72**	Trade receivables (gold)	**80**	292
8	**3**	Other mining related receivables	**150**	102
(2)	**(3)**	Provision for impairment	**(24)**	(13)
90	**72**		**206**	381
–	**–**	Value added tax	**479**	122
57	**–**	Interest and other receivables	**–**	85
25	**44**	Employee receivables	**54**	40
19	**93**	Insurance claims and prepayments	**148**	60
–	**–**	Deferred consideration for sale of Buffalo Creek (a)	**32**	47
191	**209**	Total current trade and other receivables	**919**	735
		Non-current		
–	**–**	Deferred consideration for sale of Buffalo Creek (a)	**–**	29
53	**53**	Loans (b)	**95**	62
11	**4**	Loan to Harmony Share Trust (c)	**–**	–
64	**57**		**95**	91

(a) On 31 March 2006, the Group disposed of the entire share capital of Buffalo Creek for R106 million (A$24 million). According to the agreement, the last instalment will be settled in cash, payable on 30 September 2007.

(b) Loans comprise various loans, which have been valued by the directors. These loans are unsecured and interest free, with no fixed terms of repayment over the short term.

(c) A loan of R4 million (2006: R11 million) was made to the Harmony Share Trust to acquire 109 400 shares (2006: 177 200 shares) for employees participating in the Harmony Share Option Scheme. Refer to note 39 for detail on the share option scheme.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		29 Cash and cash equivalents		
157	**522**	Cash at bank and deposits on call	**711**	651
–	**(220)**	Overdraft facilities	**(220)**	–
157	**302**		**491**	651
		All deposits are on twenty-four hour call.		
		30 Share capital		
		Share capital		
		Authorised		
		1 200 000 000 (2006: 1 200 000 000) ordinary shares of 50 cents each		
		10 958 904 (2006: 10 958 904) redeemable convertible preference shares of 50 cents each		
		Issued		
		399 608 384 (2006: 396 934 450) ordinary shares of 50 cents each		
		On 30 June 2006, 143 919 shares were still to be issued by the Company. These shares relate to share options that were exercised on 30 June 2006.		
		Shares		
197	**199**	Opening balance of ordinary shares	**199**	197
2	**1**	Issued in terms of the share option scheme	**1**	2
199	**200**	Balance as at 30 June 2007	**200**	199
		Share premium		
25 141	**25 322**	Opening balance	**25 290**	25 092
181	**137**	Exercise of employee share options	**137**	181
–	**4**	Sale of excess shares in share trust	**–**	–
–	**–**	Consolidation of share trusts	**9**	17
25 322	**25 463**	Balance as at 30 June 2007	**25 436**	25 290
25 521	**25 663**	**Total share capital**	**25 636**	25 489

The unissued shares are under the control of the directors until the forthcoming annual general meeting. The Director's Report and note 39 set out details in respect of the share option scheme.

The Company has a general authority to purchase its shares up to a maximum of 20% of the issued share capital in any one financial year. This is in terms of the annual general meeting of shareholders on 10 November 2006. The general authority is subject to the Listings Requirements of the JSE and the Companies Act no 61 of 1973 of South Africa, as amended.

For the year ended 30 June 2007

31 Other reserves

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
–	–	Foreign exchange translation reserve (a)	**(111)**	(316)
–	–	Mark-to-market of listed investments (b)	**(335)**	(7)
277	**277**	Equity component of convertible bond (c)	**277**	277
–	–	Acquisition of minority interest in subsidiary (d)	**(381)**	(381)
95	**115**	Deferred share-based compensation (e)	**232**	187
–	–	Other	**(31)**	(31)
372	**392**		**(349)**	(271)
		The different categories of other reserves are made up as follows:		
		Foreign exchange translation reserve		
–	–	At the beginning of the year	**(316)**	(425)
–	–	Current year's foreign exchange movement	**205**	109
–	–	At the end of the year	**(111)**	(316)
		Mark-to-market of listed investments		
(111)	–	At the beginning of the year	**(7)**	(112)
–	–	Unrealised mark-to-market of San Gold investment	–	(6)
–	–	Realised mark-to-market of San Gold investment	–	6
3	–	Realised mark-to-market of Gold City investment	–	3
–	–	Unrealised mark-to-market of GBS Gold investment	–	(5)
–	–	Realised mark-to-market of GBS Gold Investment	**5**	–
–	–	Unrealised mark-to-market of Alloy Resources investment	–	(1)
376	–	Unrealised mark-to-market of Gold Fields investment	**(357)**	376
(268)	–	Realisation of mark-to-market on disposal of Gold Fields investment	**24**	(268)
–	–	At the end of the year	**(335)**	(7)
		Mark-to-market of environmental trust funds		
–	–	At the beginning of the year	–	2
–	–	Mark-to-market of available-for-sale investments	–	(2)
–	–	At the end of the year	–	–
		Equity component of convertible bond		
277	**277**	At the beginning/end of the year	**277**	277
		Acquisition of minority interest in subsidiary		
–	–	At the beginning/end of the year	**(381)**	(381)
		Deferred share-based compensation		
47	**95**	At the beginning of the year	**187**	84
48	**20**	Share-based compensation expensed	**45**	103
95	**115**	At the end of the year	**232**	187
		Other reserves		
–	–	At the beginning/end of the year	**(31)**	(31)

For the year ended 30 June 2007

COMPANY			GROUP	
2006 RM	2007 RM		2007 RM	2006 RM

31 Other reserves (continued)

(a) The balance of the foreign exchange translation reserve represents the cumulative translation effect of the Company's off-shore operations.

(b) On 17 March 2004, the Company received 5 000 000 ordinary shares in San Gold, valued at R10 million, as partial consideration for the sale of the Company's wholly owned subsidiary, Bissett. San Gold is a mineral resources company, which has a secondary listing on the Toronto Stock Exchange. Effective 30 June 2005, Gold City and San Gold Resources were amalgamated to form a new company named San Gold Corporation. Accordingly the Company received 0.5176 San Gold Corporation shares for each Gold City share held and 1 San Gold Operation share for 1 San Gold share, bringing the total shares held in San Gold Corporation to 7 957 498 shares. On 29 December 2005 the company disposed of its investment in San Gold Corporation for R19 million. The investment was carried at a total cost of R20 million, resulting in a loss of R1 million. The market value of the investment as at 29 December 2005 was R20 million, resulting in a decrease of R6 million since acquisition, which was realised in the income statement as profit on disposal of the investment.

On 17 March 2004, the Company received 5 714 285 ordinary shares in Gold City, valued at R10 million, as partial consideration for the sale of the Company's wholly owned subsidiary, Bissett. Gold City is a mineral resources company, which has a secondary listing on the Toronto Stock Exchange. Effective 30 June 2005, Gold City and San Gold Resources were amalgamated to form a new company named San Gold Corporation. Accordingly the Company received 2 957 498 San Gold Corporation shares, exchanged at a ratio of 1:0.5176. The market value of the investment as at 30 June 2005 was R6 million, resulting in a decrease of R4 million since acquisition, which was realised in the income statement as profit on disposal of the investment.

For the year ended 30 June 2007

COMPANY 2006 RM	2007 RM		GROUP 2007 RM	2006 RM

31 Other reserves (continued)

(b) (continued)

On 30 November 2004, the Company acquired 56 606 482 ordinary shares in Gold Fields at a total cost of R4 458 million by the issue of 1.275 Harmony shares for every Gold Fields' share. Gold Fields is a mineral resources company, primarily gold, which is listed on the JSE and has a secondary listing on the New York Stock Exchange. On 3 June 2005, the Company disposed of 30 million shares in Gold Fields, resulting in a loss of R372 million. The market value of the remaining investment as at 30 June 2005 was R2 027 million, resulting in a decrease of R108 million since acquisition.

The Company disposed of its remaining investment held in Gold Fields Limited (Gold Fields) for R2 442 million. The process was concluded through market disposals which commenced on 10 November 2005 and an open market offering on 15 and 16 November 2005. The investment was acquired at a cost of R2 135 million, resulting in a profit of R307 million.

The market value of the investment increased by R376 million during the period, resulting in a net increase of R268 million since acquisition, which was realised in the income statement as profit on disposal of the investment.

On 31 March 2006, the Group received 1 907 892 shares in GBS Gold, issued at C$1.75, as partial consideration for the sale of the Company's wholly owned subsidiary, Buffalo Creek Mines (Pty) Ltd. GBS Gold is a mineral resources company, which is listed on the Toronto Stock Exchange. The market value of the investment was R21 million (C$1.75 per share) on 30 June 2006, resulting in a decrease of R4.7 million since acquisition, which was reflected as equity reserves (refer note 23(a) for more detail).

The market value was realised in the income statement as profit on disposal of investment during the 2007 financial year.

On 3 April 2006, Big Bell Gold Operations (Pty) Ltd, a subsidiary of Harmony Gold (Australia) (Proprietary) Limited, 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 investment was R5 million (A$0.185 per share) on 30 June 2006, resulting in a decrease of R0.4 million since acquisition, which was reflected as equity reserves (Refer to note 23(b) for more detail)

For the year ended 30 June 2007

COMPANY			GROUP	
2006 RM	2007 RM		2007 RM	2006 RM

31 Other reserves (continued)

(c) On 21 May 2004, the Company issued 4.875% convertible bonds at a nominal value of R1 700 million. 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 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 long term borrowings, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in fair value and 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 32(b) for more detail.

(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 minorities. The excess of the purchase price of R579 million (A$123 million) over the carrying amount of minorities acquired, amounting to R381 million, has been accounted for under other reserves.

(e) The Company issues equity-settled instruments to certain qualifying employees under Employee Share Option Schemes to purchase shares in the Company's authorised but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. Deferred share-based compensation is expensed over the vesting period, based on the Company's estimate of the shares that are expected to eventually vest. During 2007, a deferred share-based compensation expense of R45 million (2006: R103 million) was charged to the income statement. (Refer to note 39 for more detail).

For the year ended 30 June 2007

32 Borrowings

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		Unsecured long-term borrowings		
1 700	**1 700**	Convertible unsecured fixed rate bonds (a)	**1 700**	1 700
(277)	**(277)**	Equity conversion component, net of deferred tax liability	**(277)**	(277)
(60)	**(60)**	Deferred tax liability	**(60)**	(60)
1 363	**1 363**	Liability component on initial recognition	**1 363**	1 363
127	**195**	Interest expense	**195**	127
(27)	**(17)**	Less: amortised bond issue costs	**(17)**	(27)
1 463	**1 541**		**1 541**	1 463
–	–	Africa Vanguard Resources (Proprietary) Limited (b)	**32**	32
1 000	–	Rand Merchant Bank (c)	–	1 000
(1 000)	–	Less: current portion	–	(1 000)
–	–		–	–
1 463	**1 541**	**Total unsecured long-term borrowings**	**1 573**	1 495
		Secured long-term borrowings		
–	–	Gold Fields Limited (d)	–	5
–	–	Less: current portion	–	(5)
–	–		–	–
–	–	Nedbank Limited (e)	**170**	154
–	–	Nedbank Limited (f)	**601**	540
–	–	Less: current portion	**(601)**	–
–	–		–	540
–	–	Nedbank Limited (g)	**450**	402
–	–	Less: current portion	**(450)**	–
–	–		–	402
–	–	Auriel Alloys (h)	–	1
–	–	Less: current portion	–	(1)
–	–		–	–
–	–	Rand Merchant Bank (i)	**752**	–
–	–	Less: current portion	**(752)**	–
–	–		–	–
–	–	Rand Merchant Bank (j)	**550**	–
–	–	Less: current portion	**(550)**	–
–	–		–	–
–	**500**	Rand Merchant Bank (k)	**500**	–
–	**(500)**	Less: current portion	**(500)**	–
–	–		–	–
–	–	Westpac Bank (l)	**2**	–
–	–	Less: current portion	**(2)**	–
–	–		–	–
–	–	**Total secured long-term borrowings**	**170**	1 096
1 463	**1 541**	**Total long-term borrowings**	1 743	2 591

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM

32 Borrowings (continued)

(a) On 21 May 2004, Harmony issued an international unsecured fixed rate convertible bond in an aggregate principal amount of R1 700 million. 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 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 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 long term 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 shareholders' equity in fair value and other reserves 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 are 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 offering 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 R9 million (2006: R9 million) for amortisation of the bond issue costs.

(b) The loan from Africa Vanguard Resources (Proprietary) Limited (AVR) remained unchanged from the previous year. In 2005, AVR borrowed an additional R18 million to service working capital commitments. This increased the initial loan of R14 million to R32 million. The loan is unsecured and interest free, with no fixed terms of repayment over the short term.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM

32 Borrowings (continued)

(c) On 9 March 2006, Harmony Gold Mining Company entered into a term loan facility of R1 000 million with Rand Merchant Bank, for the purpose of partially funding the acquisition of the 29.2% stake in Western Areas Limited. Interest is compounded at a rate equal to a three month JIBAR plus 1.5%. The loan amount is repayable on 13 March 2007 and interest, which is compounded monthly, is repayable every quarter commencing on 13 June 2006. During April 2007, the term loan from Rand Merchant Bank was repaid. Refer note 32 (i) and (j) for details on the funds utilised.

(d) This obligation arose as a result of an agreement entered into on 1 July 2002 by Freegold with St Helena Gold Mines Limited, a fully owned subsidiary of Gold Fields Limited, to purchase its St Helena assets for R129 million. R120 million was payable on 29 October 2002, being the effective date after the fulfilment of all the conditions precedent. The balance of R9 million was payable by way of a 1 % royalty on turnover, monthly in arrears, for a period of 48 months, commencing on the 10th of the month following the effective date. In October 2006, the obligation relating to the royalty on turnover for the St Helena assets ended. The outstanding balance was not payable in terms of the agreement and the balance was reversed.

(e) On 30 July 2003, Africa Vanguard Resources (Doornkop) (Proprietary) Limited (AVR) entered into a term loan facility of R116 million with Nedbank Limited for the purpose of partially funding AVR's purchase of an undivided 26% share of the mining titles, to be contributed to the Doornkop joint venture with Randfontein. Interest at a fixed rate equal to JIBAR plus the applicable margin plus stamp duties and holding costs shall be repayable to the extent that the borrower received profit participation interest for the interest periods. Unpaid interest shall be capitalised and repaid with the loan amount. The loan amount and any interest accrued is repayable on 30 July 2008. Interest capitalised during the year ended 30 June 2007 amounted to R16 million (2006: R14 million).

For the year ended 30 June 2007

COMPANY			GROUP	
2006 RM	2007 RM		2007 RM	2006 RM

32 Borrowings (continued)

(f) On 15 April 2005, the Trust entered into a term loan facility of R474 million with Nedbank Limited for the purpose of funding the balance of the Trust's acquisition of the shares, the Company held in ARM (Refer note 23(c)). The loan bears interest, compounded monthly, at a fixed rate of 9.52%. Interest capitalised during the year ended 30 June 2007 amounted to R61 million (2006: R49 million) (refer note 16). The loan is repayable on the 5th anniversary of the advance date.

(g) On 15 April 2005, the Trust entered into a second term loan facility of R356 million with Nedbank Limited for the purpose of funding the Trust's partial acquisition of the shares the Company held in ARM (Refer note 23(c)). The loan bears interest, compounded monthly, at a fixed rate of 10.02%. Interest capitalised during the year ended 30 June 2007 amounted to R48 million (2006: R38 million) (refer note 16). The loan is repayable on the fifth anniversary of the advance date.

(h) During December 2003, Musuku Beneficiation Systems (Proprietary) Limited, a wholly owned subsidiary of the Company, entered into a long-term loan facility of R2 million with Auriel Alloys for the purpose of financing the acquisition of Dental Alloy equipment. The loan bears interest at 11% and is payable by way of 60 instalments of R50 000 each. During December 2006, the loan was bought out in terms of a purchase agreement with Auriel Alloys for R812 733, which was the original amount reduced by the capital portion of the instalments paid to date.

(i) During April 2007, the Group entered into an Equity Performance Swap agreement with Rand Merchant Bank Morgan Stanley (RMB). In terms of this agreement, 5 747 000 Gold Fields ordinary shares were sold to RMB at the current market price (initial price), realising a notional amount of R752 million. Of this amount, R600 million was used to repay the term loan (see note 32(c)).

A swap agreement resulted in the Group retaining the full risk of the Gold Fields shares. Interest is payable to RMB on the notional amount at a rate equal to the SAFEX overnight deposit rate plus 35 basis points. Harmony is entitled to any dividends declared.

For the year ended 30 June 2007

COMPANY 2006 RM	2007 RM		GROUP 2007 RM	2006 RM

32 Borrowings (continued)

The Group placed a 20% deposit of the notional amount, being R274 million, with RMB in a call account that serves as guarantee for the fluctuation in the price of the Gold Fields shares. Interest is payable by RMB to the Group at the SAFEX overnight deposit rate less 15 basis points.

Daily negative mark-to-market margin adjustments, where the spot price is lower than the initial price, are made to the margin account. Positive adjustments are only made up to the initial price. Gains above this will be realised on settlement.

The Group may close out or reduce its position at any time. A profit or loss would be calculated at close out. Any profit would be payable to Harmony, while Harmony would have to pay RMB if a loss is incurred.

Subsequent to the reporting date, the position was closed out. (Refer note 45 in this regard).

(j) During April 2007, Randfontein Estates Limited (Randfontein) issued 55 000 000 cumulative, floating rate, redeemable preference shares to RMB for R550 million. R400 million of the consideration was used to repay the term loan (refer note 32(c) above). The obligation to redeem the preference shares is secured by the cession of shares in Gold Fields Limited in a ratio of 1.5:1.

The preference shares are redeemable on the date that falls three years and a day after the issue date, but may be redeemed by Randfontein at any time before this date. The amount to be redeemed is the issue price together with any accumulated dividends and dividends that have been declared but not paid.

The first dividend date is 1 March 2008. After that date, it will be the last day of August and February until the final redemption date. The dividend rate is variable and is set out as follows:

- for the period from the issue date until 31 August 2007, the variable dividend rate is equal to 35% of the prime rate;
- for the period from 1 September 2007 until 29 February 2008, the variable dividend rate is equal to 50% of the prime rate;
- for the period starting on 1 March 2008, the variable dividend rate is equal to 83% of the prime rate.

Subsequent to the reporting date, the preference shares were redeemed. See note 45 in this regard.

For the year ended 30 June 2007

32 Borrowings (continued)

(k) On 29 June 2007, RMB advanced R500 million in terms of a short-term bridging loan. The loan is repayable on 30 September 2007 along with interest, calculated at the rate equal to the SAFEX Overnight rate plus 3.6%.

(l) On 22 June 2007, the Group entered into a draw down facility agreement with Westpac Bank for the Papua New Guinea operations. The limit is K3 million and interest is payable at 9.45%. Subsequent to the balance sheet date, the facility was repaid and then cancelled.

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		The exposure of the Group's borrowings to changes in interest rate and contractual repricing dates is as follows:		
–	–	Variable	**170**	154
1 000	**500**	Current	**2 855**	1 006
–	**1 541**	Between 1 to 2 years	**1 541**	–
1 463	–	Between 2 to 5 years	–	2 405
–	–	Over 5 years	**32**	32
2 463	**2 041**	Total borrowings	**4 598**	3 597
0.0%	**0.0%**	Variable	**3.7%**	4.2%
45.7%	**24.5%**	Current	**62.1%**	28.0%
0.0%	**75.5%**	Between 1 to 2 years	**33.5%**	0.0%
54.3%	**0.0%**	Between 2 to 5 years	**0.0%**	66.9%
0.0%	**0.0%**	Over 5 years	**0.7%**	0.9%
100.0%	**100.0%**	Total borrowings	**100.0%**	100.0%
		The maturity of borrowings is as follows:		
1 000	**500**	Current	**2 855**	1 006
–	**1 541**	Between 1 to 2 years	**1 711**	–
1 463	–	Between 2 to 5 years	–	2 559
–	–	Over 5 years	**32**	32
2 463	**2 041**	Total borrowings	**4 598**	3 597
		The effective interest rates at the balance sheet date were as follows:		
		Convertible unsecured fixed rate bonds (a)	**10.0%**	10.0%
		Africa Vanguard Resources (Proprietary) Limited (b)	**0.0%**	0.0%
		Rand Merchant Bank (c)*	**0.0%**	9.0%
		Gold Fields Limited (d)*	**0.0%**	0.0%
		Nedbank Limited (e)	**11.87%**	13.0%
		Nedbank Limited (f)	**9.5%**	9.5%
		Nedbank Limited (g)	**10.0%**	10.0%
		Auriel Alloys (h)*	**11.0%**	11.0%
		Rand Merchant Bank (i)	**9.42%**	0.0%
		Rand Merchant Bank (j)	**4.6%**	0.0%
		Rand Merchant Bank (k)	**12.7%**	0.0%
		Westpac Bank (l)	**9.45%**	0.0%

* Loan repaid in full

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		32 Borrowings (continued)		
		Other borrowings		
		The level of the Company's borrowing powers, as determined by its Articles of Association, shall not except with the consent of the Company's general meeting, exceed 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 R4 598 million (2006: R3 597 million).		
		33 Derivative financial instruments		
–	–	Mark-to-market of speculative financial instruments at year end	–	631

In line with Harmony's strategy of continuously evaluating the hedge agreements as well as market conditions in order to close out these contracts at the most beneficial time, Harmony was able to close out the remainder of the Australian hedge book inherited with the acquisition of the Hill 50 Mine in Western Australia: 220 000 ounces were closed out at an average spot rate of A$808.887 per ounce, for a total cost of A$72.8 million (R418.4 million) on 17 May 2007. This close out results in Harmony being totally unhedged in line with its stated company policy to give shareholders full exposure to the gold price.

All forward-pricing commitments and forward exchange contracts are classified as speculative and mark-to-market movements are reflected in the income statement.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		34 Provision for environmental rehabilitation		
		Provision raised for future rehabilitation		
118	**115**	Opening balance	**860**	837
–	**–**	Disposal of assets	**(29)**	–
–	**104**	Change in estimate – Balance sheet	**373**	(57)
(16)	**38**	Change in estimate – Income statement	**(9)**	(19)
6	**13**	Inflation present value adjustment	**54**	44
7	**15**	Time value of money component	**65**	48
–	**–**	Foreign currency translation adjustments	**35**	7
115	**285**	Closing balance	**1 349**	860
–		Provision associated with non-current assets held for sale	**(257)**	–
115	**285**		**1 092**	860

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 R1 941 million (2006: R1 696 million).

Included in the charge to the income statement is an amount of R65 million (2006: R48 million) relating to the time value of money.

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		Movements in investments in the Group environmental trust funds were as follows:		
107	**128**	Opening balance	**1 287**	1 171
–	**–**	Reclassified as non-current assets held for sale	**(59)**	–
7	**11**	Interest accrued	**112**	87
14	**8**	Contributions made	**12**	32
–	**–**	Mark-to-market of available-for-sale investments	**–**	(2)
–	**–**	Reimbursement of costs incurred	**(20)**	(1)
128	**147**	Closing balance	**1 332**	1 287
		Future net obligations		
291	**387**	Ultimate estimated rehabilitation cost	**1 941**	1 696
(128)	**(147)**	Amounts invested in environmental trust funds	**(1 394)**	(1 287)
163	**240**		**547**	409

The Group intends to finance the ultimate rehabilitation costs from the money invested with the 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.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		35 Provision for other liabilities and charges		
		Social plan		
14	**16**	Opening balance	**16**	14
2	**1**	Charge to income statement	**1**	2
16	**17**	Closing balance	**17**	16

The Company has undertaken to donate R50 million over a period of 10 years to The Harmony Gold Mining Company Social Plan Trust in terms of an agreement signed on 3 November 2003. An initial donation of R18.5 million was made during the 2004 year. The balance will be donated in instalments of R3.5 million per annum with the final instalments 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 company's workforce, to put measures in place to ensure that the technical and life skills of the company's workforce are developed and to develop the company'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.

The movements in the investment of The Harmony Gold Mining Company Social Plan Trust for the period were as follows:

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
26	**32**	Opening balance	**32**	26
4	**4**	Contributions made	**4**	4
2	**3**	Interest accrued	**3**	2
32	**39**	Closing balance	**39**	32

36 Retirement benefit obligations

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

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

The Australian group companies make contributions to each employee's Superannuation (pension) fund 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 Superannuation Guarantee Contributions were set at a minimum of 9% of gross salary and wages for the 2007 year (2006: 9%).

Substantially all the Group's employees are covered by the abovementioned retirement benefit plans. Funds contributed by the Group for the 2007 financial year amounted to R338 million (2006: R301 million).

For the year ended 30 June 2007

36 Retirement benefit obligations (continued)

(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 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 R74 million in FY07 (FY06: R83 million).

With the exception of some Freegold employees included from the 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.

Assumptions used to determine the liability relating to the Minemed medical scheme included, a discount rate of 9%, 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 6.34%.

The liability is based on an actuarial valuation conducted during the year ended 30 June 2007, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2008.

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
4	**4**	Present value of unfunded obligations	**107**	107
		Movement in the liability recognised in the balance sheet		
4	**4**	Opening balance as previously stated	**107**	89
(1)	**(1)**	Contributions paid	**(2)**	(2)
1	**–**	Other expenses included in staff costs/service cost	**4**	3
–	**1**	Interest cost	**10**	8
–	**–**	Net actuarial gains recognised during the year	**(12)**	9
4	**4**	Balance at the end of the year	**107**	107

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		36 Retirement benefit obligations (continued)		
		The principal actuarial assumptions used for accounting purposes were:		
9%	**9%**	Discount rate	**9%**	9%
6.34%	**6.34%**	Healthcare inflation rate	**6.34%**	6.34%
60	**60**	Normal retirement age	**60**	60

The history of the defined benefit plan is as follows:

2005 RM	2006 RM	2007 RM		2007 RM	2006 RM	2005 RM
4	4	**4**	Present value of defined benefit obligation	**107**	107	89
–	–	**–**	Fair value of plan assets	**–**	–	–
4	4	**4**	Net pension liability	**107**	107	89

The effect of a one percentage point increase (and decrease) in the assumed medical cost trend rates for 2007 is as follows:

1% Increase/ decrease 2006 RM	1% Increase/ decrease 2007 RM		1% Increase/ decrease 2007 RM	1% Increase/ decrease 2006 RM
		Effect on:		
–	**–**	Aggregate of service cost and interest cost	**3**	2
1	**1**	Defined benefit obligation	**19**	15

The Group expects to contribute approximately R2.4 million to its benefit plan in 2008.

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		37 Trade and other payables		
416	**(138)**	Trade payables	**473**	523
–	**–**	Short-term borrowings	**8**	8
274	**310**	Payroll accruals	**314**	281
61	**75**	Leave liabilities	**241**	221
53	**44**	Accruals	**397**	259
14	**118**	Value added tax	**118**	14
118	**51**	Other liabilities	**204**	166
936	**460**		**1 755**	1 472

For the year ended 30 June 2007

37 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:

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
51	**61**	At the beginning of the year	**221**	204
–	–	Reclassification of opening balance to non-current assets held for sale	**(17)**	–
(48)	**(55)**	Benefits paid	**(184)**	(182)
–	–	Foreign currency translation adjustments	**1**	1
58	**69**	Total expenses per income statement	**221**	198
61	**75**	At the end of the year	**241**	221

38 Employee benefits

	GROUP 2007	GROUP 2006
Number of permanent employees as at 30 June		
Harmony Free State	**13 138**	11 847
Evander	**5 805**	5 874
Kalgold	**184**	172
Randfontein	**5 797**	5 550
Elandsrand	**5 374**	4 264
Australian operations*	**466**	513
Freegold (100%)	**13 367**	12 736
ARMgold**	–	2 398
Avgold	**1 359**	442
Other	–	67
Total	**45 490**	43 863

	GROUP 2007 RM	GROUP 2006 RM
Aggregate earnings:		
The aggregate earnings of employees including directors were:		
Salaries and wages and other benefits	**3 588**	3 282
Retirement benefit costs	**338**	301
Medical aid contributions	**74**	83
	4 000	3 666

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

* The total number of employees at the Australian operations at 30 June 2007 was 695. Of this total, 229 employees were attributable to the non-current assets held for sale and discontinued operations.

** The number of employees attributable to the non-current assets held for sale and discontinued operations is 2 407.

For the year ended 30 June 2007

39 Share options scheme

The Company has various employee share option schemes ('Harmony Share Option Schemes') hereunder referred to as the HSOS schemes.

Harmony has employee share option schemes under which certain qualifying employees may be granted options to purchase shares in the Company's authorised but unissued ordinary shares. Of the total of 8 000 000 ordinary shares under the specific authority of the directors in terms of the Harmony (2001) Share Option Scheme, 7 572 500 shares have been offered to participants leaving a balance of 427 500. In addition, a total of 1 065 400 shares were still outstanding under the Harmony (1994) Share Option Scheme. On 12 November 2003, an additional 23 204 960 ordinary shares were approved to be offered to participants under the Harmony (2003) Share Option Scheme. On 30 June 2007, a total of 13 532 997 shares were offered to participants, leaving a balance of 9 671 963.

On 10 November 2006, a maximum of 14% of the issued share capital was approved to be offered to participants under the Harmony(2006) Share Plan. On 30 June 2007 929 994 share appreciation rights and 537 066 shares were offered to participants.

In terms of the rules of the HSOS scheme, the exercise price of the options granted is equal to the fair market value of the shares at the date of the grant.

Options currently expire no later than 10 years from the grant date and annually from the grant date, a third of the total options granted are exercisable in terms the Harmony (1994) Share Option Scheme and a fifth of the total options granted are exercisable in terms of the Harmony (2001) Share Option Scheme, as well as the Harmony (2003) Share Option Scheme. The shares per the Harmony (2006) Share Plan are excercisable one year from the grant date and the share appreciation rights a third annually two years from the grant date. The Company has no legal or constructive obligation to repurchase or settle the options in cash. Proceeds received by the Company from the exercise are credited to share capital and share premium.

Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. Deferred share-based compensation is expensed over the vesting period, based on the Company's estimate of the shares that are expected to eventually vest. During 2007, a deferred share-based compensation expense of R40 million (FY06: R95 million) was charged to the income statement for continuing operations.

Share option activity was as follows:

	Number of share options granted	Average exercise price per share SA Rand
Balance as at 30 June 2005	18 358 063	–
Share options forfeited	(1 449 181)	–
Share options exercised during the year	(4 201 575)	49.76
Balance as at 30 June 2006	12 707 307	–
Share options forfeited	(1 748 408)	–
Share options exercised during the year	(2 666 833)	51.65
Balance as at 30 June 2007	8 292 066	–

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

The number of shares held by the Harmony Share Trust at year end amounted to 109 400 (2006: 177 200).

For the year ended 30 June 2007

39 Share options scheme (continued)

The following table summarises the status of share options outstanding at 30 June 2007:

Grant date	Number of options	Option price (Rand)
21 September 1999	5 900	22.90
13 January 2000	31 700	35.40
15 November 2000	4 000	27.20
24 April 2001	57 000	36.50
20 November 2001	401 501	49.60
23 September 2002	76 657	66.00
27 March 2003	312 200	91.60
10 August 2004	1 976 717	66.15
26 April 2005	5 426 391	39.00
	8 292 066	

The share options outstanding at 30 June 2007 comprise 2.08% of the issued share capital.

The following table summarises the number of share options not vested:

Grant date	2007	2006
27 March 2003	**105 500**	536 400
10 August 2004	**1 784 046**	3 119 639
26 April 2005	**4 433 719**	7 769 770
15 November 2006	**929 994**	–
	7 253 259	11 425 809

The fair value of the options is determined using the binomial valuation model.

The significant inputs into the model were:	
Price at date of grant (Rand per share)	
15 November 2006 option allocation	112.64
26 April 2005 option grant	39.00
10 August 2004 option grant	66.15
27 March 2003 option grant	91.60
Vesting period (years)	
15 November 2006 option allocation	3
26 April 2005 option grant	5
10 August 2004 option grant	5
27 March 2003 option grant	5
Risk free interest rate	
15 November 2006 option allocation	8.84%
26 April 2005 option grant	8.37%
10 August 2004 option grant	9.94%
27 March 2003 option grant	11.63%
Volatility*	
15 November 2006 option allocation	26%
26 April 2005 option grant	35%
10 August 2004 option grant	40%
27 March 2003 option grant	45%
Dividend yield	
15 November 2006 option allocation	0%
26 April 2005 option grant	0%
10 August 2004 option grant	0%
27 March 2003 option grant	0%

Vesting conditions

The only vesting condition for the 1994, 2001 and 2003 schemes, is that the employee should be in the employment of Harmony.

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

– that the company's headline earnings per share have grown since the allocation date by a minimum of CPIX plus 3%;

– that the company's performance has since the allocation date been a satisfactory achievement in terms of the Company's sustainability index.

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

For the year ended 30 June 2007

40 Derivative financial instruments

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

Commodity price sensitivity

As a general rule, Harmony sells its gold production at market prices. Harmony, generally, does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of its future gold production.

Hedge book

During May 2007, Harmony closed out the remainder of the Australian hedge book inherited with the acquisition of the Hill 50 mine in Western Australia. 220 000 ounces were closed out at an average spot rate of AUD808.887 per ounce, for a total cost of AUD72.8 million (R418.4 million).

At year-end, partial settlement was effected with available cash resources, leaving AUD14.12 million (R84.7 million) to be settled during July 2007.

The mark-to-market movement for the year was a positive R35.4 million.

Fair value of financial instruments

The fair value of a financial instrument is defined as the amount at which the instrument could be exchanged in a current transaction between willing parties.

The carrying amount of the receivables, all accounts payable, cash and cash equivalents are a reasonable estimate of the fair values thereof, because of the short-term maturity of such instruments.

The carrying value of investments in the environmental trust funds with short-term maturities approximate their fair values. Available-for-sale investments (including those in the environmental trust fund) are carried at market value.

Long-term borrowings are subject to market-related rates and approximate fair value.

Forward exchange commitment

Abelle, an indirect subsidiary, entered into a contract in November 2006 for the purchase of the mining fleet to be used on the Hidden Valley project. The contract is in four different currencies and the estimated value is R241.7 million. The delivery date for the equipment has been split into two phases with the first phase received in April 2007 and the second phase being expected in November 2007.

The underlying cash flows that will be required by the contract will therefore be modified in accordance with movements in foreign exchange rates to which the contract is linked. The embedded derivative relating to the exchange rates was calculated based on the adjusted price at 30 June 2007 and Price Retail Index (PRI) movements since September 2005.

The mark-to-market movement for the embedded derivative was a positive R5.4 million.

For the year ended 30 June 2007

COMPANY 2006 RM	COMPANY 2007 RM		GROUP 2007 RM	GROUP 2006 RM
		41 Cash generated by/(utilised in) operations		
		Reconciliation of profit/(loss) before taxation to cash generated by/(utilised in) operations:		
360	(251)	Profit/(loss) before taxation	668	(387)
		Adjustments for:		
149	202	Amortisation and depreciation	1 172	1 089
(156)	13	Impairment/(reversal of impairment) of assets	268	(216)
–	–	(Gain)/loss on financial instruments	(41)	523
(2)	(2)	Profit on sale of mining assets	(183)	(65)
(1)	–	Net (decrease)/increase in provision for former employees' post retirement benefits	(13)	7
(16)	38	Net (decrease)/increase in provision for environmental rehabilitation	(9)	(19)
–	–	Loss from associates	19	105
48	20	Share-based compensation	45	103
–	–	Fair value of non-derivative financial instrument	(111)	(87)
(306)	–	Loss/(profit) on sale of listed investments	25	(306)
–	–	Profit on sale of subsidiary	–	(14)
–	–	Profit on sale of investment in associate	(236)	–
(21)	(12)	Dividends received	(21)	(17)
(254)	(29)	Interest received	(183)	(207)
199	168	Interest paid – cash	226	201
76	97	Interest paid – non cash	313	269
7	(11)	Other non cash transactions	(101)	(86)
		Effect of changes in operating working capital items:		
(11)	(31)	Receivables	(212)	(54)
9	(58)	Inventories	(198)	(82)
78	(394)	Accounts payable and accrued liabilities	369	(67)
159	(250)	Cash generated by/(utilised in) operations	1 797	690

42 Additional cash flow information

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

(a) On 28 May 2007 the Group disposed of 33% of its 50% share in a joint venture with Orpheo by Harmony (Pty) Ltd to AngloGold Ashanti Limited. The aggregate fair value of the assets acquired and liabilities assumed, and subsequently disposed of, were:

	2007 RM
Inventories	1
Property, plant and equipment	6
Investment in associate	(5)
Accounts payable and accrued liabilities	(1)
Total purchase price	1
Proceeds received by way of accounts receivable	(1)
Cash and cash equivalents at disposal	–

For the year ended 30 June 2007

42 Additional cash flow information

ii) For the year ended June 2006

(a) On 1 July 2005 the Group acquired a 50% share in a joint venture with Orpheo by Harmony (Pty) Ltd. The aggregate fair value of the assets acquired and liabilities assumed were:

	2006 RM
Inventories	1
Property, plant and equipment	5
Accounts payable and accrued liabilities	(1)
Total purchase price	5
Paid for by way of accounts payable	(5)
Cash and cash equivalents at acquisition	–

(b) On 20 December 2005, the Group acquired a 45% share in GP Britz and H.Taute Pharmacies through its joint venture agreement with Healthshare Health Solutions (Pty) Ltd. The aggregate fair value of the assets acquired and liabilities assumed were:

	2006 RM
Inventories	2
Accounts receivable	1
Property, plant and equipment	1
Intangible assets	3
Accounts payable and accrued liabilities	(8)
Total purchase price	(1)
Paid for by way of accounts payable	(1)
Cash and cash equivalents at acquisition	(2)

(c) On 31 March 2006 the Group disposed of its shareholding in Buffalo Creek Mines (Pty) Ltd. The aggregate fair value of the assets and liabilities sold, were:

	2006 RM
Inventories	1
Property, plant and equipment	110
Deferred tax	(16)
Provision for rehabilitation liability	(4)
Accounts payable and accrued liabilities	(1)
Foreign exchange	(1)
Profit on disposal sale of subsidiary	14
Total purchase price	103
Proceeds received by way of accounts receivable	(62)
Proceeds received by way cash	(19)
Proceeds received by way of shares	(22)
Cash and cash equivalents at disposal	–

For the year ended 30 June 2007

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		43 Commitments and contingencies		
		Capital expenditure commitments		
4	**2**	Contracts for capital expenditure	352	153
54	**112**	Authorised by the directors but not contracted for	1 881	2 678
58	**114**		2 233	2 831

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

Company 2006 RM	Company 2007 RM		Group 2007 RM	Group 2006 RM
		Contingent liabilities		
–	**–**	Guarantees and suretyships	18	18
28	**28**	Environmental guarantees	129	129
28	**28**		147	147

Occupational healthcare services

Occupational healthcare services are made available by Harmony to employees from its existing facilities. There is a risk that the cost of providing such services could increase in the future depending upon changes in the nature of underlying legislation and the profile of employees. This increased cost, should it transpire, is currently indeterminate. The group is monitoring developments in this regard.

Action was instituted by 10 Plaintiffs employed at Elandsrand Mine in December 2004. The First Defendant in these matters is Anglo American Corporation of South Africa Limited (Anglo American), with Harmony cited as the Second Defendant. These 10 claims constitute test cases in relation to claims for damages for silicosis allegedly contracted by the Plaintiffs over their period of employment with Anglo American and Harmony at Elandsrand. The Board of Directors does not believe that the present 10 test cases present a significant risk and the probabilities vastly favour a dismissal of the actions. At this stage the contingent liability cannot be reasonably quantified.

Post closure water treatment

There are two main areas of groundwater impact. One has to do with the artificial aquifer created through the generation of mining voids. Often these mining aquifers are connected regionally to those of other mines and the impact of the water moving through these aquifers occurs over a large area. The second groundwater impact is on the near-surface aquifer. Impacts on this aquifer arise from seepages from tailings dams, the discharge of contaminated water on surface, rock dumps, the use of evaporation areas, etc. In some cases there is interaction between the near-surface and the deeper aquifers.

The cost of mitigating the discharges expected from artificial aquifers (mined) and the remediation of near-surface aquifers has not been studied in sufficient detail to make an accurate assessment of the remediation costs.

The potential costs involved in remediating the groundwater impact cannot be quantified with any level of confidence unless a number of detailed studies are conducted for each specific situation and an agreed strategy for dealing with this issue has been adopted. This is an industry-wide issue and it is unclear who will be liable for which portion of the water treatment.

For the year ended 30 June 2007

44 Related party transactions

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had any interest, direct or indirect, in any transaction since 1 July 2006 or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

African Rainbow Minerals Limited (ARM) currently holds 16% of Harmony's shares. Patrice Motsepe, André Wilkens and Frank Abbott are directors of ARM.

During the 2005 financial year Harmony entered into a number of transactions to dispose of the 19.5% investment held in ARM. Harmony dispose of the remaining portion of the investment in ARM of 16% to the ARM Empowerment Trust. As part of the various agreements put in place to arrange the sale of the shares to the Trust Harmony has accepted terms which resulted in the majority of the risk not being transferred away from Harmony. This relates mainly to a guarantee to the value of R367 million as at 27 May 2006, plus interest accrued at the applicable funding rate. An indemnity from ARM Limited to the value of 50% of Harmony's liability under the guarantee has been received. This guarantee is subject to a maximum amount of R107 million, as at 27 May 2006, plus interest thereon at the applicable funding rate, and further reduces Harmony's obligation.

On the 28 September 2007 the guarantee was cancelled by the Bank and Harmony has no further obligation. (Refer note 45).

In March 2006, Harmony acquired 37.37 million of the 44.99 million shares held in Western Areas Limited from Allan Gray Limited (Allan Gray). As at 30 June 2006, Allan Gray was one of Harmony's largest shareholders, holding 11% of Harmony's total shares. Allan Gray currently holds 15% of Harmony.

On 21 June 2006, Harmony acquired 37% of the issued share capital of Village Main Reef Gold Mining Company (1934) Limited (Village) from ARM.

On 14 August 2006, Harmony announced that minority shareholders holding 3,163 shares in Village had accepted its offer. Harmony now holds 2 295 663 shares representing 37% of the issued share capital of Village. Following the resignation of ARM as the Village company secretary, Harmony Gold Mining Company Limited was appointed as from 2 October 2006.

Frank Abbott was also a director of Village at the time of the purchase.

The Group has a 45% joint venture agreement with Health Share Health Solutions (Pty) Ltd.

For the year ended 30 June 2007

45 Subsequent events after balance sheet date

(a) On 24 August 2007, the Group entered into an agreement with RMB Morgan Stanley (Pty) Ltd (RMB) to sell 7 348 079 of its Gold Fields ordinary shares at R100.00 per ordinary share, resulting in a loss of R35.02 per share. The proceeds were used to settle the Randfontein redeemable preference shares issued to RMB on 5 April 2007.

(b) On 24 August 2007, the Group settled the Performance Equity Swap with RMB linked to the balance of its Gold Fields shares (5 747 000 shares) at R 100.00 per ordinary share, resulting in a loss of R35.02 per share.

(c) On 28 September 2007, Harmony announced that it had raised a debt facility of R2 billion from Nedbank in order to finance the Hidden Valley project in Papua New Guinea.

(d) In July 2007 Harmony entered into an agreement with Dioro Exploration NL (Dioro) to acquire Harmony's South Kal assets in Western Australia. The total purchase price is AU$45 million, which consists of a cash component of AU$25 million and a share component of 160 million Dioro shares and a cash component of AU$20 million.

The transaction will require a minimum capital raising by Dioro of $35 million by the completion date. The completion of the agreement is subject to shareholder and regulatory approvals.

(e) A smaller tenement in Location 45 and two mining tenements are also being divested to Australian Mines (an ASX-listed company). The terms of the agreement have been finalised and the document was signed in July 2007. This package has been sold for AU$3 million cash, payable over three tranches. Completion of this agreement is expected during the December 2007 quarter.

(f) On 4 September 2007, Harmony announced that it had signed formal agreements with Pamodzi Gold Limited (Pamodzi Gold) for the sale to all rights, title and interest of Harmony's Orkney shafts located near Orkney in North West Province.

In terms of a contracting agreement, Pamodzi Gold has engaged Harmony to take management control of the Orkney operations by 1 October, prior to the all conditions precedent being met. Harmony has agreed in principle to this arrangement and both parties envisage signing a formal agreement by the end of September.

The initial purchase consideration to Harmony by Pamodzi Gold for the Orkney shafts is equal to R550 million, and a secondary consideration is calculated as follows:

– 3% of the net smelter revenues in respect of the first one million ounces of gold produced by Orkney after the effective date of the transaction; and
– 1.75% of the net smelter revenue in respect of all gold produced by the Orkney thereafter subject to an maximum aggregate amount of R450 million.

The initial Orkney purchase consideration will be settled by Pamodzi Gold through:

– the payment of a cash amount of R350 million; and
– issue of 9 272 903 ordinary consideration shares to Harmony.

The number of Pamodzi Gold ordinary shares to be issued to Harmony has been calculated based on the 30-day VWAP of the Pamodzi Gold ordinary share price on the JSE up to the business day immediately preceding the date upon which the detailed cautionary was announced, being 24 April 2007. The VWAP is equal to R21.57.

(g) On 28 September 2007, the ARM Empowerment Trust guarantee was cancelled by Nedbank and consequently Harmony has no further obligation to Nedbank. The ARM investment and associated Nedbank loans will therefore be derecognised from this date.

For the year ended 30 June 2007

46 Geographical and segment information

The primary reporting format of the company is by business segment. As there is only one business segment, being mining, extraction and production of gold, the relevant disclosures have been given in the financial statements. The secondary reporting format is by geographical analysis by origin. It was decided to supply the segmental information at a shaft level in the geographical area. The accounting policies of the segments are the same as those described in the accounting policy notes.

Gold operations are internally reported based on the following geographic areas: Free State, Evander, Kalgold, Randfontein, Elandskraal, Free Gold, New Hampton, Hill 50, Abelle, ARMgold and Avgold. The Free State, Randfontein, Kalgold, Evander, Elandskraal, Free Gold, ARMgold and Avgold are specific gold producing regions within South Africa. New Hampton, Hill 50 and Abelle mines are located primarily in Western Australia and Papua New Guinea. The Company also has exploration interests in Southern Africa, Australia and Peru which are included in Other. 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 cost is included, however employee termination cost associated with major restructuring and shaft closures are excluded. Selling, administrative, general charges and corporate costs are allocated between segments based on the size of activities based on production results.

Harmony has split its South African operations in the following categories for segmental purposes:

a) Quality assets: The quality shafts are those shafts with a larger reserve base and longer life, which form the core of the Group’s production.

b) Leverage assets: The leverage shafts are those shafts that supplement production and provide the upside in the event of a positive swing in the Rand gold price.

c) Growth projects: The growth shafts comprise the expansion projects established through existing infrastructure, as well as the three new mines we are building in South Africa.

d) Surface: The South African surface operations include the Kalgold opencast mine, all previously mined rock, whether waste or reef, and any clean-up operations as well as plant and other infrastructure.

e) Other: It relates to the segmental information that could not be allocated to specific shafts or surface operations within a geographical area.

f) Other entities: The other entities category represents all other companies and entities that do not form part of the normal mining operations in the Group.

(RAND/METRIC) FOR THE YEAR ENDED 30 JUNE 2007	REVENUE RM	PRODUCTION COSTS RM	CASH OPERATING PROFIT/(LOSS) RM	DEPRECIATION RM	REVERSAL OF IMPAIRMENT RM
South Africa operations					
Free State operations					
Quality ounces					
Masimong	681	596	85	49	–
Leveraged ounces					
Harmony 2	215	215	–	16	–
Merriespruit 1	234	191	43	9	19
Merriespruit 3	201	180	21	17	–
Unisel	368	252	116	43	–
Brand 3	210	200	10	19	–
Brand 5	4	11	(7)	–	–
Saaiplaas 3	–	–	–	–	–
Surface	98	47	51	35	(32)
Other	–	–	–	14	–
Total Free State	**2 011**	**1 692**	**319**	**202**	**(13)**
Evander operations					
Quality ounces					–
Evander 5	257	208	49	30	–
Evander 7	283	278	5	31	–
Evander 8	548	330	218	28	–
Evander 9	–	–	–	–	–
Surface	–	–	–	12	–
Other	–	–	–	–	–
Total Evander	**1 088**	**816**	**272**	**101**	**–**
Randfontein operations					
Quality ounces					
Cooke 1	348	236	112	40	–
Cooke 2	261	251	10	36	–
Cooke 3	417	317	100	16	–
Growth projects					–
Doornkop	263	181	82	18	–
Surface	88	42	46	9	–
Other	–	–	–	10	–
Total Randfontein	**1 377**	**1 027**	**350**	**129**	**–**
Elandsrand operations					
Growth projects					
Elandsrand	895	738	157	39	–
Surface	–	–	–	–	–
Other	–	–	–	–	–
Total Elandsrand	**895**	**738**	**157**	**39**	**–**
Freegold operations					
Quality operations					
Tshepong	1 460	807	653	163	–
Growth projects					–
Phakisa	–	–	–	–	–
Leveraged ounces					–
Bambanani	869	774	95	90	–
Joel	366	241	125	20	–
Eland	11	–	11	–	–
Kudu/Sable	4	1	3	–	–
West shaft	33	57	(24)	6	(41)
Nyala	–	–	–	–	–
St Helena	98	129	(31)	9	55
Surface	20	2	18	1	–
Other	–	–	–	–	–
Total Freegold	**2 861**	**2 011**	**850**	**289**	**14**

* Unallocated assets represent all the assets other than property, plant and equipment that could not be allocated to a specific shaft eg. Cash, receivables, investments, etc.

** Production statistics are unaudited.

*** Net loss before taxation from other entities includes a loss from associates of R19 million.

PROFIT/(LOSS) BEFORE TAX RM	TAXATION RM	NET PROFIT/(LOSS) RM	MINING ASSETS RM	UNALLOCATED ASSETS * RM	TOTAL ASSETS RM	TOTAL LIABILITIES RM	CAPITAL EXPENDITURE RM	KILOGRAMS GOLD **	TONNES MILLED ** (000)
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	554	–	554	Total liabilities not calculated at shaft level	109	4 602	974
			73	–	73		35	1 439	468
			101	–	101		25	1 574	432
			67	–	67		25	1 354	403
			210	–	210		39	2 488	557
			23	–	23		11	1 419	403
			–	–	–		–	29	11
			–	–	–		–	–	–
			216	–	216		34	664	2 148
			450	1 504	1 954		–	–	–
(226)	**24**	**(250)**	**1 694**	**1 504**	**3 198**	**3 281**	**278**	**13 569**	**5 396**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	260	–	260	Total liabilities not calculated at shaft level	39	1 731	342
			396	–	396		86	1 899	405
			349	–	349		79	3 692	764
			–	–	–		–	–	–
			–	–	–		5	–	–
			301	337	638		–	–	–
132	**124**	**8**	**1 306**	**337**	**1 643**	**557**	**209**	**7 322**	**1 511**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	64	–	64	Total liabilities not calculated at shaft level	14	2 354	386
			87	–	87		27	1 780	349
			285	–	285		98	2 841	564
			–	–	–		–	–	–
			1 707	–	1 707		270	1 784	541
			69	–	69		52	590	811
			–	1 179	1 179		–	–	–
181	**152**	**29**	**2 212**	**1 179**	**3 391**	**2 352**	**461**	**9 349**	**2 651**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	2 065	–	2 065	Total liabilities not calculated at shaft level	238	6 056	1 013
			7	–	7		6	–	–
			–	201	201		–	–	–
151	**52**	**99**	**2 072**	**201**	**2 273**	**216**	**244**	**6 056**	**1 013**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	3 106	–	3 106	Total liabilities not calculated at shaft level	188	9 919	1 654
			2 099	–	2 099		227	–	–
			716	–	716		120	5 900	1 080
			100	–	100		28	2 486	457
			–	–	–		1	75	10
			–	–	–		–	26	14
			21	–	21		5	229	84
			–	–	–		–	–	–
			98	–	98		10	663	218
			15	–	15		7	94	272
			1 308	4 298	5 606		–	–	–
644	**34**	**610**	**7 463**	**4 298**	**11 761**	**3 327**	**586**	**19 392**	**3 789**

(RAND/METRIC) FOR THE YEAR ENDED 30 JUNE 2007	REVENUE RM	PRODUCTION COSTS RM	CASH OPERATING PROFIT/(LOSS) RM	DEPRECIATION RM	REVERSAL OF IMPAIRMENT RM
South Africa operations (continued)					
ARMgold operations					
Leveraged ounces					
Orkney 2	239	190	49	12	–
Orkney 3	–	–	–	–	–
Orkney 4	209	189	20	10	–
Orkney 6	95	86	9	2	–
Surface	1	–	1	–	–
Other	–	–	–	–	–
Total ARMgold	**544**	**465**	**79**	**24**	**–**
Avgold operations					
Quality ounces					
Target	657	380	277	91	–
Surface	6	7	(1)	–	–
Other	–	–	–	3	–
Total Avgold	**663**	**387**	**276**	**94**	**–**
Kalgold operations					
Surface	257	196	61	1	133
Other	–	–	–	–	–
Total Kalgold	**257**	**196**	**61**	**1**	**133**
Other entities ***	**–**	**–**	**–**	**4**	**–**
Total South Africa	**9 696**	**7 332**	**2 364**	**883**	**134**
Australia					
Mt Magnet	617	508	109	210	(271)
South Kal	404	321	83	74	(120)
Papua New Guinea	–	–	–	–	–
Other entities	–	–	–	4	–
Total Australia	**1 021**	**829**	**192**	**288**	**(391)**
Total Harmony	**10 717**	**8 161**	**2 556**	**1 171**	**(257)**
Included in the above are the following discontinued operations:					
South Africa					
Orkney 2	239	190	49	12	–
Orkney 3	–	–	–	–	–
Orkney 4	209	189	20	10	–
Orkney 6	95	86	9	2	–
ARM surface	1	–	1	–	–
ARM Other	–	–	–	–	–
Kudu/Sable	4	1	3	–	–
Total SA	**548**	**466**	**82**	**24**	**–**
Australia					
Mt Magnet	617	508	109	210	(271)
South Kal	404	321	83	74	(120)
Other entities	–	–	–	–	–
Total Australia	**1 021**	**829**	**192**	**284**	**(391)**
Total Harmony – discontinued operations	**1 569**	**1 295**	**274**	**308**	**(391)**
Total Harmony – continuing operations	**9 148**	**6 866**	**2 282**	**863**	**134**

* Unallocated assets represent all the assets other than property, plant and equipment that could not be allocated to a specific shaft eg. Cash, receivables, investments, etc.

** Production statistics are unaudited.

*** Net loss before taxation from other entities includes a loss from associates of R19 million.

PROFIT/(LOSS) BEFORE TAX RM	TAXATION RM	NET PROFIT/ (LOSS) RM	MINING ASSETS RM	UNALLOCATED ASSETS * RM	TOTAL ASSETS RM	TOTAL LIABILITIES RM	CAPITAL EXPENDITURE RM	KILOGRAMS GOLD **	TONNES MILLED ** (000)
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	95	–	95	Total liabilities not calculated at shaft level	31	1 626	282
			–	–	–		–	–	–
			112	–	112		37	1 432	360
			54	–	54		42	643	217
			–	–	–		–	4	1
			(5)	209	204		–	–	–
2	**3**	**(1)**	**256**	**209**	**465**	**208**	**110**	**3 705**	**860**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	2 023	–	2 023	Total liabilities not calculated at shaft level	121	4 430	820
			–	–	–		12	41	133
			5 163	160	5 323		–	–	–
163	**–**	**163**	**7 186**	**160**	**7 346**	**86**	**133**	**4 471**	**953**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	228	–	228	Total liabilities not calculated at shaft level	3	1 746	1 578
			–	112	112		–	–	–
183	**(7)**	**190**	**228**	**112**	**340**	**54**	**3**	**1 746**	**1 578**
147	**25**	**122**	**10**	**2 946**	**2 956**	**1 878**	**–**	**–**	**–**
1 377	**407**	**970**	**22 427**	**10 946**	**33 373**	**11 959**	**2 024**	**65 610**	**17 751**
(241)	(61)	180	207	114	321	466	145	4 243	1 700
2	7	(5)	117	85	202	342	48	2 749	1 261
(180)	(157)	(23)	2 213	427	2 640	2 653	526	–	–
(289)	132	(421)	305	108	413	(2 077)	–	–	–
(708)	**(79)**	**(629)**	**2 842**	**734**	**3 576**	**1 384**	**719**	**6 992**	**2 961**
669	**328**	**341**	**25 269**	**11 680**	**36 949**	**13 343**	**2 743**	**72 602**	**20 712**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	95	–	95	Total liabilities not calculated at shaft level	31	1 626	282
			–	–	–		–	–	–
			112	–	112		37	1 432	360
			54	–	54		42	643	217
			–	–	–		–	4	1
			(5)	209	204		–	–	–
			–	–	–		–	26	14
2	**3**	**(1)**	**256**	**209**	**465**	**208**	**110**	**3 731**	**874**
(241)	(61)	(180)	207	114	321	466	145	4 243	1 700
2	7	(5)	117	85	202	86	48	2 749	1 261
(290)	130	(420)	295	1	296	(213)	–	–	–
(529)	**76**	**(605)**	**619**	**200**	**819**	**339**	**193**	**6 992**	**2 961**
(527)	**79**	**(606)**	**875**	**409**	**1 284**	**547**	**303**	**10 723**	**3 835**
1 196	**249**	**947**	**24 394**	**11 271**	**35 665**	**12 796**	**2 440**	**61 879**	**16 877**

(RAND/METRIC) FOR THE YEAR ENDED 30 JUNE 2006	REVENUE RM	PRODUCTION COSTS RM	CASH OPERATING PROFIT/(LOSS) RM	DEPRECIATION RM	REVERSAL OF IMPAIRMENT RM
South Africa					
Free State operations					
Quality ounces					
Masimong (note a)	464	424	40	36	92
Leveraged ounces					
Harmony 2	234	213	21	17	–
Merriespruit 1	163	153	10	10	–
Merriespruit 3	147	154	(7)	8	–
Unisel	243	183	60	18	64
Brand 3	141	148	(7)	11	–
Brand 5	2	6	(4)	–	–
Saaiplaas 3	–	–	–	–	–
Surface	54	41	13	33	–
Other	–	–	–	16	–
Total Free State	**1 448**	**1 322**	**126**	**149**	**156**
Evander operations					
Quality ounces					
Evander 5 (note b)	205	210	(5)	31	80
Evander 7	270	208	62	27	–
Evander 8	428	286	142	42	–
Evander 9	–	–	–	–	–
Surface	–	–	–	2	–
Other	–	–	–	–	–
Total Evander	**903**	**704**	**199**	**102**	**80**
Randfontein operations					
Quality ounces					
Cooke 1	273	205	68	30	–
Cooke 2	204	147	57	23	–
Cooke 3	356	263	93	18	–
Growth projects					
Doornkop	148	155	(7)	39	–
Surface	39	32	7	41	–
Other	–	–	–	–	–
Total Randfontein	**1 020**	**802**	**218**	**151**	**–**
Elandsrand operations					
Growth projects					
Elandsrand	573	569	4	72	–
Surface	–	–	–	–	–
Other	–	–	–	–	–
Total Elandsrand	**573**	**569**	**4**	**72**	**–**
Freegold operations					
Quality operations					
Tshepong	1 144	709	435	175	–
Growth projects					
Phakisa	–	–	–	–	–
Leveraged ounces					
Bambanani	592	554	38	82	43
Joel	199	186	13	14	10
Eland	13	7	6	–	–
Kudu/Sable	6	6	–	–	–
West shaft	83	87	(4)	10	–
Nyala	1	1	–	–	–
St Helena	44	69	(25)	3	41
Surface	34	34	–	1	–
Other	–	–	–	–	–
Total Freegold	**2 116**	**1 653**	**463**	**285**	**94**

a) In 2006, Saaiplaas 3 shaft was included in the Masimong complex and therefore not reported separately.
b) In 2006, Evander 2 shaft was consolidated into Evander 5 shaft and therefore not reported separately.
* Unallocated assets represent all the assets other than property, plant and equipment that could not be allocated to a specific shaft eg. Cash, receivables, investments, etc.
** Production statistics are unaudited.
*** Net loss before taxation from other entities includes a loss from associates of R105 million.

PROFIT/(LOSS) BEFORE TAX RM	TAXATION RM	NET PROFIT/ (LOSS) RM	MINING ASSETS RM	UNALLOCATED ASSETS * RM	TOTAL ASSETS RM	TOTAL LIABILITIES RM	CAPITAL EXPENDITURE RM	KILOGRAMS GOLD **	TONNES MILLED ** (000)
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	472	–	472	Total liabilities not calculated at shaft level	92	4 235	925
					–				
			50	–	50		25	2 160	542
			45	–	45		16	1 495	372
			37	–	37		11	1 359	410
			212	–	212		25	2 269	454
			18	–	18		6	1 295	367
			–	–	–		–	15	3
			–	–	–		–	–	–
			241	–	241		25	494	813
			442	908	1 364		–	–	–
174	**46**	**128**	**1 517**	**908**	**2 439**	**3 644**	**200**	**13 322**	**3 886**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	237	–	237	Total liabilities not calculated at shaft level	41	1 940	408
			337	–	337		64	2 588	394
			290	–	290		62	4 008	739
			–	–	–		–	–	–
			–	–	–		6	–	–
			272	188	460		–	–	–
149	**23**	**126**	**1 136**	**188**	**1 324**	**323**	**173**	**8 536**	**1 541**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	85		85	Total liabilities not calculated at shaft level	24	2 504	445
			93		93		24	1 861	320
			198		198		52	3 258	591
			1 434		1 434		166	1 356	467
			37		37		55	362	489
			–	818	818		–	–	–
24	**193**	**(169)**	**1 847**	**818**	**2 665**	**935**	**321**	**9 341**	**2 312**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	1 859		1 859	Total liabilities not calculated at shaft level	194	5 315	895
			2		2		–	–	–
			–	656	656		–	–	–
(87)	**(57)**	**(30)**	**1 861**	**656**	**2 517**	**578**	**194**	**5 315**	**895**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	3 077	–	3 077	Total liabilities not calculated at shaft level	150	10 429	1 620
			1 870	–	1 870		147	–	–
			706	–	706		85	5 450	1 084
			73	–	73		23	1 823	395
			–	–	–		–	126	19
			–	–	–		–	63	12
			64	–	64		6	794	186
			–	–	–		–	6	2
			46	–	46		3	398	115
			6	–	6		2	343	304
			1 153	1 842	2 995		–	–	–
177	**4**	**173**	**6 995**	**1 842**	**8 837**	**2 886**	**416**	**19 432**	**3 737**

(RAND/METRIC) FOR THE YEAR ENDED 30 JUNE 2006	REVENUE RM	PRODUCTION COSTS RM	CASH OPERATING PROFIT/(LOSS) RM	DEPRECIATION RM	REVERSAL OF IMPAIRMENT RM
South Africa (continued)					
ARMgold operations					
Leveraged ounces					
Orkney 2	233	189	44	15	–
Orkney 4	198	186	12	8	–
Orkney 6	–	–	–	–	–
Surface	–	–	–	–	–
Other	–	–	–	1	–
Total ARMgold	**431**	**375**	**56**	**24**	**–**
Avgold operations					
Quality ounces					
Target	517	330	187	80	–
Surface	2	6	(4)	1	–
Other	–	–	–	–	–
Total Avgold	**519**	**336**	**183**	**81**	**–**
Kalgold operations					
Surface	250	202	48	77	–
Other	–	–	–	–	–
Total Kalgold	**250**	**202**	**48**	**77**	**–**
Other entities ***	**–**	**–**	**–**	**7**	**(114)**
Total South Africa	**7 260**	**5 963**	**1 297**	**948**	**216**
Australia					
Mt Magnet	510	378	132	116	–
South Kal	269	239	30	18	–
Papua New Guinea	–	–	–	2	–
Other entities	–	–	–	5	–
Total Australia	**779**	**617**	**163**	**141**	**–**
Total Harmony	**8 039**	**6 580**	**1 459**	**1 089**	**216**
Included in the above are the following discontinued operations:					
South Africa					
Orkney 2	233	189	44	15	–
Orkney 4	198	186	12	8	–
Orkney 6	–	–	–	–	–
ARM surface	–	–	–	–	–
ARM other	–	–	–	1	–
Kudu/Sable	6	6	–	–	–
Total SA	**437**	**381**	**56**	**24**	**–**
Australia					
Mt Magnet	510	378	132	116	–
South Kal	269	239	30	18	–
Other entities	–	–	–	(8)	–
Total Australia	**779**	**617**	**162**	**126**	**–**
Total Harmony – discontinued operations	**1 216**	**998**	**218**	**150**	**–**
Total Harmony – continuing operations	**6 823**	**5 582**	**1 241**	**939**	**216**

a) In 2006, Saaiplaas 3 shaft was included in the Masimong complex and therefore not reported separately.
b) In 2006, Evander 2 shaft was consolidated into Evander 5 shaft and therefore not reported separately.
* Unallocated assets represent all the assets other than property, plant and equipment that could not be allocated to a specific shaft eg. Cash, receivables, investments, etc.
** Production statistics are unaudited.
*** Net loss before taxation from other entities includes a loss from associates of R105 million.

PROFIT/(LOSS) BEFORE TAX RM	TAXATION RM	NET PROFIT/ (LOSS) RM	MINING ASSETS RM	UNALLOCATED ASSETS * RM	TOTAL ASSETS RM	TOTAL LIABILITIES RM	CAPITAL EXPENDITURE RM	KILOGRAMS GOLD **	TONNES MILLED ** (000)
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	66	–	66	Total liabilities not calculated at shaft level	15	2 173	315
			84	–	84		30	1 832	368
			–	–	–		–	–	–
			–	–	–		–	–	–
			5	2 437	2 442		–	–	–
(11)	**(5)**	**(6)**	**155**	**2 437**	**2 592**	**144**	**45**	**4 005**	**683**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	2 005	–	2 005	Total liabilities not calculated at shaft level	61	4 672	737
			5	–	5		–	23	185
			5 139	137	5 276		–	–	–
72	**–**	**72**	**7 149**	**137**	**7 286**	**38**	**61**	**4 695**	**922**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	87	–	87	Total liabilities not calculated at shaft level	2	2 397	1 821
			–	39	39		–	–	–
(38)	**–**	**(38)**	**87**	**39**	**126**	**14**	**2**	**2 397**	**1 821**
(234)	**10**	**(244)**	**10**	**3 076**	**3 086**	**958**	**–**	**–**	**–**
226	**214**	**12**	**20 757**	**10 115**	**30 872**	**9 520**	**1 412**	**67 043**	**15 797**
(4)	5	(9)	515	67	582	170	155	4 629	1 739
(3)	6	(9)	305	60	365	88	25	2 570	1 343
(46)	–	(46)	1 520	6	1 526	23	95	–	–
(560)	(87)	(473)	154	699	823	1 164	1	–	–
(613)	**(76)**	**(537)**	**2 494**	**832**	**3 296**	**1 445**	**276**	**7 199**	**3 082**
(387)	**138**	**(525)**	**23 251**	**10 947**	**34 168**	**10 965**	**1 688**	**74 242**	**18 879**
Profit/(loss) before tax not calculated at shaft level	Taxation not calculated at shaft level	Net profit/(loss) not calculated at shaft level	–	–	–	Total liabilities not calculated at shaft level	15	2 173	315
			–	–	–		30	1 832	368
			–	–	–		–	–	–
			–	–	–		–	–	–
			–	–	–		–	–	–
			–	–	–		–	63	12
(31)	**(5)**	**(26)**	**–**	**–**	**–**	**–**	**45**	**4 068**	**695**
(4)	5	(9)	–	–	–	–	155	4 629	1 739
(3)	6	(9)	–	–	–	–	25	2 570	1 343
51	(9)	60	–	–	–	–	–	–	–
44	**2**	**42**	**–**	**–**	**–**	**–**	**180**	**7 199**	**3 082**
13	**(3)**	**16**	**–**	**–**	**–**	**–**	**225**	**11 267**	**3 777**
(400)	**141**	**(541)**	**23 251**	**10 947**	**34 168**	**10 965**	**1 463**	**62 975**	**15 102**

Annexure A: statement of subsidiary companies

COMPANY AND DESCRIPTION		ISSUED SHARE CAPITAL R'000	EFFECTIVE GROUP INTEREST 2007 %	2006 %	COST OF INVESTMENT BY HOLDING COMPANY 2007 RM	2006 RM	LOANS FROM/(TO) HOLDING COMPANY 2007 RM	2006 RM
Direct subsidiaries								
Dormant companies:								
Harmony Gold Ltd	(f)	#	**100**	100	**–**	–	**–**	–
Harmony Gold (Management Services) (Pty) Ltd	(a)	1	**100**	100	**–**	–	**–**	–
Virginia Salvage (Pty) Ltd	(a)	2	**90**	90	**–**	–	**–**	–
Unisel Gold Mines Ltd	(a)	23 136	**100**	100	**89**	89	**(80)**	(92)
Exploration company:								
Harmony Gold Peru SA	(b)	2	**100**	100	**6**	6	**–**	4
Lydenburg Exploration Ltd	(a)	42 792	**100**	100	**204**	204	**(10)**	(15)
Gold mining companies:								
African Rainbow Minerals Gold Ltd	(a)	96	**100**	100	**7 081**	7 081	**(75)**	115
ArmGold/Harmony Freegold Joint Venture Company (Pty) Ltd	(a)	20	**100**	100	**17**	17	**1 960**	1 902
Avgold Ltd	(a)	6 827	**100**	100	**6 935**	6 935	**66**	265
Evander Gold Mines Ltd	(a)	39 272	**100**	100	**545**	545	**30**	8
Randfontein Estates Ltd	(a)	19 882	**100**	100	**1 311**	1 311	**1 249**	2 658
Investment holding companies:								
ARMgold/Harmony Joint Investment Company (Pty) Ltd	(a)	#	**100**	100	**1**	1	**1 714**	(263)
Harmony Gold Australia (Pty) Ltd	(c)	3 886 933	**100**	100	**3 887**	3 887	**1 019**	266
West Rand Consolidated Mines Ltd	(a)	17 967	**100**	100	**321**	321	**(26)**	(24)
Marketing companies:								
Authentic Beverage (Pty) Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Harmony Gold (Marketing) (Pty) Ltd	(a)	#	**100**	100	**–**	–	**58**	63
Harmony Precious Metal Services SAS	(d)	62	**100**	100	**–**	–	**–**	68
Mining related services companies:								
Harmony Engineering (Pty) Ltd	(a)	#	**100**	100	**3**	3	**(3)**	2
Harmony HIV/Aids Company (Pty) Ltd	(a)	#	**100**	100	**–**	–	**9**	–
Musuku Benefication Systems (Pty) Ltd	(a)	#	**100**	100	**–**	–	**39**	61
Property holding companies:								
La Riviera (Pty) Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Indirect subsidiaries								
Dormant companies:								
Arai Liki Offshore (Pty) Ltd	(c)	293	**100**	100	**–**	–	**–**	–
Bracken Mines Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Garden Gully (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Garnkirk (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Jeanette Gold Mines Ltd	(a)	#	**96**	96	**–**	–	**–**	–
Jubilee Minerals (Pty) Ltd	(c)	2	**100**	100	**–**	–	**–**	–
Leslie Gold Mines Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Loraine Gold Mines Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Muro Baru (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
NHG Investments (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Selcast Nickel (Pty) Ltd	(c)	#	**100**	100	**–**	–	**–**	–
Swaziland Gold (Pty) Ltd	(e)	#	**100**	100	**–**	–	**–**	–
Winkelhaak Mines Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Exploration company:								
Harmony Gold (Exploration) (Pty) Ltd	(a)	10	**100**	100	**–**	–	**–**	–

Annexure A: statement of subsidiary companies

Company and description		Issued share capital R'000	Effective group interest 2007 %	Effective group interest 2006 %	Cost of investment by holding company 2007 RM	Cost of investment by holding company 2006 RM	Loans from/(to) holding company 2007 RM	Loans from/(to) holding company 2006 RM
Indirect subsidiaries (continued)								
Gold mining companies:								
Abelle Ltd	(c)	488 062	**100**	100	–	–	–	–
Big Bell Gold Operations (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Buffalo Creek Mines (Pty) Ltd	(c)	#	–	100	–	–	–	–
Harmony Gold Operations Ltd	(c)	405 054	**100**	100	–	–	–	–
Kalahari Goldridge Mining Company Ltd	(a)	1 275	**100**	100	–	–	**(26)**	–
Mt Magnet Gold NL	(c)	79 710	**100**	100	–	–	–	–
New Hampton Goldfields Ltd	(c)	196 248	**100**	100	–	–	–	–
South Kal Mines (Pty) Ltd	(c)	6	**100**	100	–	–	–	–
Investment holding companies:								
Aurora Gold Ltd	(c)	685 006	**100**	100	–	–	–	–
Aurora Gold Australia (Pty)Ltd	(c)	58	**100**	100	–	–	–	–
Aurora Gold Finance Ltd	(c)	#	**100**	100	–	–	–	–
Aurora Gold Services (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Aurora Gold (WA) (Pty) Ltd	(c)	163 115	**100**	100	–	–	–	–
Aurora Gold (PNG) (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Aurora Gold (Wafi) (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Aurora Gold Administration (Pty) Ltd	(c)	293	**100**	100	–	–	–	–
Evander Stone Holdings (Pty) Ltd	(a)	#	**100**	100	–	–	–	–
Harmony Gold (Isle of Man) Ltd	(f)	550	**100**	100	–	–	–	–
Harmony Gold Investments (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Harmony Gold Securities (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Harmony Gold WA (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Harmony Victoria (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Potchefstroom Gold Areas Ltd	(a)	8 407	**100**	100	–	–	–	–
Vadessa (Pty) Ltd	(c)	#	**100**	100	–	–	–	–
Marketing company:								
Harmony Precision Casting (Pty) Ltd	(a)	357	**70**	70	–	–	**(1)**	–
Mineral rights holding companies:								
Australian Ores & Minerals (Pty) Ltd	(c)	8 766	**100**	100	–	–	–	–
Carr Boyd Minerals (Pty) Ltd	(c)	402 414	**100**	100	–	–	–	–
Cogent (Pty) Ltd	(a)	#	**100**	100	–	–	–	–
Hampton Gold Mining Areas Ltd	(g)	299 680	**100**	100	–	–	–	–
Kwazulu Gold Mining Company (Pty) Ltd	(a)	#	**100**	100	–	–	–	–
Morobe Consolidated Goldfields Ltd	(h)	#	**100**	100	–	–	–	–
Portions 1 and 3 Wildebeesfontein (Pty) Ltd	(a)	2	**100**	100	–	–	–	–
Potchefstroom Gold Holdings (Pty) Ltd	(a)	2	**100**	100	–	–	–	–
Remaining Extent and Portion 15 Wildebeesfontein (Pty) Ltd	(a)	1	**90**	90	–	–	–	–
The Kunana Mining Company (Pty) Ltd	(a)	#	**100**	100	–	–	–	–
Trodex Platinum (Pty) Ltd	(a)	4	**100**	100	–	–	–	–
Venda Gold Mining Company (Pty) Ltd	(a)	#	**100**	100	–	–	–	–
Wafi Mining Ltd	(h)	#	**100**	100	–	–	–	–

Annexure A: statement of subsidiary companies

COMPANY AND DESCRIPTION		ISSUED SHARE CAPITAL R'000	EFFECTIVE GROUP INTEREST 2007 %	EFFECTIVE GROUP INTEREST 2006 %	COST OF INVESTMENT BY HOLDING COMPANY 2007 RM	COST OF INVESTMENT BY HOLDING COMPANY 2006 RM	LOANS FROM/(TO) HOLDING COMPANY 2007 RM	LOANS FROM/(TO) HOLDING COMPANY 2006 RM
Indirect subsidiaries (continued)								
Property holding companies:								
Evander Township Ltd	(a)	1 340	**100**	100	**–**	–	**–**	–
Evander Township Development Ltd	(a)	3	**100**	100	**–**	–	**–**	–
Quarrytown Ltd	(a)	#	**100**	100	**–**	–	**–**	–
Salt Holdings Ltd	(a)	60	**100**	100	**–**	–	**–**	–
Joint venture company – direct								
Mining related services company:								
Healthshare Health Solutions (Pty) Ltd	(a)	#	**45**	45	**–**	–	**–**	–
Joint venture company – indirect								
Dormant company								
MP Britz Pharmacy Pty Ltd	(a)	#	**45**	45	**–**	–	**–**	–
H Taute Pharmacy Pty Ltd	(a)	#	**45**	45	**–**	–	**–**	–

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 in the relevant components of the financial statements on a line by line basis.

COMPANY AND DESCRIPTION		ISSUED SHARE CAPITAL R'000	EFFECTIVE GROUP INTEREST 2007 %	EFFECTIVE GROUP INTEREST 2006 %	COST OF INVESTMENT BY HOLDING COMPANY 2007 RM	COST OF INVESTMENT BY HOLDING COMPANY 2006 RM	LOANS FROM/(TO) HOLDING COMPANY 2007 RM	LOANS FROM/(TO) HOLDING COMPANY 2006 RM
Associate company – indirect:								
Gold mining company:								
Western Areas Limited	(a)	154 054	**–**	29	**–**	–	**–**	–
Mining related services company:								
Orpheo by Harmony (Pty) Ltd	(a)	#	**50**	50	**–**	–	**–**	–
Village Main Reef Gold Mining Company Ltd	(a)	758	**38**	38	**–**	–	**–**	–

Investments in associates are accounted for by using the equity method of accounting. Equity accounting involves recognising in the income statement the Group's share of the associate's profit or loss for the period. The Group's interest in the associate is carried on the balance sheet at an amount that reflects the cost of the investment, the share of post acquisition earnings and other movement in the reserves.

	COST OF INVESTMENT 2007 RM	COST OF INVESTMENT 2006 RM	LOANS 2007 RM	LOANS 2006 RM
Total	**20 400**	20 400	**6 072**	7 377
Total investments			**26 472**	27 777

\# Indicates issued share capital of less than R1 000

(a) Incorporated in the Republic of South Africa
(b) Incorporated in the Republic of Peru
(c) Incorporated in Australia
(d) Incorporated in France
(e) Incorporated in Swaziland
(f) Incorporated in the Isle of Man
(g) Incorporated in the United Kingdom
(h) Incorporated in the Papua New Guinea

The above investments are valued by the directors at book value.

The interest of Harmony Gold Mining Company Ltd in the aggregate amount of the after tax profits of its subsidiaries, joint venture companies and associates is R616 million (2006: losses of R839 million).

For the year ended 30 June 2007

Please note: This income statement has not been prepared in accordance with US-GAAP. For convenience purposes, the IFRS income statement has been converted to US dollars using the applicable rates.

	GROUP 2007 $M	GROUP 2006 $M
Continuing operations		
Revenue	**1 271**	1 073
Production cost – exclusive of amortisation and depreciation of mining properties, mine development costs and mine plant facilities	**(954)**	(878)
Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	**(116)**	(139)
Amortisation and depreciation of assets other than mining properties, mine development costs and mine plant facilities	**(4)**	(9)
Corporate, administration and other expenditure	**(26)**	(19)
Reversal of provision for rehabilitation costs	**2**	3
Marketing and new business expenditure	**(9)**	(8)
Exploration expenditure	**(27)**	(11)
Employment termination and restructuring costs	**–**	11
Care and maintenance cost of closed shafts	**(7)**	(19)
Share-based compensation	**(6)**	(15)
Profit on sale of property, plant and equipment	**25**	10
Reversal of impairment of assets	**19**	34
Gain/(loss) on financial instruments	**6**	(81)
Profit on sale of investment in associate	**33**	–
Reversal of provision/(provision) for post retirement benefits	**2**	(1)
Other expenses – net	**(6)**	(26)
Operating profit/(loss)	**203**	(75)
Loss from associates	**(3)**	(17)
(Loss)/profit on sale of listed investments	**(5)**	48
Profit on sale of subsidiaries	**–**	2
Profit on mark-to-market of listed investment	**15**	14
Investment income	**27**	32
Finance cost	**(72)**	(69)
Profit/(loss) before tax	**165**	(65)
Taxation	**(35)**	(22)
Net profit/(loss) from continuing operations	**130**	(87)
Discontinued operations		
(Loss)/Profit from discontinued operations	**(46)**	3
Loss from measurement to fair value less cost to sell	**(38)**	–
Net profit/(loss)	**46**	(84)

This convenience translation is based on average rates of US$1 = R7.20 (2006: US$1 = R6.36).

Convenience translation unaudited balance sheet (US$/Imperial)

As at 30 June 2007

Please note: This balance sheet has not been prepared in accordance with US-GAAP. For convenience purposes, the IFRS income statement has been converted in US dollars using the applicable rates.

	GROUP	
	2007 $M	2006 $M
Assets		
Non-current assets		
Property, plant and equipment	**3 466**	3 252
Intangible assets	**328**	317
Restricted cash	**1**	36
Investments in financial assets	**197**	317
Investments in associates	**1**	266
Investments in subsidiaries	**–**	–
Deferred income tax asset	**330**	275
Trade and other receivables	**10**	12
Total non-current assets	**4 333**	4 475
Current assets		
Inventories	**105**	93
Investments in financial assets	**353**	–
Trade and other receivables	**130**	102
Income and mining taxes	**2**	4
Restricted cash	**39**	–
Cash and cash equivalents	**101**	91
	730	290
Non-current assets classified as held for sale	**180**	–
Total current assets	**910**	290
Total assets	**5 243**	4 765
Equity		
Share capital and reserves		
Share capital	**3 641**	3 555
Other reserves	**(50)**	(38)
(Accumulated loss)/retained earnings	**(239)**	(281)
Total equity	**3 352**	3 236
Non-current liabilities		
Borrowings	**248**	361
Deferred income tax liabilities	**710**	596
Derivative financial instruments	**–**	88
Provision for environmental rehabilitation	**155**	120
Provision for other liabilities and charges	**2**	2
Retirement benefit obligations	**15**	15
Total non-current liabilities	**1 130**	1 182
Current liabilities		
Trade and other payables	**249**	205
Borrowings	**405**	141
Cash and cash equivalents	**31**	–
Shareholders for dividends	**1**	1
	686	347
Liabilities directly associated with non-current assets classified as held for sale	**75**	–
Total current liabilities	**761**	347
Total liabilities	**1 891**	1 529
Total equity and liabilities	**5 243**	4 765

This convenience translation is based on a closing rates of US$1 = R7.04 (2006: US$1 = R7.17).

For the year ended 30 June 2007

Please note: This cash flow has not been prepared in accordance with US-GAAP. For convenience purposes, the IFRS income statement has been converted in US dollars using the applicable rates.

	GROUP 2007 $M	GROUP 2006 $M
Cash flows from operating activities		
Cash generated by/(utilised in) operations	**257**	108
Interest received	**25**	33
Dividends received	**3**	3
Interest paid	**(31)**	(32)
Income and mining taxes (paid)/refunded	**(2)**	(2)
Net cash generated by/(utilised in) operating activities	**252**	110
Cash flows from investing activities		
Net increase in amounts invested in environmental trusts	**(2)**	(5)
Restricted cash	**(4)**	(32)
Cash held by subsidiaries on acquisition	**–**	–
Cash held by subsidiaries at disposal	–	–
Investment in Orpheo by Harmony acquired	–	(1)
Investment in MP Britz and H Taute Pharmacies acquired	–	–
Proceeds on disposals of Buffalo Creek	–	3
Cost on closure of hedge positions	**(80)**	(54)
Proceeds on disposal of available-for-sale financial assets	**55**	365
Acquisition of associate	–	(321)
Increase in intangible assets	**(6)**	–
(Increase)/decrease in other non-current investments	**(5)**	3
Proceeds on disposal of mining assets	**27**	13
Additions to property, plant and equipment	**(383)**	(275)
Net cash (utilised in)/generated by investing activities	**(398)**	(304)
Cash flows from financing activities		
Long-term borrowings raised	**253**	160
Long-term borrowings paid	**(139)**	(205)
Ordinary shares issued	**19**	29
Dividends paid	**(1)**	(1)
Net cash generated by/(utilised in) financing activities	**132**	(17)
Foreign currency translation adjustments	**(7)**	35
Net (decrease)/increase in cash and cash equivalents	**(21)**	(176)
Cash and equivalents – beginning of year	**91**	267
Cash and equivalents – end of year	**70**	91

Operating activities are translated at average rates of US$1 = R7.20 (2006: US$1 = R6.36).

Closing balances are translated at closing rates of US$1 = R7.04 (2006: US$1 = R7.17).