Notes to the company financial statements

For the years ended 30 June 2010

Figures in million	SA rand 2010	2009
1 Cost of sales		
Production costs (a)	**2 274**	2 334
Amortisation and depreciation of mining properties, mine development costs and mine plant facilities	**249**	294
Amortisation and depreciation of assets other than mining and mining related assets (b)	**34**	69
Rehabilitation expenditure (c)	**35**	(46)
Care and maintenance cost of restructured shafts	**27**	19
Employment termination and restructuring costs (d)	**71**	10
Share-based payments (e)	**38**	22
Impairment of assets (f)	**249**	52
Provision for post-retirement benefits	**1**	2
Total cost of sales	**2 978**	2 756

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

	2010	2009
Labour costs, including contractors	**1 512**	1 410
Stores and materials	**545**	549
Water and electricity	**281**	210
Insurance	**47**	55
Transportation	**68**	68
Changes in inventory	**(14)**	8
Capitalisation of mine development costs	**(239)**	(234)
By-products sales	**(1)**	(1)
Royalty expense	**5**	–
Other	**70**	269
Total production cost	**2 274**	2 334

(b) Amortisation and depreciation of assets other than mining and mining related assets

	2010	2009
Other non-mining assets	**2**	–
Intangible assets	**30**	24
Amortisation of issue costs	**2**	45
Total amortisation and depreciation	**34**	69

(c) For the assumptions used to calculate the rehabilitation costs, refer to note 3.4 of the Group financial statements.

(d) During the 2010 financial year, Brand 3, Harmony 2 and Merriespruit 3 shafts were closed and placed on care and maintenance. The closures contributed to employment termination and restructuring cost. The group also engaged in a voluntary retrenchment process during the year, resulting in additional retrenchment costs.

Figures in million	SA rand 2010	2009

1 Cost of sales cont.

(e) Refer to note 27 for details on the share-based payments schemes operated by the company.

(f) Impairments were recognised during the year as a result of shaft closures discussed in 1(d) above as well as the revised business (life-of-mine) plans, which affected Merriespruit 1 shaft. Impairments recorded in the 2009 financial year relates mainly to revised business plans, which included increases in labour and electricity cost.

Impairment tests were performed as required by IAS 36, *Impairment of Assets*, and as a result these impairments were recorded. For assumptions used to calculate the recoverable amount, refer to note 3.1 of the group financial statements.

2 Other expenses – net

	2010	2009
Foreign exchange gain–net (a)	**–**	(139)
Profit on sale of property, plant and equipment (b)	**(2)**	(1)
Bad debts provision expense (c)	**475**	217
Bad debts written off (d)	**10**	7
Other expenses–net	**10**	41
Total other expenses – net	**493**	125

(a) Included in the 2009 financial year is R205 million exchange gains on the forward contract arranged by Harmony for the receipt of the proceeds for the Randfontein Cooke transaction. Refer to note 7(a)(iii) in the group financial statements. Also included were foreign exchange losses of R66 million relating to the repayment of the intercompany loan by Harmony Gold (Australia) (Proprietary) Limited.

(b) Profit on sale of property, plan and equipment relates to scrap sales.

(c) (i) The bad debts provision expense mainly relates to the provision for irrecoverable loans to associates and subsidiaries. The increase in the provision in the 2010 financial year relates to the following:

The loan of R482 million to ARMGold/Harmony Joint Investment Company (Proprietary) Limited (the Investment Company) was impaired. This was as a result of the impairment of the investment in Pamodzi Gold Limited (Pamodzi) held by the Investment Company. Refer to note 14 for more detail.

(ii) Included in the total for the 2009 financial year are provisions for the following loans:
Pamodzi: R116 million
Harmony Gold (Marketing) (Proprietary) Limited: R25 million
Harmony HIV/Aids Company (Proprietary) Limited: R10 million
Musuku Benefication Systems (Proprietary) Limited: R57 million
Refer to note 13 and 14.

(d) Trade debts and loans of R10 million were written off as the company considered the debt irrecoverable.

Figures in million	SA rand 2010	2009

3 Operating (loss)/profit

The following have been included in operating (loss)/profit:

	2010	2009
Auditors' remuneration	**8**	6
External		
Fees – current year	**5**	3
Fees – prior year under provision	**–**	1
Fees – Other services	**1**	1
Internal		
Fees – other services	**2**	1

4 Net gain on financial instruments

	2010	2009
Fair value through profit or loss		
Fair value gain on environmental trust funds	**4**	–
Available-for-sale instruments		
Impairment recognised in profit or loss (a)	**(1)**	–
Loss on sale of investments (b)	**(2)**	–
Realised portion of fair value movement (b)	**6**	–
Total net gain on financial instruments	**7**	–

(a) The impairment in the 2010 financial year relates to various small investments, which were considered to be permanently impaired.

(b) The company disposed of a number of listed investments it held through New Africa Mining Fund during the 2010 financial year for a total consideration of R8.5 million. Total fair value movement gains of R6 million relating to these investment were reclassified from other reserves to the income statement. Refer to note 12 and 19 in this regard.

5 Investment income

	2010	2009
Interest received	**117**	211
Loans and receivables	**21**	21
Held-to-maturity investments	**12**	26
Cash and cash equivalents	**84**	164
Dividend income (a)	**84**	–
Total investment income	**201**	211

(a) Included in the amount is a cash dividend of R82 million received from Lydenburg Exploration Limited, a wholly owned subsidiary of Harmony.

Figures in million	SA rand 2010	2009
6 Finance costs		
Financial liabilities		
Bank and short-term facilities	**1**	22
Convertible unsecured fixed rate bonds	**–**	135
Nedbank Limited	**63**	175
Total finance costs from financial liabilities	**64**	332
Non-financial liabilities		
Post-retirement benefit	**1**	–
Time value of money and inflation component of rehabilitation costs	**32**	23
South African Revenue Services (SARS)	**9**	–
Total finance costs from non-financial liabilities	**42**	23
Total finance costs	**106**	355
7 Taxation		
SA normal taxation		
Mining tax (a)		
– current year	**2**	57
– prior year	**–**	–
Non-mining tax (b)		
– current year	**35**	143
– prior year	**–**	4
Deferred tax (c)		
– deferred tax	**87**	109
Total normal taxation	**124**	313

(a) Mining tax on gold mining income in South Africa is determined according to a formula, based on the taxable income from mining operations. The company had made no election to be exempt from Secondary Tax on Companies (STC) and is therefore taxed at a lower rate.

All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss and accounting depreciation is eliminated when calculating the company's mining taxable income. Excess capital expenditure is carried forward as unredeemed capital to be claimed from future mining taxable income.

The formula for determining the South African gold mining tax rate for the 2009 and 2010 financial years is:

$Y = 34 – 170/X$

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

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

Figures in million	SA rand 2010	SA rand 2009

7 Taxation cont

(c) The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year. The deferred tax rate for the 2010 financial year was 23.1% (2009: 17.1%).

The tax rates remained unchanged for the 2010 and 2009 financial years.

Figures in million	2010	2009
Major items causing the income tax provision to differ from the maximum mining statutory tax rate of 34% were:		
Tax on net (loss)/income at the maximum mining statutory tax rate	**139**	(94)
Non-allowable deductions	**(208)**	(332)
Effect on temporary differences due to changes in effective tax rate	**(55)**	117
Prior year adjustment – mining and non-mining tax	**–**	(4)
Income and mining taxation	**(124)**	(313)
Effective income and mining tax rate	**(30%)**	113%
Deferred tax		
Deferred tax liabilities and assets on the balance sheet as at 30 June 2010 and 30 June 2009, relate to the following:		
Gross deferred tax liability	**380**	243
Amortisation and depreciation	**379**	237
Product inventory not taxed	**–**	3
Other	**1**	3
Gross deferred income and mining tax assets	**(86)**	(36)
Unredeemed capital expenditure	**(3)**	(1)
Provisions, including non-current provisions	**(83)**	(35)
Net deferred tax liability	**294**	207
Movement in the net deferred tax liability recognised in the balance sheet is as follows:		
Balance at beginning of year	**207**	98
Total charge per income statement	**87**	109
Balance at end of year	**294**	207
The following amounts that are expected to realise or be recovered in the next 12 months have been included in the deferred tax liabilities and assets:		
Deferred tax liabilities	**39**	6
Deferred tax assets	**(25)**	(17)
Net current deferred tax liability/(asset)	**14**	(11)

Notes to the company financial statements cont.

For the years ended 30 June 2010

Figures in million	SA rand 2010	2009

7 Taxation cont

At 30 June 2010, the company has unredeemed capital expenditure of R13 million (2009: R6 million) and a nil tax loss (2009: nil) available for deduction against future mining taxable income. These future deductions are utilisable against mining taxable income generated only from the company's current mining operations and does not expire unless the company ceases to trade for a period longer than one year.

As at 30 June 2009 and 2010, the company had recognised all deferred tax assets in the determination of the net deferred tax liability.

During the years ended 30 June 2010 and 2009, there was no tax charged directly to equity.

Secondary Taxation on Companies
STC is a tax levied on South African companies at a rate of 10% with effect from 1 October 2007 on dividends distributed.

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

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

Available STC credits at end of year	**141**	273

On 13 August 2010, the board of directors approved a final dividend for the 2010 financial year of 50 SA cents per share. The total dividend amounts to R214 million. As the dividends declared exceed the STC credits available, STC on the amount of R73 million is payable at a rate of 10%.

8 Property, plant and equipment

Mining properties, mine development costs and mine plant facilities	**2 048**	1 355
Undeveloped properties	**402**	410
Other non-mining assets	**6**	4
Total property, plant and equipment	**2 456**	1 769

Figures in million	SA rand 2010	2009

8 Property, plant and equipment cont.

Mining properties, mine development costs and mine plant facilities

	2010	2009
Cost		
Balance at beginning of year	**3 909**	3 570
Acquisition Pamodzi FS assets (a)	**180**	–
Acquisition – AVRD (b)	**398**	–
Additions	**515**	353
Adjustment to rehabilitation asset	**97**	(14)
Balance at end of year	**5 099**	3 909
Accumulated depreciation and impairments		
Balance at beginning of year	**2 554**	2 208
Impairment of assets	**248**	52
Depreciation	**249**	294
Balance at end of year	**3 051**	2 554
Net book value	**2 048**	1 355
Undeveloped property		
Cost		
Balance at beginning of year	**410**	410
Disposal	**(8)**	–
Net book value	**402**	410
Other non-mining assets		
Cost		
Balance at beginning of year	**44**	40
Additions	**4**	4
Balance at end of year	**48**	44
Accumulated depreciation and impairments		
Balance at beginning of year	**40**	40
Depreciation	**2**	–
Balance at end of year	**42**	40
Net book value	**6**	4
Total net book value	**2 456**	1 769

(a) During the 2010 financial year, the company concluded separate purchase agreements with the liquidators of Pamodzi FS for the purchase of its Free State South assets and inventories (refer to note 16). The consideration paid for the mining assets was R180 million and R100 million was paid for the inventories.

(b) During March 2010, the company acquired the 26% shares of the mining title of Doornkop South Reef from AVRD for a total consideration of R398 million. Refer to note 15 for more detail.

Figures in million	SA rand 2010	2009
9 Intangible assets		
Computer software (a)		
Cost		
Balance at the beginning of year	**101**	63
Additions during the year	**16**	38
Balance at end of year	**117**	101
Accumulated amortisation and impairments		
Balance at the beginning of year	**40**	16
Amortisation charge for the year	**30**	24
Balance at end of year	**70**	40
Total net book value	**47**	61

(a) The amount relates to the implementation of an Oracle ERP software application.

10 Restricted cash

Environmental guarantees call account	**112**	112

The amount relates to funds set aside for guarantees made to the Department of Mineral Resources for environmental and rehabilitation obligations.

11 Restricted investments

Investments held by Environmental Trust Fund (a)	**225**	212
– Fair value through profit or loss equity-linked deposits	**177**	–
– Held-to-maturity call deposits	**48**	212
Investments held by Social Trust Fund (b)	**40**	43
Total restricted investments	**265**	255

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

Reconciliation of the movement in the Environmental Trust Fund:		
Balance at beginning of year	**212**	190
Fair value gain	**4**	–
Interest accrued	**9**	22
Balance at end of year	**225**	212

Figures in million	SA rand 2010	SA rand 2009

11 Restricted investments cont.

(b) The social trust fund is an irrevocable trust under the company's control. In terms of an agreement signed on 3 November 2003, the company has undertaken to make donations to The Harmony Gold Mining Company Social Plan Trust over a period of 10 years. 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 instalment to be made in 2013. The purpose of the Trust is to fund the social plan to reduce the negative effects of restructuring on the 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.

Figures in million	2010	2009
Reconciliation of the movement in the Social Trust Fund:		
Balance at beginning of year	**43**	36
Contributions made	**4**	4
Interest accrued	**3**	4
Claims paid	**(10)**	(1)
Balance at end of year	**40**	43

12 Investment in financial assets

Figures in million	2010	2009
Available-for-sale financial assets		
Balance at beginning of year	**8**	2
Additions	**3**	6
Disposals	**(11)**	–
Fair value movement of available-for-sale investments	**4**	–
Balance at end of year	**4**	8
The carrying amount consists of the following:		
Investment in listed and unlisted shares	**4**	8

These investments have been valued by the directors by performing independent valuations on an annual basis to ensure that no significant prolonged decline in the value of the investments has occurred. During the 2010 financial year the group disposed of certain listed investments for a net loss of R2 million. Refer to note 4. Fair value gains recognised in other comprehensive income for the year totalled R10 million with R6 million being reclassified to the income statement on the disposal of the listed investments. During the 2010 financial year, the group did not receive any income from these investments (2009: Nil).

Figures in million	SA rand 2010	2009

13 Investments in associates

	2010	2009
Balance at beginning of year	–	146
Disposal of share in associate	–	(1)
Impairment of share in associate	–	(145)
Balance at end of year	**–**	–

On 27 February 2008 Pamodzi acquired the Orkney operations from the group for a consideration of 30 million Pamodzi shares. This resulted in Harmony owning 32.4% of Pamodzi valued at R345 million being R11.50 per share on acquisition date. Pamodzi was listed on the JSE and had interests in operating gold mines in South Africa

During March 2009, Pamodzi was placed in liquidation and the trading of its shares on the JSE was suspended.

The company recognised cumulative impairments of R345 million up to 30 September 2008 thereby reducing the carrying value of the investment to R0.

Refer to group financial statements note 21 for further details

14 Investments in subsidiaries

	2010	2009
Shares at cost (a)(b)	**22 524**	21 764
Loans to subsidiary companies (c)	**4 437**	4 362
Loans from subsidiary companies	**(740)**	(928)
Total investments in subsidiaries	**26 221**	25 198

Refer to Annexure A on page 348 for a detailed listing of the company's investments in subsidiaries and the loans to and from these companies.

(a) During the 2010 financial year, the liquidation process of Harmony Precious Metal Services SAS, Harmony Gold (Peru) SA, Harmony Gold (Isle of Man) Limited and Harmony Gold Netherland BV was finalised. The investments in these companies, amounting to R6 million, were written off in 2009 in anticipation of the liquidations.

The investment in the Investment Company of R0.8 million was impaired when it was determined that the carrying value exceeded the Investment Company's net asset value.

(b) During the 2010 financial year, Harmony Gold (Australia) (Proprietary) Limited (Harmony Australia) issued 212.9 million (2009: 435.2 million) ordinary shares, valued at R762 million (2009: R1 370 million), when the loan to Harmony Australia was capitalised as part of the company's net investment in Harmony Australia.

Figures in million	SA rand 2010	2009

14 Investments in subsidiaries cont.

(c) During the 2010 financial year, R483 million was provided as irrecoverable for the investment in and loan to Investment Company (refer to note 2). The remaining loan balance of R1.2 billion will be evaluated periodically to determine whether further provision is required.

During the 2009 financial year, R94 million was provided as irrecoverable for loans to subsidiaries. These subsidiaries are dormant and will be liquidated in due course. Included in the balance are provisions raised for the following loans:

	2010	2009
Musuku Benefication Systems (Proprietary) Limited	–	57
Harmony Gold (Marketing) (Proprietary) Limited	–	25
Harmony HIV/AIDS Company (Proprietary) Limited	–	10
ARMGold/Harmony Joint Investment Company (Proprietary) Limited	**483**	–

15 Investment in joint venture

Doornkop JV agreement

During the 2010 financial year, Harmony and Randfontein Estates Limited, a subsidiary of Harmony, entered into a joint venture agreement for the operation of the Doornkop mine following Harmony's purchase of a 26% interest in the Doornkop mining right from AVRD.

The agreement to purchase AVRD's 26% interest during the 2010 financial year is considered to be a repurchase of a call option (equity interest). The transaction became effective on 19 March 2010. As consideration for the 26% interest in Doornkop, the company repaid the outstanding balance of R244 million of the AVRD Nedbank loan (refer to note 29 of group financial statements) on 31 March 2010, as well as issued 2 162 359 shares to AVRD on 28 April 2010. The value of the consideration shares on the effective date was R151 million. The total purchase consideration was R398.0 million. In terms of the sales agreement, 975 419 consideration shares are to be held in escrow until 1 May 2014. The difference between the value of the shares issued of R151 million, the settlement of the AVRD Nedbank loan and transaction costs, have been taken directly to equity.

Harmony recognised the cost of the mineral rights as part of property, plant and equipment (refer to note 8). Depreciation of R1.4 million was recorded during the 2010 financial year for this asset. The joint venture agreement entitles the Company to a 16% share of the operating profit or loss of the Doornkop mine. During 2010, this amounted to a profit of R5 million for 3 months from the effective date.

	2010	2009
The following are the company's effective share of income, expenses, assets and liabilities, which are included in the 2010 financial statements:	**16%**	–
Revenue	**23**	–
Operating costs	**(18)**	–
Operating profit	**5**	–
	26%	–
Non-current assets	**398**	–
Total assets	**398**	–

Figures in million	SA rand 2010	SA rand 2009

16 Inventories

	2010	2009
Gold in lock-up	**25**	–
Gold in-process and bullion on hand	**106**	17
Stores and materials at weighted average cost	**142**	147
Total inventories	**273**	164
Non-current portion of gold in lock-up and gold in-process	**(53)**	–
Total current portion of inventories	**220**	164
Included in the balance above is:		
Inventories valued at net realisable value:	**25**	–

During the year the company acquired a gold plant containing gold in lock-up valued at R100 million from Pamodzi FS, which has been included in the cost of inventory. Refer to note 8.

During the year, R2 million (2009: R2 million) was reversed against the slow moving stock provision. The total provision at 30 June 2010 was R10 million (2009: R12 million).

17 Trade and other receivables

	2010	2009
Current		
Financial assets:		
Trade receivables (gold)	**333**	245
Other trade receivables (a)	**36**	42
Provision for impairment	**(19)**	(17)
Trade receivables – net	**350**	270
Interest and other receivables (b)	**16**	15
Employee receivables	**15**	20
Insurance claims receivable (c)	**54**	3
Non-financial assets:		
Prepayments	**8**	15
Total current trade and other receivables	**443**	323
Non-current		
Financial assets:		
Loans receivables (d)	**149**	186
Provision for impairment (e)	**(116)**	(125)
Loans receivables – net	**33**	61
Loan to Harmony Share Trust	**3**	3
Total non-current trade and other receivables	**36**	64

(a) Included in other trade receivables is an amount of R6 million (2009: R68 million) owed by Rand Uranium, a related party (refer to note 29).

(b) Included in interest and other receivables is an amount of R7 million owing by Pamodzi FS in terms of the asset purchase agreements, for rehabilitation trust funds to be released to the company.

Figures in million	SA rand 2010	2009

17 Trade and other receivables cont.

(c) The insurance claim receivable of R54 million relates to damage caused by an underground fire at the Bambanani operation. The claim was settled subsequent to 30 June 2010.

(d) Loans comprise various loans, which have been valued by the directors. Included in this balance is the loan of R116 million (2009: R116 million) owed by Pamodzi. The loan bore interest at prime rate until March 2009 when Pamodzi was placed into liquidation. Also included in this balance in 2009 was a loan of R9 million due from Ubuntu Small Scale Mining (Pty) Ltd (Ubuntu). The loan bore interest at prime less 3% with no fixed repayment terms.

(e) Included in this balance is the amount of R116 million (2009: R116 million) relating to the loan owed by Pamodzi. Also included in the balance in the 2009 financial year is an amount of R9 million relating to the loan owed by Ubuntu, which was subsequently written off in the 2010 financial year.

	2010	2009
The movement in the provision for impairment of trade receivables during the year was as follows:		
Balance at beginning of year	**17**	10
Impairment loss recognised	**5**	8
Receivables written off during the year	**–**	(1)
Unused amounts reversed	**(3)**	–
Balance at end of year	**19**	17

	2010	2009
The movement in the provision for impairment of loans receivable during the year was as follows:		
Balance at beginning of year	**125**	14
Impairment loss recognised	**–**	117
Loans written off during the year	**(9)**	(6)
Balance at end of year	**116**	125

The ageing of trade receivables at the reporting date was:

	2010 Gross	Impairment
30 June 2010		
Fully performing	**325**	**–**
Past due by 1 to 30 days	**11**	**–**
Past due by 31 to 60 days	**12**	**–**
Past due by 61 to 90 days	**–**	**–**
Past due by more than 90 days	**9**	**8**
Past due by more than 361 days	**12**	**11**
Balance at 30 June 2009	**369**	**19**

Figures in million	SA rand 2010	2009

17 Trade and other receivables cont.

	2009 Gross	Impairment
30 June 2009		
Fully performing	250	–
Past due by 1 to 30 days	17	–
Past due by 31 to 60 days	1	–
Past due by 61 to 90 days	–	–
Past due by more than 90 days	9	7
Past due by more than 361 days	10	10
Balance at 30 June 2009	287	17

	2010 Gross	Impairment
The ageing of loans receivable at the reporting date was:		
30 June 2010		
Fully performing	**33**	**–**
Past due by 1 to 30 days	**–**	**–**
Past due by 31 to 60 days	**–**	**–**
Past due by 61 to 90 days	**–**	**–**
Past due by more than 90 days	**–**	**–**
Past due by more than 361 days	**116**	**116**
Balance at 30 June 2009	**149**	**116**

	2009 Gross	Impairment
30 June 2009		
Fully performing	61	–
Past due by 1 to 30 days	–	–
Past due by 31 to 60 days	–	–
Past due by 61 to 90 days	–	–
Past due by more than 90 days	4	4
Past due by more than 361 days	121	121
Balance at 30 June 2008	186	125

Based on past experience, the company believes that no impairment allowance is necessary in respect of fully performing receivables as the amount relates to customers that have a good track record with the company. Similarly, the loans and receivables noted above, other than those that have been provided for, are fully performing and considered to be a low risk

The company does not hold any collateral in respect of financial assets.

During the 2010 and 2009 financial years there was no renegotiation of the terms of any receivable.

18 Share capital

Authorised

1 200 000 000 (2009: 1 200 000 000) ordinary shares of SA 50 cents each

10 958 904 (2009: 10 958 904) redeemable convertible preference shares of SA 50 cents each

Issued

428 654 779 (2009: 425 986 836) ordinary shares of SA 50 cents each. All issued shares are fully paid.

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

10% of the authorised unissued shares are under the control of the directors until the forthcoming annual general meeting. The Directors' report and note 34 of the group financial statements set out details in respect of the share option scheme and shares held in trust for employees of the group.

The directors of the company has a general authority to issue its shares for cash up to a maximum of 5% of the issued share capital in any one financial year. This is in terms of the annual general meeting of shareholders on 23 November 2009 and valid until the forthcoming annual general meeting. The general authority is subject to the Listings Requirements of the JSE Limited and the Companies Act no 61 of 1973 of South Africa, as amended.

Share issues

2010 Financial year

On 19 March 2010, Harmony concluded an agreement with AVRD. Refer to note 15 for more detail.

2009 Financial year

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

Harmony engaged in capital raising by issuing two tranches of shares following the resolution passed by shareholders at the annual general meeting held on 24 November 2008. The first tranche was issued into the open market between 25 November 2008 and 19 December 2008. In this tranche, 10 504 795 Harmony shares were issued at an average subscription price of R93.20, resulting in R979 million before costs being raised. The cost of the issue was R15 million or 1,5% of the value of shares issued.

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

Figures in million	SA rand 2010	2009

19 Other reserves

Other reserves comprises of:		
Fair value movement of available-for-sale financial assets (a)	**4**	–
Repurchase of equity interest (b)	**3**	–
Equity component of convertible bond (c)	**277**	277
Share-based payments (d)	**186**	148
Total other reserves	**470**	425
Fair value movement of available-for-sale financial assets		
Fair value movement – unrealised	**10**	–
Realised portion reclassified through profit or loss	**(6)**	–
Balance at end of year	**4**	–
Repurchase of equity interest		
Equity reserve on issue of shares	**154**	–
Shares issued	**(151)**	–
Balance at end of year	**3**	–
Equity component of convertible bond		
Balance at beginning and end of year	**277**	277
Share-based payments		
At the beginning of the year	**148**	126
Share-based payments expensed	**38**	22
Balance at end of year	**186**	148

(a) The balance of the fair value movement reserve represents the movement in the fair value of the available-for-sale financial assets. Refer to note 12 for details regarding the realised portion reclassified to profit or loss.

(b) The sale of 26% of the AVRD mining titles resulted in a R3 million repurchase of a call option (equity interest) by the company. Refer to note 15.

(c) Equity component of bond. Refer to note 26(c) of the group financial statements.

(d) Share-based payments. Refer to note 26(e) in the group financial statements

20 Provision for environmental rehabilitation

The company's mining and exploration activities are subject to extensive environmental laws and regulations. These laws and regulations are continually changing and are generally becoming more restrictive. The company has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements. The following is a reconciliation of the total liability for environmental rehabilitation:

Provision raised for future rehabilitation		
Balance at beginning of year	**314**	351
Change in estimate – Balance sheet	**28**	(14)
Change in estimate – Income statement	**35**	(46)
Additions	**69**	–
Time value of money and inflation component of rehabilitation costs	**32**	23
Total provision for environmental rehabilitation	**478**	314

Figures in million	SA rand 2010	SA rand 2009

20 Provision for environmental rehabilitation cont.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the company has estimated that, based on current environmental and regulatory requirements, the total cost for the mines, in current monetary terms, is approximately R613 million (2009: R422 million). Refer to note 3.4 of the group financial statements for estimations and judgements used in the calculation.

Included in the charge to the income statement is an amount R4 million (2009: R6 million) relating to the time value of money.

	2010	2009
Future net obligations		
Ultimate estimated rehabilitation cost	**613**	422
Amounts invested in environmental trust funds (refer to note 11)	**(225)**	(212)
Total future net obligations	**388**	210

The company intends to finance the ultimate rehabilitation costs from the money invested with environmental trust funds, ongoing contributions, as well as the proceeds on sale of assets and gold in lock-up from plant clean-up at the time of mine closure. The company has guarantees in place relating to the environmental liabilities. Refer to notes 10 and 28.

21 Retirement benefit obligations and other provisions

	2010	2009
Non-current		
Retirement benefit obligation (refer to note 25)	**7**	5
Other	**16**	14
Closing balance	**23**	19

22 Borrowings

	2010	2009
Secured borrowings		
Nedbank Limited (a)	**922**	–
Principal amount	**1 110**	–
Less: unamortised issue costs	**(11)**	
Less: current portion	**(177)**	–
Total secured non-current borrowings	**922**	–
Total non-current borrowings	**922**	–
Total current portion of borrowings	**177**	–
Total borrowings	**1 099**	–

(a) For details on the Nedbank loan, refer to note 29(d) of the group financial statements.

Figures in million	SA rand 2010	2009

23 Trade and other payables

	2010	2009
Financial liabilities		
Trade payables	**120**	64
Other liabilities	**28**	10
Non-financial liabilities		
Payroll accruals	**203**	174
Leave liabilities (a)	**77**	81
Shaft related accruals	**33**	31
Other accruals	**62**	76
Value added tax	**31**	11
Total trade and other payables	**554**	447

(a) **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:

	2010	2009
Balance at beginning of year	**81**	68
Benefits paid	**(84)**	(76)
Total expense per income statement	**80**	89
Balance at end of year	**77**	81

24 Cash generated by operations

Reconciliation of (loss)/profit before taxation to cash generated by operations:

	2010	2009
(Loss)/profit before taxation	**(408)**	277
Adjustments for:		
Amortisation and depreciation	**283**	363
Impairment of assets	**248**	52
Profit on sale of mining assets	**(2)**	(1)
Net increase in provision for post retirement benefits	**1**	2
Net increase/(decrease) in provision for environmental rehabilitation	**35**	(46)
Impairment of investment in associate	**–**	145
Impairment of investments in subsidiaries	**1**	7
Share-based payments	**38**	22
Net gain on financial instruments	**(7)**	–
Loss on sale of investment in associate	**–**	1
Interest received	**(117)**	(211)
Dividends received	**(84)**	–
Interest paid	**106**	355
Provision for doubtful debts	**475**	217
Bad debts written off	**10**	7
Other non cash transactions	**5**	(12)
Effect of changes in operating working capital items:		
Receivables	**(7)**	(29)
Inventories	**(123)**	60
Accounts payable and accrued liabilities	**93**	39
Cash generated by operations	**547**	1 248

24 Cash generated by operations cont.

Additional cash flow information

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

Acquisitions and disposals of subsidiaries/businesses and assets:

For the financial year ended June 2010

(a) Acquisition of President Steyn assets

On 18 February 2010, the company concluded the acquisition of the Pamodzi FS assets for a total consideration of R280 million of which R180 million was attributed to property, plant and equipment and R100 million to inventories.

The principal non-cash transactions for the year were the issue of shares for the acquisition of 26% share of the mining titles of Doornkop South Reef from AVRD (refer to note 15), the capitalisation of the Harmony Australia intercompany loan (refer to note 14(b)) and the share based-payments (refer to note 19).

For the financial year ended June 2009

(a) Disposal of Village Reef Gold Mining Company (Village)

On 10 July 2008, the company disposed of its 37.8% interest in Village to To The Point Growth Specialists Investments 2 (Pty) Ltd, for a consideration of R1.1 million. The investment in Village as at 30 June 2008 had a fair value of R0.7 million.

The principal non-cash transactions for the year were the issue of shares to Rio Tinto for the acquisition of the Wafi Royalty on behalf of Harmony Australia (refer to note 18), the capitalisation of the Harmony Australia intercompany loan (refer to note 14(b)) and share-based payments (refer to note 19).

25 Retirement benefit obligations

Pension and provident funds: The company contributes to several pension and provident funds governed by the Pension Funds Act, 1946 for its employees. The pension funds are multi-employer industry plans. The company's liability is limited to its annually determined contributions.

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

Substantially all the company's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the company for the 2010 financial year amounted to R111 million (2009: R125 million).

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 company contributes to these schemes on behalf of current employees and retired employees who retired prior to 31 December 1996 (Minemed scheme). The annual contributions for these retired employees are fixed. The company's contributions to these schemes on behalf of current employees amounted to R24 million for the 2010 financial year and R27 million for the 2009 financial year.

Assumptions used to determine this liability include, a discount rate of 10.3%, a mortality rate according to the SA 1956/62 mortality table and a medical inflation rate of 8.1%. It is also assumed that all members will retire at the age of 60 and will remain on the current benefit option.

Figures in million	SA rand 2010	2009

25 Retirement benefit obligations cont.

The liability is based on an actuarial valuation conducted during the financial year ended 30 June 2010, using the projected unit credit method. The next actuarial valuation will be performed on 30 June 2011.

	2010	2009
Present value of unfunded obligations	**7**	5
Movement in the liability recognised in the balance sheet:		
Balance at beginning of year	**5**	3
Contributions paid	**(1)**	(1)
Interest cost	**1**	1
Net actuarial loss recognised during the year	**2**	2
Balance at end of year	**7**	5

Net actuarial gain/(loss) for 2008, 2007 and 2006 financial years was Rnil.

	2010	2009
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**10.30%**	10.00%
Healthcare inflation rate	**8.14%**	7.84%
Normal retirement age	**60**	60
The present value of the net liability of the defined benefit plan is as follows:		
Present value of defined benefit obligation	**7**	5
Fair value of plan assets	**–**	–
Net pension liability	**7**	5

The present value of defined benefit obligation was R3 million in 2008, R4 million in 2007 and R4 million in 2006.

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

	1% Increase/ decrease	1% Increase/ decrease
Effect on:		
Aggregate of service cost and interest cost	**–**	–
Defined benefit obligation	**1**	1

The company expects to contribute approximately R0.73 million to its benefit plan in 2011.

26 Employee benefits

	2010	2009
Number of permanent employees as at 30 June:	**9 962**	11 947
Aggregate earnings:		
The aggregate earnings of employees including directors were:		
Salaries and wages and other benefits	**1 379**	1 554
Retirement benefit costs	**111**	125
Medical aid contributions	**24**	27
Total aggregate earnings	**1 514**	1 706

Directors' remuneration is fully disclosed in the Directors' report, on pages 211 to 213.

27 Share option scheme

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

Options granted under the 2001 and 2003 schemes

Refer to note 34 of the group financial statements for the information relating to the 2001 and 2003 schemes. The following information relates specifically to the company.

Number of share options relating to the 2001 and 2003 option scheme	Number of shares 2010	2009
Share options granted	**19 298 719**	19 298 719
Exercised	**13 413 392**	13 091 469
Vested but not exercised	**1 498 666**	1 234 321
Unvested	**–**	602 667
Forfeited and lapsed	**4 386 661**	4 370 262
Vesting periods of unvested options granted:		
Within one year	**–**	602 667
Total number of unvested shares	**–**	602 667

No options were granted in the 2009 and 2010 financial years for the 2001 and 2003 option schemes.

Activity on share options granted but not yet exercised	Number of shares	Weighted average option price (SA rand)
For the year ended 30 June 2010		
Balance at beginning of year	**1 836 987**	**47.54**
Options exercised	**(321 922)**	**44.55**
Options forfeited and lapsed	**(16 399)**	**44.09**
Balance at end of year	**1 498 666**	**48.22**
For the year ended 30 June 2009		
Balance at beginning of year	2 410 629	49.34
Options exercised	(948 444)	50.53
Options forfeited and lapsed	(108 551)	57.10
Intercompany transfer of employees	483 353	
Balance at end of year	1 836 987	47.54

Notes to the company financial statements cont.

For the years ended 30 June 2010

27 Share option scheme cont.

List of options granted but not yet exercised (listed by granted date)	At 30 June 2010	Strike price (SA rand)	Remaining life (year)
24 April 2001	**17 000**	36.50	0.8
20 November 2001	**146 701**	49.60	1.4
23 September 2002	**–**	66.00	2.2
27 March 2003	**32 900**	91.60	2.7
10 August 2004	**389 519**	66.15	4.1
26 April 2005	**912 546**	39.00	4.8
Total options granted but not yet exercised	**1 498 666**		

List of options granted but not yet vested (listed by grant date)	Number of shares 2010	2009
10 August 2004	**–**	199 556
26 April 2005	**–**	403 111
Total options granted but not yet vested	**–**	602 667

Figures in million	SA rand 2010	2009
Average market value of share options traded during the year	**25**	49
Average fair value of share options vested during the year	**28**	75
Share-based cost recognised	**1**	1

Options granted under the 2006 share plan

Refer to note 34 of the group financial statements for the information relating to the 2006 share plan, the following information relates specifically to the company.

Number of shares relating to the 2006 share plan	Number of shares 2010	2009
Shares granted	**6 698 764**	4 978 099
Vested	**86 681**	–
Performance shares	**–**	–
Share appreciation rights	**86 681**	–
Unvested	**5 776 404**	4 536 526
Performance shares	**2 231 202**	2 012 382
Share appreciation rights	**3 545 202**	2 524 144
Shares forfeited	**835 679**	441 573
Performance shares	**450 105**	207 711
Share appreciation rights	**385 574**	233 862

27 Share option scheme cont.

Number of shares relating to the 2006 share plan	Number of shares 2010	2009
Vesting periods of shares granted:		
Within one year	**959 767**	292 704
One to two years	**2 075 359**	984 755
Two to three years	**1 588 682**	2 140 230
Three to four years	**751 042**	753 272
Four to five years	**401 554**	365 565
Total number of unvested shares	**5 776 404**	4 536 526

Activity on PS and SARs granted but not yet exercised	2010 Number of shares	2010 Weighted average option price (SA rand)	2009 Number of shares	2009 Weighted average option price (SA rand)
For the year ended 30 June 2010				
Balance at beginning of year	**4 536 526**		2 237 522	
Performance shares	**2 012 382**	**n/a**	737 523	n/a
Share appreciation rights	**2 524 144**	**78.68**	1 499 999	79.46
Options granted	**1 720 665**		2 426 727	
Performance shares	**461 214**	**n/a**	1 316 659	n/a
Share appreciation rights	**1 259 451**	**77.28**	1 110 068	77.81
Options lapsed	**(394 106)**		(184 342)	
Performance shares	**(242 394)**	**n/a**	(75 823)	n/a
Share appreciation rights	**(151 712)**	**79.40**	(108 519)	80.34
Options vested	**(86 681)**		–	
Performance shares	**–**	**n/a**	–	
Share appreciation rights	**(86 681)**	**112.64**	–	–
Intercompany transfers of employees	**–**		56 619	
Performance shares	**–**		34 023	
Share appreciation rights	**–**		22 596	
Balance at end of year	**5 776 404**		4 536 526	
Performance shares	**2 231 202**	**n/a**	2 012 382	n/a
Share appreciation rights	**3 545 202**	**77.32**	2 524 144	78.68

27 Share option scheme cont.

List of shares granted but not yet exercised (listed by granted date)	At 30 June 2010	Strike price (SA rand)	Remaining life (year)
Performance shares			
15 November 2007	**489 634**	n/a	0.4
7 March 2008	**12 308**	n/a	0.7
5 December 2008	**1 268 046**	n/a	1.4
16 November 2009	**461 214**	n/a	2.4
Share appreciation rights			
15 November 2006	**162 801**	112.64	2.4
15 November 2007	**1 083 120**	70.54	3.4
7 March 2008	**46 154**	102.00	3.7
5 December 2008	**1 048 465**	77.81	4.4
16 November 2009	**1 204 662**	77.28	5.4
Total options granted but not yet exercised	**5 776 404**		

None of the vested share options for the 2006 share plan have been exercised yet.

Figures in million	SA rand 2010	2009
Average fair value of share options vested during the year	**10**	–
Share-based cost recognised	**37**	21

28 Commitments and contingencies

	2010	2009
Capital expenditure commitments		
Contracts for capital expenditure	**27**	31
Authorised by the directors but not contracted for	**–**	196
Total capital commitments	**27**	227

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

	2010	2009
Contingent liabilities		
Environmental guarantees	**201**	28

Refer to note 36 in the group financial statements for a discussion on contingent liabilities.

Figures in million	SA rand 2010	SA rand 2009

29 Related parties

In addition to the transactions disclosed below, the company concluded the following transactions with related parties:
– Pamodzi – Refer to note 8
– AVRD – Refer to note 15

Figures in million	2010	2009
Sales and services rendered to related parties		
Direct associates	–	13
Indirect associates	**69**	218
Direct subsidiaries	**9 272**	8 087
Indirect subsidiaries	**404**	347
Total sales and services rendered to related parties	**9 745**	8 665
Purchases and services acquired from related parties		
Indirect associates	**22**	6
Outstanding balances due by related parties		
Direct associates (a)	**7**	–
Indirect associates	**25**	58
Direct subsidiaries	**4 437**	4 361
Total outstanding balances by related parties	**4 469**	4 419
Outstanding balances due to related parties		
Direct associates (b)	**27**	–
Direct subsidiaries	**296**	500
Indirect subsidiaries	**444**	427
Total outstanding balances to related parties	**767**	927

(a) This amount has been included under trade and other receivables. Refer note 17(a).

(b) This amount relates to the acquisition of the President Steyn assets from Pamodzi FS and is payable when certain conditions are fulfilled. The balance has been classified as current as there is no fixed payment date.

The loans are unsecured and interest-free, with the exception of the loan to Pamodzi.

Annexure A contains a full list of the loans to and from subsidiaries. Refer to note 14 for details of provisions made against these loans.

30 Subsequent events

Refer to note 37 of the group financial statements.

31 Financial risk management

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

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

The company's financial instruments are set out below:

Figures in million (SA rand)	Loans and receivables	Available-for-sale financial assets	Held-to-maturity invest-ments	Fair value through profit or loss	Financial liabilities at amortised cost
At 30 June 2010:					
Restricted cash	**112**	**–**	**–**	**–**	**–**
Restricted investments	**–**	**–**	**88**	**177**	**–**
Investments in financial assets	**–**	**4**	**–**	**–**	**–**
Loans to subsidiaries	**4 437**	**–**	**–**	**–**	**–**
Trade and other receivables	**471**	**–**	**–**	**–**	**–**
Cash and cash equivalents	**533**	**–**	**–**	**–**	**–**
Loans from subsidiaries	**–**	**–**	**–**	**–**	**740**
Trade and other payables	**–**	**–**	**–**	**–**	**148**
At 30 June 2009:					
Restricted cash	112	–	–	–	–
Restricted investments	–	–	255	–	–
Investments in financial assets	–	8	–	–	–
Loans to subsidiaries	4 362	–	–	–	–
Trade and other receivables	372	–	–	–	–
Cash and cash equivalents	1 513	–	–	–	–
Loans from subsidiaries	–	–	–	–	928
Trade and other payables	–	–	–	–	74

31 Financial risk management cont.

(a) Market risk

Foreign exchange risk

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

The company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to manage this risk.

Sensitivity analysis

The company has reviewed its foreign currency exposure on financial assets and financial liabilities and concluded that a change of 10% in the exchange rate will not have a material effect on company balances.

Other price risk

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

Sensitivity analysis

A one percent increase in the share price at the reporting date, with all other variables held constant, would have increased other comprehensive income by R1.8 million (2009: R0.1 million). An equal change in the opposite direction would have decreased other comprehensive income by R1.8 million (2009: R0.1 million).

During the 2009 financial year, the company's exposure to changes in market prices was not significant.

Commodity price sensitivity

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

Cash flow and fair value interest rate risk

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

Sensitivity analysis

A change of 100 basis points in interest rates during reporting period would have increased (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

	SA rand	
Figures in million	**2010**	**2009**
Increase by 100 basis points	**11**	7
Decrease by 100 basis points	**(11)**	(7)

31 Financial risk management cont.

(b) Credit risk

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

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

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

The company's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to R1 204 million as at 30 June 2010 (2009: R2 439 million).

(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.

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

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

Figures in million (SA rand)	Current	More than 1 year
2010		
Borrowings [1,2]	**285**	1 095
Trade and other payables (excluding non-financial liabilities)	**148**	–
	433	1 095
2009		
Borrowings	–	–
Trade and other payables (excluding non-financial liabilities)	74	–
	74	–

[1] *R145 million (2009: R0 million) is due between 0 to 6 months. R140 million (2009: R0 million) is due between 6 to 12 months.*
[2] *R267 million is due between 1 to 2 years.*

31 Financial risk management cont.

(d) Fair value determination

Effective 1 July 2009, the company adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

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

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

The following table presents the company's assets and liabilities that are measured at fair value at 30 June 2010.

	Figures in million (SA rand)		
Assets	**Level 1**	**Level 2**	**Level 3**
Available-for-sale financial assets	**–**	**2**	**2**
Fair value through profit or loss	**–**	**177**	**–**

The following table presents the company's assets and liabilities that are measured at fair value at 30 June 2009.

	Figures in million (SA rand)		
Assets	**Level 1**	**Level 2**	**Level 3**
Available-for-sale financial assets	–	6	2