

HARMONY GOLD MINING CO LTD

Form 6-K

August 15, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Form 6-K**

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO  
RULE 13a-16 OR 15d-16 UNDER THE SECURITIES  
EXCHANGE ACT OF 1934

For the 12 month period and the quarter ended 30 June 2008

**Harmony Gold Mining Company**

**Limited**

Suite No. 1

Private Bag X1

Melrose Arch, 2076

South Africa

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by  
furnishing the information contained in this form  
is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the  
Securities Exchange Act of 1934.)

Yes  No

ANNUAL HIGHLIGHTS

Cash operating profit up by 26%

Extensive restructuring of operations completed

Harmony PNG/Newcrest Stage 1 of partnership finalised (shortly after year end)

Tshepong 66 decline project complete

Phakisa brought into production

FINANCIAL SUMMARY FOR THE FOURTH QUARTER AND YEAR ENDED 30 JUNE 2008

(All results exclude Discontinued Operations unless otherwise indicated)

Quarter

Quarter

Q-on-Q

Quarter

June 2008

March 2008

% variance

June 2007

FY08

FY07

Gold produced

– kg

11 694

10 347

13.0

12 414

48 227

54 340

– oz

375 970

332 662

13.0

399 118 1 550 527

1 747 071

Cash costs

– R/kg

138 940

146 620

5.2

149 379

138 319

110 785

– \$/oz

556

609

8.7

655

591

479  
Cash operating profit  
– Rm  
995  
817  
21.8  
25  
2 537  
2 016  
– US\$m  
128  
111  
15.3  
4  
351  
280  
Basic (loss)/profit  
– SA c/s  
(60)  
38  
(257.9)  
(43)  
(199)  
206  
– US c/s  
(8)  
5  
(60.0)  
(6)  
(27)  
29  
Headline profit/(loss)  
– SA c/s  
38  
39  
(2.6)  
(81)  
19  
96  
– US c/s  
5  
5  
–  
(11)  
3  
13  
P  
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FINANCIAL REVIEW FOR THE FOURTH QUARTER AND  
YEAR ENDED 30 JUNE 2008

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## CHIEF EXECUTIVE'S REVIEW

It is my pleasure as Chief Executive Officer of Harmony to submit this financial report for the financial year ended 30 June 2008

to shareholders after managing the company for a full financial year.

### 2008 Review

I will briefly review the company's activities over the past year and its current financial status, expanding on the changes that

were implemented to return the company to profitability in order to generate positive financial returns, in the future, for our

shareholders.

Before proceeding with this year's corporate and financial activities, I would like to draw attention to the Elandsrand incident

that occurred on 3 October 2007. I want to thank our Chairman and the Harmony team involved in the successful handling of

the incident for their support and sterling efforts. Gratefully there were no negative consequences from the compressed air

column that fell down the mine shaft.

The Elandsrand incident brought the South African mining industry's safety record squarely under the spotlight. This has

triggered a heightened sense of corporate awareness towards the critical issues of occupational safety and health.

### Safety

enjoys priority at Harmony and non-negotiable safety standards have been formulated which are reviewed and performances

audited. I am pleased to inform you that last year's positive safety performance was maintained in the 2008 financial year.

Turning to the financial performance for the year under review, we carried out a due diligence on our mines towards the end

of 2007 to understand the challenges facing the company at that time. Based on the findings we embarked on a restructuring

strategy. We recognised that stringent cost control measures had to be put in place to reduce their negative impact.

Thus, all

capital expenditure was reviewed and all frills expended without disrupting the delivery of the projects. The restructuring

process also brought about the transfers of 13 101 employees and the termination of employment of 5 119 of our employees.

This reduced the average age of our workforce from 47 to 43 years.

Management was strengthened and we decentralised our regional operations. We also made changes to our mining structure

by eliminating coaches and re-introducing mine captains and shift bosses to improve production.

Harsh decisions had to be taken regarding the productivity and efficiency of Conops at some of our operations. During the year

Conops was terminated at Elandsrand, Evander 2 and 5, Cooke 1, 2 and 3 shafts, Masimong and Tshepong. I am pleased to

report that some benefits are already evident in the current quarter from Tshepong and Elandsrand where production has been

boosted.

Unfortunately early in January 2008, the South African economy suffered a setback when Eskom – the national power utility –

announced that it was unable to supply uninterrupted power to the mining industry, amongst others. This affected our strategic planning; new plans, incorporating the reduced power consumption, were devised and implemented. The

company

continues to operate on 90% electricity consumption – 10% down from its previous consumption.

The new strategic plans aligned the whole company with the aim to conserve electricity. This led to shafts and mining areas of

high energy consumption being closed down. Taking the electricity challenge into account, our objective for the next year,

barring any unforeseen circumstances, is to maintain the current production level of 12 000kg of gold per quarter from the

13 500kg before the power reduction. We have laid out an aggressive schedule to bring all our projects to full capacity by 2012.

The last component of the due diligence was to honour the transactions that had been entered into with regards to our discontinued

assets in South Africa and Australia. Accordingly, Orkney 2, 4 and 7 shafts were purchased by Pamodzi Gold who took full ownership

on 27 February 2008 when the transaction was renegotiated, bringing Harmony's shareholding in Pamodzi Gold to 32%.

South Kal Mines in Australia was sold to Dioro Exploration NL and all conditions precedent were met on 30 November 2007.

Unfortunately the Mt Magnet deal was not concluded and we have recommenced the sale process. In the interim, the operations remain on care and maintenance, but we continue with the exploration of our tenements in the area.

Concurrently with the restructuring, we pursued joint venture opportunities that offered obvious operational synergies.

On the

Cooke shafts in Randfontein and in the Cooke tailings dam, we recognised the uranium potential, together with the gold

potential and realised that this could be a formidable value creation opportunity. On 19 December 2007, Harmony concluded

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an agreement with Pamodzi Resources Fund (PRF) and First Reserve Incorporated (FRI), backed by APM and FRI, whereby we would retain a 40% stake in a new company (Rand Uranium Company) by selling 60% to PRF. The agreement has been extended to 12 September 2008 due to outstanding conditions precedent which include the approvals from the Department of Minerals and Energy and the National Nuclear Regulator. It gives me pleasure to announce that all the conditions precedent have been met for the 50:50 joint venture entered into on 22 April 2008 with Newcrest Mining Limited, Australia, for Harmony's PNG assets. The first tranche of the deal, US\$229 million, was received by Harmony on 7 August 2008. This concludes Stage 1 signifying Newcrest's ownership of 30.01% and the commencement of Stage 2, which requires that Newcrest increase its interest to 50% through the sole funding of all the capital expenditure for Hidden Valley. As mentioned previously, Newcrest is a quality partner with significant technical skills that will provide additional expertise to the existing Harmony team in PNG and add to the development potential of the PNG assets. The creation of the joint venture reduces Harmony's operational risk in PNG and strengthens Harmony's balance sheet, simultaneously reducing our capital expenditure requirements at Hidden Valley. In addition, the partnership improves the potential of the Wafi-Golpu deposit and its prospective exploration tenements, to turn them to viable resources.

#### GROUP PERFORMANCE

Harmony's operations recorded a satisfactory operational improvement in the fourth quarter, however, the Group delivered a disappointing financial performance for the financial year ended 30 June 2008.

A net loss of R245 million was recorded compared with a net profit of R382 million for the financial year ended 30 June 2007.

This is mainly due to non-cash item losses from the sale of Gold Fields shares amounting to R459 million, the loss from associates (primarily Pamodzi Gold) amounting to R78 million, impairment of investments in associates (primarily Pamodzi Gold) of R95 million and impairment of assets amounting to R316 million.

Revenue for the year from continuing operations was up by 14.6% to R9 210 million from R8 037 million for the financial year 2007 on the back of an improved gold price in dollar terms of US\$818/oz and a steady R/\$ exchange rate of R7.26. The

Group's cash operating profit increased by 25.8% to R2 537 million compared with R2 016 million for 2007.

Cash operating costs increased year-on-year by R652 million from R6 021 million to R6 673 million, for the year under review.

Although stringent measures for cost containment had been implemented throughout the company, inflationary pressures were evident not only in most of our consumables such as electricity, steel and fuel, to a lesser degree, but also salaries.

Harmony's total cash operating costs were up by 7.1% quarter-on-quarter to R1 625 million from R1 517 million. The company

ascribes this in part to increases in electricity tariffs, production tonnages and the bonus incentives paid to mine overseers and shift bosses after the change in the mining structure.



Harmony reported a basic loss from continuing operations of 199 cents per share for the year under review compared with a profit of 206 cents per share for financial year 2007 and headline earnings of 19 cents per share for financial year 2008 compared with a headline earnings of 96 cents per share for financial year 2007.

Other financial items

Exploration expenditure

Harmony's exploration activities for continuing operations carried out during the year amounted to R205 million compared

with R194 million in financial year 2007. Exploration activities occurred mostly in Papua New Guinea. The Wafi-Golpu

exploration tenements have been a large focus area with exploration occurring on four potential copper-gold porphyry deposits. Exploration for further gold deposits in the area surrounding the Hidden Valley mine was done and will continue

in 2009.

Continued exploration in PNG and the high-potential Wafi-Golpu area positions Harmony favourably for substantial growth.

We will continue to focus on our drive to establish viable resources to add to our pipeline of gold ounces.

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A small amount of drilling exploration also occurred in South Africa. Harmony's South African exploration programme for 2009

financial year includes the drilling of Evander South and several underground areas in existing operations (mainly B-reef and

A-reef) in the Free State.

Impairment

An impairment of R316 million is attributed to the re-assessment of the assets at Evander 5, West Shaft, Kudu/Sable and Kalgold.

#### CAPITAL EXPENDITURE

Attributable capital expenditure during 2008 totalled R3 647 million, of which R1 428 million of this expenditure was incurred at

the Hidden Valley mine project in Papua New Guinea. It is anticipated that Hidden Valley will require similar capex investment in

the 2009 financial year. Harmony will, however, only be responsible for a small portion of that commitment as our joint venture

partner Newcrest will cover the remaining requirements from August 2008 as prescribed by Stage 2 of the partnership.

#### STRATEGY

The lengthy process of business plans was finalised toward the end of the June 2008 quarter. The Group's business strategy

has now been rolled out throughout the Group.

Each operation has been separately assessed and individual benchmarks and targets – which must be achieved by each operation –

have been applied. The production benchmarks include tonnes per man, grams per person and cost reduction in Rand per kilogram.

We are confident that improvements in costs, safety, productivity, grade and mine call factors will become evident in the quarters ahead.

In addition, Harmony recently committed to training programmes and related development initiatives, especially in the fields

of leadership development and team training. These programmes are already showing improvements in attitudes and morale.

#### ORE RESERVES

At 30 June 2008, Harmony's ore reserves reflected a year-on-year depletion of 2.0 million ounces. Corporate activity, restructuring of certain shafts and geological related changes accounts for a further decrease of 5.6 million ounces of reserves.

On the positive side there is a net addition of 4.5 million ounces of reserves from surface stockpiles.

The Statement of Mineral Resources and Ore Reserves, produced in accordance with the South African Code for the Reporting

of Mineral Resources and Mineral Reserves (SAMREC Code), the Australian Code (JORC Code) as well as with the Industry Guide

7 of the United States Securities and Exchange Commission, shows Harmony's gold mineral resources of 253.6 million ounces and

ore reserves of 50.5 million ounces as at 30 June 2008. The mineral resources indicates a year-on-year negative variance of

28 million ounces mainly as a result of corporate activity relating to Papua New Guinea, Australia and the Randfontein Cooke

shafts.

A gold price of US\$750/oz was used for the conversion of Mineral Resources to Ore Reserves at our South African and

Australian operations. An exchange rate of US\$/ZAR7.46 for South Africa and AU\$/US\$0.80 for Australia has been used,

resulting in a gold price of R180 000/kg and AU\$850/oz, respectively.

In addition to the gold reserves, Harmony also reports its equity reserves (69.9%) for silver, copper and molybdenum from its

PNG operations. Metal prices are assumed at US\$12/oz for silver, US\$2.40/lb for copper and US\$20/lb for molybdenum.

#### DIVIDEND

Harmony's continued commitments to large capital expenditure projects will mean that the cash generated by the operations

will be used to continue to fund our projects into full production stage. To this end, no final dividend was declared by the Board

of Directors for the financial year ended 30 June 2008. The dividend policy will be reviewed in the second half of the 2009 financial year.

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## OUTLOOK

Harmony's outlook remains focused on sustainable organic growth. Opportunities for further optimisation, improved production and production cost management will be exploited. Enhanced cash flow will be used prudently to reduce our debt

and finance new mine capacity and other growth initiatives.

PNG and specifically the Wafi-Golpu area, because of its proximity to our Hidden Valley project, will remain our major

exploration focus. This region provides opportunities to create value for shareholders because of the possibilities of a larger

and longer pipeline of quality and diversified commodity projects. Thus, some of the funds available to Harmony from the

Newcrest partnership will be invested in exploring our tenements for additional reserves and resources.

In South Africa, Evander South in Mpumalanga offers several new opportunities for additional reserves. This implies commensurate exploration opportunities for the adjacent Poplar and Rolspruit areas. Furthermore, with the strong Rand/Dollar

gold price, growth opportunities are plentiful from the 1 billion tonnes of surface tailings in the Free State of which the

possibility of treating 12Mt a year at St Helena over the next 20 years will be investigated.

Harmony has been and will remain an acquisitive company should opportunities exist or arise. Lately, we have entered into

several partnering relationships, the largest being with Rand Uranium and Newcrest in PNG. We will continue to look for value

opportunities on partnering some of our assets that have not been approved by the board as new projects for the 2009 financial capital programme.

A vote of thanks

I wish to thank the Board of Directors for their valued support and guidance during one of Harmony's toughest years. I wish

to thank all the employees and managers of Harmony for their hard work and depth of commitment to achieving targets and

to elevate performance. Lastly, I would like to thank our shareholders for their loyalty to Harmony through this tough period.

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## SAFETY AND HEALTH REPORT

Harmony recorded an improved safety performance for FY2008

Target achieved three and a half years of Fatality Free shifts

Evander achieved 1 500 000 Fatality Free shifts

Tshepong Mines achieved 500 000 Fatality Free shifts

Virginia operations achieved One Million Fatality Free shifts

Fatality injury rate (per million hours worked)

It is encouraging that the improvements in safety performance achieved by Harmony in 2007 were sustained in 2008. Management remains committed to zero-fatalities and every effort is being made to achieve this objective. Safety is the number

one priority among all operational teams and many hours are being dedicated towards safety leadership and awareness.

Safety audits have been intensified and the second audit programme was completed at the end of June 2008. These audits

include some non-negotiable safety principles:

Management to lead by example

Continuous verbal communication with all team members

Visible awareness-creation on safety

Recognise and reward safety achievements

Involve all stakeholders

The June quarter showed a 31.8% improvement in the fatality injury frequency rate (FIFR) of 0.15 compared with 0.35 for the

March quarter. An annualised improvement of 18.2% was achieved for 2008.

The Lost Time Injury Frequency Rate (LTIFR) improved by 19.7% during the quarter from a rate of 13.46 to 11.39, while an

exceptional annualised improvement of 16% was achieved.

Regrettably four employees lost their lives at Harmony's operations during the June 2008 quarter as a result of work-related

accidents. Harmony's deepest condolences are extended to the families of the deceased employees.

During the year under review, the Group recorded some remarkable safety achievements, among them was Target's formidable

feat of three years of fatality free shifts. During the June 2008 quarter, Evander and Tshepong both attained half-a-million fatality

free shifts and Virginia, comprising Harmony, Merriespruit, Unisel and Brand, achieved their One Million Fatality Free shifts.

There were no lost time injuries at Hidden Valley during the quarter. Part of this success can be attributed to effective weekly

site inspections. In addition, several training and proficiency programmes were developed and rolled out during June 2008.

These are designed to improve the level of risk identification and safe work practices at construction sites.

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FOURTH QUARTER AND YEAR ENDED 30 JUNE 2008 UNDER REVIEW

Volumes milled for the June 2008 quarter increased by 9.9% from 4 125 000 tonnes to 4 534 000 tonnes. Production was up

by 13%, with an increase of 1 347kg of gold compared with the March 2008 quarter. This is despite the four public holidays

during the quarter.

The disappointing 5.4% drop in the SA underground recovery grade from 4.81g/t to 4.55g/t for the quarter, is ascribed to a

19.0% drop in grade at Tshepong and 9.2% at Masimong. This was partly offset by a 15.0% and 11.8% higher recovery grade

from Target and Bambanani, respectively.

Joel Mine had a good quarter recovering from all the shaft stoppages in the past and recorded 49.5% more tonnes and 46.4%

more kilograms of gold compared with the previous quarter.

Attributable gold produced from the continuing SA underground operations during the June 2008 quarter, increased to 10 396kg from 9 302kg in the March 2008 quarter, due to an 18.1% increase in tonnages.

The Group's increased gold production from 10 347kg to 11 694kg, a lower gold price received of R224 036/kg from R225 544/kg and good cash cost containment resulted in a cash operating profit of R995 million compared with R817 million

in the previous quarter.

The Group's Rand per ton cost dropped from R368/t previously to R358/t for June 2008. The Rand per kilogram cost decreased

from R146 620/kg in March 2008 to R138 940/kg in June 2008.

The performance of the company's continuing operations is set out in the following tables:

Q-on-Q

June 2008

March 2008

% Variance

June 2007

FY08

FY07

Production

– kg

11 694

10 347

13.0

12 414

48 227

54 340

Production

– oz

375 970

332 662

13.0

399 118

1 550 527

1 747 071

Revenue

– R/kg

224 036

225 541

(0.7)  
151 418  
190 958  
147 808

Revenue  
– US\$/oz

897  
944

(5.0)  
664  
818  
639

Cash cost  
– R/kg

138 940  
146 620

5.2  
149 379  
138 319  
110 785

Cash cost  
– US\$/oz

556  
609

8.7  
655  
591  
479

Exchange rate  
– USD/ZAR

7.77  
7.43

(4.6)  
7.09  
7.26  
7.20

Gold production from discontinuing operations was 12 387kg (398 249oz) for the year under review compared with 18 262kg

(587 127oz) for the financial year 2007.

Cash operating profit and margins

Q-on-Q

June 2008

March 2008

% Variance

June 2007

FY08

FY07

Cash operating profit (Rm)

995  
817  
21.8



25

2 537

2 016

Cash operating profit margin (%)

38.0

35.0

8.6

1.3

27.6

25.1

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Quarter on quarter cash operating profit variance analysis (continuing operations)

Cash operating profit – March 2008

R816.6 million

– volume increase

359.9 million

– working cost increase

(107.9) million

– recovery grade reduction

(51.2) million

– gold price reduction

(22.3) million

– net variance

178.5 million

Cash operating profit – June 2008

R995.1 million

Analysis of earnings per share (continuing operations) (SA cents)

Quarter ended

Quarter ended

Earnings per share

June 2008

March 2008

FY08

FY07

Basic (loss)/earnings

(60)

38

(199)

206

Headline earnings/(loss)

38

39

19

96

Fully diluted (loss)/earnings

(60)

38

(199)

204

Reconciliation between basic (loss)/earnings and headline earnings (continuing operations)

Quarter ended

Quarter ended

Headline earnings per share (cents)

June 2008

March 2008

Basic (loss)/earnings

(60)

38

Profit on sale of property, plant and equipment

8

–

Loss on sale of joint venture

1	
–	
Impairment of investment in associates	
24	
–	
Impairment of property, plant and equipment	
39	
–	
Impairment of intangible assets	
26	
–	
Provision for doubtful debt	
–	
1	
Headline earnings	
38	
39	
Reconciliation between basic (loss)/earnings and headline earnings (continuing operations)	
Headline earnings per share (cents)	
FY08	
FY07	
Basic (loss)/earnings	
(199)	
206	
Profit on sale of property, plant and equipment	
–	
(32)	
Loss on sale of listed investment	
115	
7	
Loss on sale of joint venture	
1	
–	
Profit on sale of associate	
–	
(56)	
Impairment of investment in associates	
24	
–	
Impairment/(Reversal of impairment) of property, plant and equipment	
39	
(29)	
Impairment of intangible assets	
26	
–	
Provision for doubtful debt	
13	
–	
Headline earnings	
19	
96	

P  
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CAPITAL EXPENDITURE

Attributable capital expenditure incurred during 2008 totalled R3 647 million, of which R1 428 million of this expenditure was incurred at the Hidden Valley mine project in Papua New Guinea. It is anticipated that Hidden Valley will require similar capex investment in the 2009 financial year. Harmony will, however, only be responsible for a small portion of that commitment as our joint venture partner Newcrest will cover the remaining requirements from August 2008 as prescribed by Stage 2 of the partnership agreement.

Actual quarter

Actual quarter

Operational Capex

June 2008

March 2008

Rm

Rm

South African Operations

470

346

Total Operational Capex

470

346

Capital

invested

Project Capex

to date

Rm

Rm

Rm

Doornkop South Reef

87

79

956

Elandsrand New Mine

2

28

776

Tshepong Sub 66 Decline

5

6

289

Phakisa Shaft

84

62

866

Hidden Valley, PNG

668

324

2 049

Total Project Capex

846  
 499  
 4 936  
 Total Capex  
 1 316  
 845  
 Actual  
 Actual  
 Operational Capex  
 FY08  
 FY07  
 Rm  
 Rm  
 South African operations  
 1 471  
 1 127  
 Surface operations  
 International operations  
 Total Operational Capex  
 1 471  
 1 127  
 Project Capex  
 Doornkop South Reef  
 328  
 238  
 Elandsrand New Mine  
 128  
 114  
 Tshepong North Decline  
 29  
 62  
 Phakisa Shaft  
 263  
 234  
 Hidden Valley PNG  
 1 428  
 526  
 Total Project Capex  
 2 176  
 1 174  
 Total Capex  
 3 647  
 2 301

QUARTERLY PROFIT COMPARISON FOR CONTINUING OPERATIONS

Operation  
 Working profit (Rm)  
 Variances (Rm)  
 June 2008  
 March 2008  
 Variance  
 Volume

Grade  
Price  
Costs  
SA underground operations  
814.3  
684.5  
129.8  
354.2  
(103.4)  
(19.2)  
(101.8)  
Surface operations  
180.8  
132.1  
48.7  
5.7  
52.2  
(3.1)  
(6.1)  
Total Harmony  
995.1  
816.6  
178.5  
359.9  
(51.2)  
(22.3)  
(107.9)  
P  
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SOUTH AFRICAN UNDERGROUND OPERATIONS

Includes the following shafts: Tshepong, Phakisa, Doornkop, Elandsrand, Target, Masimong, Evander, Bambanani, Joel, Virginia

Operations.

Q-on-Q

June 2008

March 2008

% Variance

June 2007

U/g tonnes milled

('000)

2 283

1 934

18.0

2 444

U/g recovery grade

(g/t)

4.55

4.81

(5.4)

4.79

U/g kilograms produced

(kg)

10 396

9 302

11.8

11 708

U/g operating costs

(R/kg)

145 808

152 026

4.1

152 336

U/g working costs

(R/tonne)

664

731

9.2

730

Tshepong Mine

Production

Volumes at Tshepong improved by 21.2% quarter-on-quarter from 326 000 tonnes to 395 000 tonnes. This is in part attributed

to the first full quarter of operating on non-Conops.

Tshepong, however, recorded a disappointing 19% decrease in grade from 6.11g/t to 4.95g/t due to a drop in face grade in

the NW 2 and EN areas.

Costs were steady and, notwithstanding the added pressures of inflation, cash operating costs were down by 1.0% quarter-

on-quarter at R107 055/kg from R107 943/kg for the previous quarter.



The termination of Conops initially had a negative impact on productivity. However, after the first full quarter of operating on non-Conops, the positive effects on production levels and efficiency are evident.

Project overview

Sub 66 Decline Project overview

Sub 66 decline is currently in a production build-up phase. The project was completed in June 2008 and all of the capital

expended. An outstanding engineering component of the project will be completed in the next financial year.

Poor ground conditions in the 72-Belt x/c has required additional secondary support and has delayed the equipping of the 72-Belt x/c. All the major equipment has been procured and once the secondary support has been completed the labour

component will be employed to complete the engineering work.

Annual Capex profile

Table (Rm)

2003

2004

2005

2006

2007

2008

2009

Total

Actual Sunk

32.8

66.6

40.6

52.9

66.7

29.3

–

288.9

Forecast

2.9

2.9

Total

32.8

66.6

40.6

52.9

66.7

29.3

2.9

291.8

Full production

The Sub 66 decline has commenced production and will be in build-up phase during the next two years when it will come into full production.

P

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Sub 71 Decline Project Overview

A total of 1 089 metres has been developed. The material decline is 20% complete, the chairlift 33% complete and 56% of

the 73-level station has been completed.

The project has experienced operational delays and high escalation cost over the past year. It is also being constrained by a

dearth of design and engineering draughting work services countrywide.

Future milestones

Construct and equip Sub 71 trackless workshop

– September 2008

Complete reaming of pilot-hole for Sub 71 ventilation

– September 2008

Complete manufacturing drawings for Sub 71 decline conveyor

– September 2008

Annual Capex profile

Table (Rm)

2008

2009

2010

Total

Actual Sunk

24.3

24.3

Forecast

60.9

32.7

93.6

Total

24.3

60.9

32.7

117.9

1st production

August 2012

Full production

July 2017

Schematic picture of production

P

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Phakisa

Production

Volumes improved from 9 000 tonnes to 16 000 tonnes for the June 2008 quarter. Gold production at Phakisa was 13.2% higher at 60kg from 53kg, but this quarter's lower grade extracted from Nyala shaft impacted on the overall gold output.

Grade decreased by 36.3% from 5.89g/t to 3.75g/t.

Grade variances will continue in future as most of the ore tonnages will be from ore development and stoping in the Nyala shaft area. Build-up in face availability at Phakisa shaft will take time and grade should be more representative of

the Phakisa orebody in two years' time.

Phakisa is in build-up production phase and consequently the mining mix will be difficult to achieve until flexibility can be

gained from the developed reserve.

Project overview

A total of 6 895 metres of development was completed on 66, 69, 71, 73 and 75 levels.

The Rail-veyor was commissioned and cycle-times are improving. A second train is scheduled for commissioning in September 2008. Phase 1 of the surface infrastructure has been completed whilst the civil construction and erection of main

buildings have commenced.

Annual Capital expenditure profile

Table (Rm)

2004

2005

2006

2007

2008

2009

2010

2011

2012

Total

Actual Sunk

117

116

147

222

263

866

Forecast

330

76

46

30

482

Total

117

116

147

222

263

330

76

46

30

1 348

1st production

September 2008

Full production

June 2011

Future milestones

Holing second raise line

– August 2008

First revenue from 69 level to commence

– September 2008

Start decline project (one year early)

– November 2008

P

13

Doornkop

Production

Higher volumes milled from 74 000 tonnes to 126 000 tonnes and better recovery grade, resulted in 86.4% improved production from 184kg to 343kgs. The recovery was also 9.2% higher at 2.72g/t from 2.49g/t for the period under review.

Total costs at Doornkop were down by 50.2% at R148 157/kg compared with R297 293/kg. Costs for the quarter reflected an improvement in unit cost parameters as well as cash operating costs. The higher costs incurred in the March quarter are in

part due to the low volumes milled as a result of the planned stoppage to complete shaft work.

Doornkop's Kimberley reef conventional section was stopped due to poor grade being experienced. Contrary to this, the

South Reef operations experienced an increase in production with square metres mined improving 58% on the previous

quarter. Further improvements could be expected in the September quarter.

Project overview

Station development continues on 205 and 207 levels with a total of 3 061 cubic metres excavated. Access development also

continued on 192, 197 and 202 levels with 288m excavated. Secondary development is also underway on 192 and 197 levels

with 407m achieved.

Equipping of the loading station on 212 level is underway and is all that remains of the shaft-sinking programme.

Construction

of the pump station and loading levels is also underway following the completion of most of the excavations on 205, 207

and 212 levels.

The updated schedule provides for the main shaft to be partially commissioned by July 2008.

Annual Capital expenditure profile

Table (Rm)

2003

2004

2005

2006

2007

2008

2009

2010

2011

2012

Total

Actual Sunk

13

98

114

147

256

328

956

Forecast

271

267

109  
31  
678  
Total  
13  
98  
114  
147  
256  
328  
271  
267  
109  
31  
1 634  
1st production  
July 2007  
Full production  
July 2012  
Future milestones

Main shaft partially commissioned  
– July 2008

Rock winder commissioned  
– November 2008

Pump station on 207 level commissioned  
– November 2008

P  
14

P

15

Elandsrand

Production

In the June quarter, tonnages milled at Elandsrand increased from 214 000 tonnes to 293 000 tonnes. Gold production was

44.6% higher at 1 540kgs compared with 1 065kgs for the previous quarter. Recovery grade increased to 5.26g/t from 4.98g/t;

a 5.6% increase for the June 2008 quarter.

Cash operating costs were down by 14.8% to R134 961/kg from R158 494/kg for the quarter under review.

A stringent cost control effort helped to reduce costs: plant costs decreased and labour costs were lower due to the discontinuation of the Conops allowances. Increases were, however, seen in stores, electricity and contractor wages.

Project overview

The switchgear and cables for the 22 kV system to and from surface and 100 level was commissioned. We are currently waiting

for Eskom to liven the transformer at the Elandsrand Main sub-station. The installation of the 600mm chilled water feed and

return columns, connecting No. 2 and No. 3 Service Shafts on 105 level, is progressing slowly. Additional slipping in the haulage

had to be completed to accommodate the columns where the haulage is too narrow. The 115 L dam wall for No. 1 Settler was

cast during the quarter and the suction pipeline was installed between the dam and the pump station. The infrastructure development of the 100 level cooling dam chamber is still being rehabilitated with additional support following the major fall

of ground of December 2007. The Refrigeration Plant sub-station was blasted to size and supported. The blasting of the

98 level's condenser dam chamber was completed during the quarter and the raise boring sites prepared to drill between 98 and

100 levels. The raise boring of the No. 3 centre hole was completed and preparations done for the sinking of the sub-bank.

Development on 113 level progressed well during the quarter and the East RAW reached the "End of Capital" position and now

forms part of the mine's "On Going" development.

Annual Capital expenditure profile

Table (Rm)

2002

2003

2004

2005

2006

2007

2008

2009

2010

2011

Total

Actual Sunk

107.0

106.2

105.5

96.1  
119.6  
113.7  
127.9  
776.0  
Forecast  
133.3  
81.5  
13.4  
228.2  
Total  
107.0  
106.2  
105.5  
96.1  
119.6  
113.7  
127.9  
133.3  
81.5  
13.4  
1 004.2  
Project Production  
Tonnes Milled  
% Split  
Kilograms  
% Split  
Old Mine  
136 989  
47  
736  
46  
New Mine  
155 722  
53  
853  
54  
Total Mine  
292 711  
1 589  
1st production  
October 2003  
Full production  
June 2012  
Future milestones

100 level, liven 22 kV sub-station complete  
– July 2008

115 level pump station commission  
– September 2008



Access development on 113 level complete  
– January 2009

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#### Target Mine

Target recorded an improved performance with a 2.6% increase in volumes from 154 000 tonnes to 158 000 tonnes. A 15.0%

improvement in recovery grade from 3.67g/t to 4.22g/t lead to 101 more kilograms being produced from the 565kg previously.

Notwithstanding a better performance, Target experienced water handling and belt system delays at the beginning of the

quarter. Fragmentation, crusher and belt, as well as insufficient drill reserves, were additional challenges.

Cash operating costs were 13.2% up to R174 910/kg from R154 552/kg mainly due to increases in fuel, trackless accessories

and adjusted salaries mainly to retain trackless specialised people.

#### Masimong Mine

Volumes at Masimong improved by 26.7% from 161 000 tonnes to 204 000 tonnes. This is attributed to restructuring and

people interventions leading to the improved production level and higher efficiencies. Kilograms produced were up by 15.1%

at 886kg from 770kg.

Grade was 9.2% lower at 4.34g/t from 4.78g/t mainly due to lack of higher B Reef grade availability.

Cash operating costs increased by 3.2% to R173 244/kg from R167 839/kg previously. Increases were seen in electricity, stores

and overtime to make up for lost public holidays.

#### Evander Operations

At Evander tonnages milled increased by 7.9% quarter on quarter to 300 000 tonnes from 278 000 tonnes. Gold produced was

3.1% higher at 1 546kg compared with 1 500kg for the previous quarter.

Grade was 4.6% lower at 5.15g/t compared with 5.40g/t in March mainly due to Stopping width increasing in the 3 Decline areas.

Cost control initiatives have been implemented and this has begun to produce results. Cash operating costs were 10.1% down

to R128 616/kg versus R143 107/kg.

At Evander 8 shaft the fourth airway for additional ventilation was completed. The support of the bottom 105m of the raise

bore hole between 17 and 24

1

/

2

levels is complete and reaming is in progress. Seven cooling units in various development ends and stopes have been installed to assist with the environmental conditions.

#### Bambanani

A 15.3% reduction in volumes from 157 000 tonnes to 133 000 tonnes were produced at Bambanani for the June 2008 quarter.

This was, however, offset by the 11.8% increase in recovery grade from 6.79g/t to 7.59g/t, leading to only a 5.3% decrease in

gold production from 1 066kg to 1 009kg.

The reduction in tonnages was ascribed to waste that was stored in the old scaled ore pass for stability reasons.

The mine experienced a marked reduction in costs on the back of reduced volumes and labour. Cash operating costs were

9.9% down at R142 959/kg from R158 595/kg.

Joel

Joel had an excellent June 2008 quarter. Volumes milled were up by 49.5% from 91 000 tonnes to 136 000 tonnes.

Higher

volumes and a steady grade of 4.50g/t lead to a 46.4% increase in gold production of 612kg for the June quarter

compared

with 418kg for the March 2008 quarter.

The excellent gold production contributed to the 24.5% reduction in cash operating costs from R164 821/kg to R124

490/kg.

P  
 17  
 Virginia Operations  
 St Helena, Harmony, Merriespruit, Unisel, Brand  
 Q-on-Q  
 June 2008  
 March 2008  
 % Variance  
 June 2007  
 U/g tonnes milled  
 ('000)  
 522  
 470  
 11.1  
 568  
 U/g recovery grade  
 (g/t)  
 3.40  
 3.60  
 (5.6)  
 3.82  
 U/g kilograms produced  
 (kg)  
 1 777  
 1 690  
 5.2  
 2 166  
 U/g working costs  
 (R/kg)  
 197 366  
 171 209  
 (15.3)  
 177 564  
 U/g working costs  
 (R/tonne)  
 672  
 616  
 (9.1)  
 678

Although the Virginia Operations recorded an 11.1% improvement in tonnages milled from 470 000 tonnes to 522 000 tonnes quarter-on-quarter was recorded, it experienced a difficult quarter having to contend with labour go-slows and several stoppages.

Grade was down by 5.6% mainly due to poorer grades at Unisel, Brand 3 and Harmony 2 shafts. Gold production increased by

5.2% due to higher tonnages milled from 1 690kg to 1 777kg.

Cash operating costs were 15.3% higher at R197 366/kg from R171 209/kg. This is ascribed to electricity increases and stores.

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SOUTH AFRICAN SURFACE OPERATIONS

Kalgold, Phoenix, Free Gold surface and Target surface

Q-on-Q

June 2008

March 2008

% Variance

June 2007

Surface tonnes milled

('000)

2 251

2 191

2.7

1 202

Surface recovery grade

(g/t)

0.58

0.48

20.8

0.59

Kilograms produced

(kg)

1 298

1 045

24.2

706

Working costs

(R/kg)

83 935

98 504

14.8

100 313

Working costs

(R/tonne)

48

47

(2.1)

59

Kalgold

Tons milled were slightly down by 1.3% at 384 000 tonnes from 389 000 tonnes. This is mainly due to lost production from

unforeseen breakdowns, lower milling rates and four days of delays caused by rain.

Grade decreased by 9.6% from 1.87g/t to 1.69g/t quarter-on-quarter mainly because of lower grade ore from other pits.

However, grade from the D-zone – the main source of ore – was higher at 2.81g/t.

D-zone will continue to be the main source of ore until the first quarter of the 2009 calendar year when it is likely to be

replaced by other pits.

Gold production was 10.9% lower due to lower volumes milled and lower recoveries from the plant. Kalgold produced 649kg

for the June 2008 quarter versus 728kg for the March 2008 quarter.

Cash operating costs were slightly up from R97 636/kg to R98 076/kg. Increases were seen in steel, reagents, lime and machinery spares.

Project Phoenix

Phoenix produced another quarter of consistent results. Tonnage throughput through the plant was marginally down by

0.3% from 1 591 000 tonnes to 1 587 000 tonnes, but a 7.7% higher grade of 0.14g/t (0.13g/t) resulted in gold production

being up by 5.2% at 224kg from 213kg previously.

Costs were up 12.5% from R94 197/kg to R106 000/kg as a result of increases in consumables such as reagents.

INTERNATIONAL OPERATIONS

Hidden Valley

Project overview

Highlights for the June quarter were the concrete pouring for the SAG mill-base and the two middle sections of the SAG mill

which are completed and ready for shipping from Czech Republic. With regards to mining operations, total waste moved was

16% above budget whilst the total ore movement was below budget having been affected by road transport and accessibility

challenges. Some 535m of grade control drilling was completed at Hamata and results indicate continuity of ore lodes identified in the resource model.

The execution of the design and fabrication of the overland conveyor remains a critical issue. The detailed design of the

conveyor is progressing well but is dependent on the rapid ramp up of the fabrication activities. The shortage of civils and

contract labour resources is proving to be a challenge.

Annual Capex Expenditure Profile (Construction Capital : Cash Flow)

Table (A\$m)

2006

2007

2008

2009

2010

2011

2012

2013

Total

Actual Sunk

20

90

181

291

Forecast

314

314

Total

20

90

181

314

605

Following the announcement of Newcrest acquiring an interest in Harmony's PNG exploration and mining assets, the joint

venture partners undertook a detailed review of the capital cost estimate and construction schedule for the Hidden Valley

project. The review confirmed the expected commissioning of Hidden Valley in mid-2009.

The capital cost estimate has increased to around A\$605 million. This is materially in line with the estimate used by Newcrest

when it entered the joint venture.

Engineering design is 91% complete, procurement is 87% complete with the overall project 57% complete.

P





## DISCONTINUED OPERATIONS

### Cooke Plant Operations

Cooke plant experienced several challenges during the June quarter, mainly insufficient rail trucks and waste rock depletion.

Volumes decreased quarter-on-quarter from 645 000 tonnes to 525 000 tonnes. Recovery grade was down due to the depletion

of waste rock and the use of low-grade waste as grinding media. Grade was lower at 0.40g/t from 0.43g/t previously, resulting

in fewer kilograms produced from 275kg to 212kg. Cash operating costs were up by 11.2% due to the introduction of road

transport and the increases in fuel prices.

The implementation of Dump 20 project, comprising a pipeline from Dump 20 to Cooke plant, required the stopping of mills 1

and 2 for conversion to ball mills.

### Randfontein Operations

Randfontein's Cooke 3 shaft experienced two fatalities during the June 2008 quarter.

Volumes from Randfontein's three shafts increased by 5.8% from 277 000 tonnes to 293 000 tonnes.

Gold production was marginally lower at 1 349kg from 1 354kg previously, due to lower recovery grade which dropped by 5.9%

from 4.89g/t to 4.60g/t.

Cash operating costs for the June 2008 quarter were well-contained at R120 173/kg from R136 157/kg; a decrease of 11.7%.

The shafts, nevertheless, experienced cost increases in electricity and diesel.

P

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## EXPLORATION

### Wafi-Golpu

#### Project Overview

Harmony's exploration activities carried out during the June 2008 quarter amounted to R62 million. Exploration activities

occurred mostly in Papua New Guinea across a range of greenfield and brownfield targets.

The Wafi-Golpu exploration tenements have been a large focus area with exploration occurring on four potential copper gold

porphyry deposits. These prospects include Nambonga North, Ghavembu, Kesiago and Biamena.

On the Morobe Consolidated Goldfields tenements work was mostly targeting high grade gold resources. These included

prospect areas at Daulo, Kerimenge and Salemba, all located within a 6km radius of the Hidden Valley ML.

#### Exploration results and programme

##### Wafi-Golpu

##### Wafi "Near Mine" (Brownfields)

##### *Nambonga North*

Exploration continued at Nambonga North with four drill rigs. Drilling activities were focused on testing strike and depth

extensions of the porphyry copper-gold system and the adjacent polymetallic sulphide lode. To date mineralisation remains

open at depth and along strike. New results received during the quarter include:

##### *Porphyry Cu-Au intercepts:*

##### WR275:

180m @ 1.0 g/t Au, 0.25% Cu from 383m

##### *Au-Zn-Pb-Ag Massive Sulphide intercepts:*

##### WR273:

11m

@ 5.0 g/t Au 3.8% Zn, 1.2% Pb and 14 g/t Ag from 201m

Nambonga North has the potential to develop into a new multi-million ounce gold resource (with additional copper and other

base metal credits) for the Wafi-Golpu Project. Drilling to scope-out the deposit will remain a priority.

##### Wafi Greenfields

##### *Ghavembu prospect (previously Awembu)*

Similar to Nambonga North, the target has excellent porphyry Au-Cu potential that could impact significantly on the value of

the project. Drill pads for the two proposed holes were completed and await drill rigs. Initial drilling is scheduled as drill units

become available from Nambonga North.

##### *Biamena prospect*

A ground-based electromagnetic survey was designed for the Biamena Prospect to outline drill targets for porphyries hidden

at depth (similar to Golpu). About 37.5 line km (40%) has been completed to date.

A programme of grid based soils, mapping, and selective rock chip sampling commenced in conjunction with the EM survey.

These datasets will be used to interpret IP and EM results and rank drill targets. Results have been highly encouraging with

rock chip values received up to 64 g/t.

##### *Kesiago prospect*

A fly camp was established for a planned work programme of surface mapping and sampling and drilling. The programme is scheduled to commence Q1 FY09.

P  
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Morobe Consolidated Tenements

*Daulo prospect.* 11 trenches were remapped and selectively re-sampled to validate historical results. Intercepts from this

work included

DLO 1A

10.8m

@ 5.35 g/t Au

DLO3A

45m

@ 4.6 g/t Au

DLO4B

23m

@ 2.2 g/t Au

Mineralisation appears fault bounded. Mapping shows the majority of minor structures exposed in the trenches are oriented similar to Edie Creek, dipping 60 to 70 degrees to the south-east.

The work has highlighted good potential for shallow high-grade oxide within a 6km radius of the Hidden Valley Plant. A proposal for follow-up drilling to test the size potential of the prospect is underway.

*Kerimenge prospect*

Results received from trenching activities during the quarter include:

KTK03A

16m

@ 3.2 g/t Au 4m @ 22.5 g/t Au 4m @ 8.23 g/t Au

KTK03B

8m

@ 5.7 g/t Au 12m @ 3.88 g/t Au

The trenching was completed east of the Kerimenge Deposit in an area where no previous work has been undertaken and

form part of the same zone as KTK02 results reported last quarter. These results appear associated with Northwest trending shear zone which has been intruded by porphyry. To date trenching has outlined the structure over approximately

300m of strike and is open to the south.

*Hidden Valley ML 151 Exploration*

Work on the Hidden Valley ML included diamond drilling at the Salemba Prospect. The drilling was undertaken to test a

magnetic target with anomalous coincident Au-Mo-Cu geochemistry. Core processing and sampling is in progress.

P

22

P

23

FINANCIAL REVIEW FOR THE FOURTH QUARTER AND  
YEAR ENDED 30 JUNE 2008

P

24

P

25

OPERATING RESULTS – CONTINUING OPERATIONS (Rand/Metric)

Underground production – South Africa

Surface production – South Africa

Total SA

South

International

Doorn-

Elands-

Evander

Virginia

Under-

Kalgold

Project

Other

Total SA

Africa

production

Harmony

Tshepong

Phakisa

kop

rand

Target

Masimong

Operations

Bambanani

Joel

Operations

St Helena

ground

Surface

Phoenix

Surface

Surface

Total

PNG

Total

Ore Milled

– t'000

Jun-08

395

16

126

293

158

204

300

133  
136  
522  
—  
2 283  
384  
1 587  
280  
2 251  
4 534  
—  
4 534  
Mar-08  
326  
9  
74  
214  
154  
161  
278  
157  
91  
470  
—  
1 934  
389  
1 591  
211  
2 191  
4 125  
—  
4 125  
Gold Produced  
— kg  
Jun-08  
1 957  
60  
343  
1 540  
666  
886  
1 546  
1 009  
612  
1 777  
—  
10 396  
649  
224  
425  
1 298

11 694  
—  
11 694  
Mar-08  
1 991  
53  
184  
1 065  
565  
770  
1 500  
1 066  
418  
1 690  
—  
9 302  
728  
213  
104  
1 045  
10 347  
—  
10 347  
Yield –  
g/tonne  
Jun-08  
4.95  
3.75  
2.72  
5.26  
4.22  
4.34  
5.15  
7.59  
4.50  
3.40  
—  
4.55  
1.69  
0.14  
1.52  
0.58  
2.58  
—  
2.58  
Mar-08  
6.11  
5.89  
2.49  
4.98  
3.67



4.78  
 5.40  
 6.79  
 4.59  
 3.60  
 –  
 4.81  
 1.87  
 0.13  
 0.49  
 0.48  
 2.51  
 –  
 2.51  
 Cash Operating Costs  
 – R/kg  
 Jun-08  
 107 055  
 127 983  
 148 157  
 134 961  
 174 910  
 173 244  
 128 616  
 142 959  
 124 490  
 197 366  
 –  
 145 808  
 98 076  
 106 000  
 50 711  
 83 935  
 138 940  
 –  
 138 940  
 Mar-08  
 107 943  
 108 811  
 297 293  
 158 494  
 154 552  
 167 839  
 143 107  
 158 595  
 164 821  
 171 209  
 –  
 152 026  
 97 636  
 94 197

113 404

98 504

146 620

–

146 620

Cash Operating Costs

– R/tonne

Jun-08

530

480

403

709

737

752

663

1 085

560

672

–

664

166

15

77

48

358

–

358

Mar-08

659

641

739

789

567

803

772

1 077

757

616

–

731

183

13

56

47

368

–

368

Working Revenue

(R'000)

Jun-08

438 170

13 449  
76 808  
346 827  
148 605  
198 795  
346 022  
225 877  
137 109  
398 504  
—  
2 330 166  
145 571  
50 382  
93 760  
289 713  
2 619 879  
—  
2 619 879  
Mar-08  
444 818  
11 835  
42 519  
245 789  
125 572  
173 674  
341 845  
234 233  
95 065  
383 269  
26  
2 098 645  
162 831  
48 593  
23 631  
235 055  
2 333 700  
—  
2 333 700  
Cash Operating Costs  
(R'000)  
Jun-08  
209 506  
7 679  
50 818  
207 840  
116 490  
153 494  
198 840  
144 246  
76 188  
350 719

—  
1 515 820  
63 651  
23 744  
21 552  
108 947  
1 624 767  
—  
1 624 767  
Mar-08  
214 915  
5 767  
54 702  
168 796  
87 322  
129 236  
214 660  
169 062  
68 895  
289 343  
11 445  
1 414 143  
71 079  
20 064  
11 794  
102 937  
1 517 080  
—  
1 517 080  
Cash Operating Profit  
(R'000)  
Jun-08  
228 664  
5 770  
25 990  
138 987  
32 115  
45 301  
147 182  
81 631  
60 921  
47 785  
—  
814 346  
81 920  
26 638  
72 208  
180 766  
995 112  
—  
995 112

Mar-08  
229 903  
6 068  
(12 183)  
76 993  
38 250  
44 438  
127 185  
65 171  
26 170  
93 926  
(11 419)  
684 502  
91 752  
28 529  
11 837  
132 118  
816 620

—  
816 620  
Capital Expenditure  
(R'000)

Jun-08  
50 018  
97 022  
100 247  
95 141  
91 410  
26 049  
55 808  
22 028  
8 954  
41 078  
6  
587 761  
4 822  
194  
55 092  
60 108  
647 869  
668 028  
1 315 897

Mar-08  
43 137  
73 207  
83 518  
83 221  
81 434  
25 272  
53 291  
21 502

8 392  
28 594  
167  
501 735  
903  
354  
18 185  
19 442  
521 177  
324 228  
845 405

Evander operations – Evander 5, Evander 7 and Evander 8

Virginia operations – Harmony 2, Merriespruit 1 and 3, Unisel and Brand

P  
27  
P  
26  
OPERATING RESULTS INCLUDING DISCONTINUED OPERATIONS (Rand/Metric)  
Underground production – South Africa  
Surface production – South Africa  
International production  
Rand-  
Virginia  
Total SA  
Cooke  
South  
Total  
Doorn-  
Elands-  
Evander  
fontein  
Bamba-  
Opera-  
Under-  
Kalgold  
Project  
plant  
Other  
Total SA  
Africa  
Inter-  
Harmony  
Tshepong  
Phakisa  
kop  
rand  
Target  
Masimong Operations Operations  
nani  
Joel  
tions  
St Helena  
ARMgold  
ground  
Surface  
Phoenix Operations  
Surface  
Surface  
Total Australia  
PNG  
national  
Total  
Ore Milled  
– t'000

Jun-08

395

16

126

293

158

204

300

293

133

136

522

—

—

2 576

384

1 587

525

280

2 776

5 352

—

—

—

5 352

Mar-08

326

9

74

214

154

161

278

277

157

91

470

—

108

2 319

389

1 591

645

211

2 836

5 155

34

—

34

5 189

Gold Produced



– kg  
Jun-08  
1 957  
60  
343  
1 540  
666  
886  
1 546  
1 349  
1 009  
612  
1 777  
–  
–  
11 745  
649  
224  
212  
425  
1 510  
13 255  
–  
–  
–  
13 255  
Mar-08  
1 991  
53  
184  
1 065  
565  
770  
1 500  
1 354  
1 066  
418  
1 690  
–  
300  
10 956  
728  
213  
275  
104  
1 320  
12 276  
56  
–  
56  
12 332

Yield –  
g/tonne  
Jun-08

4.95

3.75

2.72

5.26

4.22

4.34

5.15

4.60

7.59

4.50

3.40

–

–

4.56

1.69

0.14

0.40

1.52

0.54

2.48

–

–

–

2.48

Mar-08

6.11

5.89

2.49

4.98

3.67

4.78

5.40

4.89

6.79

4.59

3.60

–

2.78

4.72

1.87

0.13

0.43

0.49

0.47

2.38

1.65

–

1.65

2.38

Cash Operating Costs – R/kg

Jun-08

107 055

127 983

148 157

134 961

174 910

173 244

128 616

120 173

142 959 124 490

197 366

–

–

142 895

98 076

106 000

158 769

50 711

94 441

137 375

–

–

–

137 375

Mar-08

107 943

108 811

297 293

158 494

154 552

167 839

143 107

136 157

158 595

164 821

171 209

–

321 143

154 695

97 636

94 197

142 822

113 404

107 737

149 646

510 875

–

510 875

151 286

Cash Operating Costs – R/tonne

Jun-08

530

480

403

709

737

752

663

553

1 085

560

672

–

–

652

166

15

64

77

51

340

–

–

–

340

Mar-08

659

641

739

789

567

803

772

666

1 077

757

616

–

892

731

183

13

61

56

50

356

841

–

841

360

Working Revenue

(R'000)

Jun-08

438 170

13 449

76 808

346 827 148 605

198 795

346 022

302 758

225 877 137 109

398 504

—

—

2 632 924 145 571

50 382

47 450

93 760

337 163 2 970 087

—

—

– 2 970 087

Mar-08

444 818

11 835

42 519

245 789

125 572

173 674

341 845

312 068

234 233

95 065

383 269

26

68 682

2 479 395 162 831

48 593

62 497

23 631

297 552

2 776 947

29 815

—

29 815

2 806 762

Cash Operating Costs (R'000)

Jun-08

209 506

7 679

50 818

207 840  
116 490  
153 494  
198 840  
162 114  
144 246  
76 188  
350 719  
—  
367  
1 678 301  
63 651  
23 744  
33 659  
21 552  
142 606 1 820 907  
—  
—  
— 1 820 907  
Mar-08  
214 915  
5 767  
54 702  
168 796  
87 322  
129 236  
214 660  
184 357  
169 062  
68 895  
289 343  
11 445  
96 343  
1 694 843  
71 079  
20 064  
39 276  
11 794  
142 213  
1 837 056  
28 609  
—  
28 609  
1 865 665  
Cash Operating Profit (R'000)  
Jun-08  
228 664  
5 770  
25 990  
138 987  
32 115

45 301  
147 182  
140 644  
81 631  
60 921  
47 785  
—  
(367)  
954 623  
81 920  
26 638  
13 791  
72 208  
194 557 1 149 180  
—  
—  
— 1 149 180  
Mar-08  
229 903  
6 068  
(12 183)  
76 993  
38 250  
44 438  
127 185  
127 711  
65 171  
26 170  
93 926  
(11 419)  
(27 661)  
784 552  
91 752  
28 529  
23 221  
11 837  
155 339  
939 891  
1 206  
—  
1 206  
941 097  
Capital Expenditure (R'000)  
Jun-08  
50 018  
97 022  
100 247  
95 141  
91 410  
26 049  
55 808

40 985  
22 028  
8 954  
41 078  
6  
(72)  
628 674  
4 822  
194  
1 090  
55 092  
61 198  
689 872  
277  
668 028  
668 305 1 358 177  
Mar-08  
43 137  
73 207  
83 518  
83 221  
81 434  
25 272  
53 291  
40 119  
21 502  
8 392  
28 594  
167  
(8)  
541 846  
903  
354  
1 886  
18 185  
21 328  
563 174  
61  
324 228  
324 289  
887 463

Evander operations – Evander 5, Evander 7 and Evander 8

Randfontein operations – Cooke 1, Cooke 2 and Cooke 3

Virginia operations – Harmony 2, Merriespruit 1 and 3, Unisel and Brand



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CONDENSED CONSOLIDATED INCOME STATEMENT (Rand)

Quarter ended

Year ended

June

March

June

1

June

June

1

2008

2008

2007

2008

2007

Notes

(Unaudited)

(Unaudited)

(Unaudited)

R million

R million

R million

R million

R million

Continuing operations

Revenue

2 620

2 334

1 880

9 210

8 037

Cost of sales

2

(2 284)

(1 820)

(1 928)

(8 184)

(6 729)

Production cost

(1 625)

(1 517)

(1 855)

(6 673)

(6 021)

Amortisation and depreciation

(222)

(189)

(214)

(846)

(763)  
Impairment of assets  
(316)  
—  
123  
(316)  
123  
Employment termination and restructuring costs  
(50)  
(86)  
—  
(212)  
—  
Other items  
(71)  
(28)  
18  
(137)  
(68)  
Gross profit/(loss)  
336  
514  
(48)  
1 026  
1 308  
Corporate, administration and other expenditure  
(49)  
(55)  
(84)  
(228)  
(226)  
Exploration expenditure  
(62)  
(55)  
(83)  
(205)  
(194)  
Other (expenses)/income – net  
(9)  
(16)  
75  
(90)  
186  
Operating profit/(loss)  
216  
388  
(140)  
503  
1 074  
Loss from associates  
(68)

(10)  
(1)  
(78)  
(19)  
Profit on sale of investment in associate  
—  
—  
—  
—  
236  
Impairment of investment in associate  
(95)  
—  
—  
(95)  
—  
Loss on sale of investment in joint venture  
(2)  
—  
—  
(2)  
—  
Mark-to-market of listed investments  
—  
—  
31  
33  
111  
Loss on sale of listed investments  
—  
—  
(37)  
(459)  
(35)  
Impairment of investments  
(1)  
—  
—  
(1)  
(10)  
Investment income  
86  
54  
85  
282  
188  
Finance cost  
(131)  
(123)  
(195)  
(514)

(454)  
 Profit/(Loss) before taxation  
 5  
 309  
 (257)  
 (331)  
 1 091  
 Taxation  
 (246)  
 (156)  
 84  
 (465)  
 (271)  
 Net (loss)/profit from continuing operations  
 (241)  
 153  
 (173)  
 (796)  
 820  
 Discontinued operations  
 3  
 Profit/(Loss) from discontinued operations  
 170  
 192  
 (463)  
 551  
 (438)  
 Net (loss)/profit  
 (71)  
 345  
 (636)  
 (245)  
 382  
 (Loss)/Earnings per share from continuing  
 operations attributable to the equity holders  
 of the Company during the year (cents)  
 4  
 – Basic (loss)/earnings  
 (60)  
 38  
 (43)  
 (199)  
 206  
 – Headline earnings/(loss)  
 38  
 39  
 (81)  
 19  
 96  
 – Fully diluted (loss)/earnings  
 (60)

38
(43)
(199)
204
Earnings/(Loss) per share from discontinuing operations attributable to the equity holders of the Company during the year (cents)
4
– Basic earnings/(loss)
42
48
(116)
137
(110)
– Headline earnings/(loss)
27
24
(48)
108
(43)
– Fully diluted earnings/(loss)
42
48
(116)
137
(110)
Total (loss)/earnings per share from all operations attributable to the equity holders of the Company during the year (cents)
4
– Basic (loss)/earnings
(18)
86
(159)
(62)
96
– Headline earnings/(loss)
65
63
(129)
127
53
– Fully diluted (loss)/earnings
(18)
86
(159)
(62)
94
1

The comparative figures were adjusted to exclude further discontinued operations and interest capitalised.

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CONDENSED CONSOLIDATED BALANCE SHEET (Rand)

At

At

At

June

March

June

2008

2008

2007

Notes

(Unaudited)

R million

R million

R million

ASSETS

Non-current assets

Property, plant and equipment

27 556

26 575

24 538

Intangible assets

2 209

2 309

2 307

Restricted cash

78

80

5

Restricted investments

5

1 465

1 304

1 373

Investments in financial assets

6

67

109

14

Investments in associates

7

145

341

7

Trade and other receivables

137

7

95

31 657

30 725
28 339
Current assets
Inventories
693
654
742
Investments in financial assets
6
–
–
2 484
Trade and other receivables
873
993
918
Income and mining taxes
82
58
66
Restricted cash
–
–
274
Cash and cash equivalents
9
413
346
711
2 061
2 051
5 195
Non-current assets classified as held for sale
3
1 539
1 716
1 284
3 600
3 767
6 479
Total assets
35 257
34 492
34 818
<b>EQUITY AND LIABILITIES</b>
Share capital and reserves
Share capital
25 895
25 866
25 636
Other reserves

676  
731  
(349)  
Accumulated loss  
(1 832)  
(1 779)  
(1 581)  
24 739  
24 818  
23 706  
Non-current liabilities  
Borrowings  
8  
264  
1 918  
1 743  
Deferred income tax  
2 990  
2 599  
2 719  
Provisions for other liabilities and charges  
1 273  
1 078  
1 216  
4 527  
5 595  
5 678  
Current liabilities  
Trade and other payables  
1 372  
923  
1 545  
Provisions and accrued liabilities  
287  
261  
267  
Borrowings  
8  
3 835  
2 009  
2 855  
Bank overdraft  
9  
—  
—  
220  
5 494  
3 193  
4 887  
Liabilities directly associated with non-current assets  
classified as held for sale



3  
497  
886  
547  
5 991  
4 079  
5 434  
Total equity and liabilities  
35 257  
34 492  
34 818  
Number of ordinary shares in issue  
403 253 756  
402 818 020  
399 608 384  
Net asset value per share (cents)  
6 135  
6 161  
5 932

P	
30	
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Rand)	
Issued share	
Other	Accumulated
capital	
reserves	
loss	
Total	
R million	
R million	
R million	
R million	
Balance – 30 June 2007 (as previously reported)	
25 636	
(349)	
(1 681)	
23 606	
Change in accounting policy for the capitalisation of	
interest on assets under construction	
–	
–	
100	
100	
Balance – 30 June 2007 (restated)	
25 636	
(349)	
(1 581)	
23 706	
Issue of share capital	
259	
–	
–	
259	
Currency translation adjustment and other	
–	
1 025	
–	
1 025	
Net loss	
–	
–	
(245)	
(245)	
Dividends paid	
–	
–	
(6)	
(6)	
Balance as at 30 June 2008	
25 895	

676  
(1 832)  
24 739  
Balance – 30 June 2006 (as previously reported)  
25 489  
(271)  
(2 015)  
23 203  
Change in accounting policy for the capitalisation of  
interest on assets under construction  
–  
–  
59  
59  
Balance – 30 June 2006 (restated)  
25 489  
(271)  
(1 956)  
23 262  
Issue of share capital  
147  
–  
–  
147  
Currency translation adjustment and other  
–  
(78)  
–  
(78)  
Net profit  
–  
–  
382  
382  
Dividends paid  
–  
–  
(7)  
(7)  
Balance as at 30 June 2007  
25 636  
(349)  
(1 581)  
23 706

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Rand)

Quarter ended

Year ended

June

March

June

June

2008

2008

2008

2007

Notes

(Unaudited)

(Unaudited)

R million

R million

R million

R million

Cash flow from operating activities

Cash generated by operations

1 506

794

1 978

1 221

Interest and dividends received

97

64

306

204

Interest paid

(117)

(123)

(417)

(226)

Income and mining taxes paid

(67)

(41)

(129)

(13)

Cash generated by operating activities

1 419

694

1 738

1 186

Cash flow from investing activities

(Increase)/decrease in restricted cash

2

1

205

(29)  
 Net proceeds on disposal of listed investments  
 –  
 –  
 1 310  
 395  
 Net additions to property, plant and equipment  
 (1 267)  
 (884)  
 (3 718)  
 (2 549)  
 Other investing activities  
 (190)  
 6  
 (170)  
 (45)  
 Cash utilised by investing activities  
 (1 455)  
 (877)  
 (2 373)  
 (2 228)  
 Cash flow from financing activities  
 Long-term loans raised  
 8  
 136  
 –  
 2 234  
 1 804  
 Long-term loans repaid  
 8  
 (12)  
 (6)  
 (1 820)  
 (1 002)  
 Ordinary shares issued – net of expenses  
 23  
 40  
 87  
 138  
 Dividends paid  
 (6)  
 –  
 (6)  
 (7)  
 Cash generated by financing activities  
 141  
 34  
 495  
 933  
 Foreign currency translation adjustments  
 (38)

62  
61  
(48)  
Net increase/(decrease) in cash and equivalents  
67  
(87)  
(79)  
(157)  
Cash and equivalents – beginning of period  
348  
435  
494  
651  
Cash and equivalents – end of period  
9  
415  
348  
415  
494

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR ENDED 30 JUNE 2008

1.

Accounting policies

(a) Basis of accounting

The condensed consolidated interim financial statements for the period ended 30 June 2008 have been prepared using accounting policies that comply with International Financial Reporting Standards (IFRS), which are consistent with the accounting policies used in the audited annual financial statements for the year ended 30 June 2007, except for accounting policy changes made after the date of the annual financial statements. These condensed consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting, and should be read in conjunction with the financial statements for the year ended 30 June 2007.

(b) Implementation of accounting policy

IAS 23 (Revised) – Borrowing Costs: The company early adopted IAS 23 (Revised) – Borrowing Costs, retrospectively as at 1 July 2000, which requires that management capitalise borrowing costs directly attributable to the acquisition and construction of qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use.

The impact of this adjustment was as follows:

Quarter ended

Year ended

June

March

June

June

June

2008

2008

2007

2008

2007

(Unaudited)

(Unaudited)

(Unaudited)

R million

R million

R million

R million

R million

Effect on net loss/profit:

Decrease in interest expense

91

11

21

128

58

Income tax

(26)

(3)

(6)

(38)

(17)

Decrease in net loss

65

8

15

90

41

Effect on opening accumulated loss:

Decrease in interest expense

177

166

119

140

82

Income tax

(52)

(49)

(34)

(40)

(23)

Decrease in accumulated loss

125

117

85

100

59

The borrowing costs are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are dealt with in profit or loss in the period in which they are incurred.



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2.

Cost of sales

The income statement is now presented by function as per the requirements of IAS1 – Presentation of Financial Statements. The major difference is that cost of sales is disclosed on the face of the income statement, with the items disclosed by nature in the notes to the financial statements.

Quarter ended

Year ended

June

March

June

June

June

2008

2008

2007

2008

2007

(Unaudited)

(Unaudited)

(Unaudited)

R million

R million

R million

R million

R million

Cost of sales consists of:

Production costs

1 625

1 517

1 855

6 673

6 021

Amortisation and depreciation

222

189

214

846

763

Impairment of assets

316

–

(123)

316

(123)

Provision for rehabilitation costs

12

–

(19)

12

(16)  
Care and maintenance cost of restructured shafts

29

24

11

74

56

Employment termination and restructuring costs

50

86

–

212

–

Share-based compensation

19

4

3

42

41

Provision for post retirement benefits

11

–

(13)

9

(13)

2 284

1 820

1 928

8 184

6 729

3.

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 in the Free State and Northwest areas), and Kudu/Sable (operations in the Free State area), have been presented as held for sale on 30 June 2007.

On 6 December 2007, the sale relating to the South Kal operation (operation in Australia) was concluded at a loss, net of

tax, of R51 million and the assets were derecognised.

On 27 February 2008, the sale relating to the Orkney operations (operations in the Northwest area) was concluded at a profit, of R66 million and the assets were derecognised.

The assets and liabilities relating to the Cooke 1, Cooke 2, Cooke 3, Cooke plant and relating surface operations (operations

in the Gauteng area) have been presented as held for sale following the approval of the Group's management on 16 October 2007. The comparative prior year quarter and year to date information has been restated for this reclassification.

During June 2008, management decided not to sell the ARMgold Welkom shafts and Kudu/Sable. Due to this, their results

have been included in net profit/(loss) from continuing operations and the comparative periods restated.

At 30 June 2008, the sale of Mt Magnet was postponed. As management and the buyer were intent on the sale, even though the one-year period allowed by IFRS 5 has expired, these assets have still been classified as held for sale. See

note 11 for further details.

4.

Earnings/(Loss) per share

Earnings/(Loss) per share is calculated on the weighted average number of shares in issue for the quarter ended 30 June

2008: 402.8 million (31 March 2008: 400.7 million, 30 June 2007: 398.6 million) and the year ended 30 June 2008: 400.8 million (30 June 2007: 397.9 million).

The fully diluted earnings/(loss) per share is calculated on weighted average number of diluted shares in issue for the quarter ended 30 June 2008: 405.2 million (31 March 2008: 403.5 million, 30 June 2007: 403.1 million) and the year ended

30 June 2008: 402.9 million (30 June 2007: 402.4 million).

P  
 34  
 Quarter ended  
 Year ended  
 June  
 March  
 June  
 June  
 June  
 2008  
 2008  
 2007  
 2008  
 2007  
 (Unaudited)  
 (Unaudited)  
 (Unaudited)  
 R million  
 R million  
 R million  
 R million  
 R million  
 Total (loss)/earnings per share (cents):  
 Basic (loss)/earnings  
 (18)  
 86  
 (159)  
 (62)  
 96  
 Headline earnings/(loss)  
 65  
 63  
 (129)  
 127  
 53  
 Fully diluted (loss)/earnings  
 (18)  
 86  
 (159)  
 (62)  
 94  
 R million  
 R million  
 R million  
 R million  
 R million  
 Reconciliation of headline earnings/(loss):  
 Continuing operations  
 Net (loss)/profit  
 (241)  
 153

(173)

(796)

820

*Adjusted for:*

Loss/(Profit) on sale of property,  
plant and equipment

32

(1)

(66)

(2)

(129)

Loss on sale of listed investment

—

—

31

459

30

Impairment of investments

1

—

—

1

—

Loss on sale of joint venture

2

—

—

2

—

Profit on sale of associate

—

—

—

—

(220)

Impairment of investment in associates

95

—

—

95

—

Impairment/(Reversal of impairment) of  
property, plant and equipment

159

—

(117)

159

(117)

Impairment of intangible assets

105

—

-
105
-
Provision for doubtful debt
-
4
-
52
-
Headline profit/(loss)
153
156
(325)
75
384
Discontinued operations
Net profit/(loss)
170
192
(463)
551
(438)
<i>Adjusted for:</i>
(Profit)/Loss on sale of property, plant and equipment
(90)
(100)
-
(95)
-
Profit on sale of investments
-
-
-
-
(6)
Impairment/(Reversal of impairment) of property, plant and equipment
30
4
274
(25)
274
Headline profit/(loss)
110
96
(189)
431
(170)
Total headline profit/(loss)
263

252  
(514)  
506  
214  
5.  
Restricted investments  
June  
March  
June  
2008  
2008  
2007  
(Unaudited)  
R million  
R million  
R million  
Environmental Trust Funds  
1 428  
1 271  
1 336  
Other  
37  
33  
37  
1 465  
1 304  
1 373

P

35

6.

Investment in financial assets

June

March

June

2008

2008

2007

(Unaudited)

R million

R million

R million

Current

Investment in African Rainbow Minerals Limited (see note 8)

–

–

1 051

Investment in Gold Fields Limited \*

–

–

1 433

–

–

2 484

Non-current

Other

67

109

14

67

109

2 498

\* During the September 2007 quarter Harmony sold all of its remaining Gold Fields Limited (GFI) shares for a loss of R459 million.

7.

Investment in associate

On 27 February 2008, Pamodzi Gold Limited bought the Orkney operations from the Harmony Group for a consideration

of 30 million Pamodzi Gold Limited shares. This resulted in Harmony Gold Mining Company owning 32.4% of Pamodzi

Gold Limited. At 30 June 2008, management tested for impairment of the investment in associate. An amount of R91 million was impaired and accounted for in the income statement. The book value at 30 June 2008, after taking impairment and loss from associate into account, was R145 million.

8.

Borrowings

June

March

June

2008



2008  
 2007  
 (Unaudited)  
 R million  
 R million  
 R million  
 Unsecured borrowings  
 Convertible unsecured fixed rate bonds  
 1 626  
 1 605  
 1 541  
 Africa Vanguard Resources (Proprietary) Limited  
 32  
 32  
 32  
 1 658  
 1 637  
 1 573  
*Less:* Short-term portion  
 (1 626)  
 –  
 –  
 Total unsecured long-term borrowings  
 32  
 1 637  
 1 573  
 Secured borrowings  
 Westpac Bank Limited\*  
 258  
 119  
 2  
 Africa Vanguard Resources (Doornkop) (Pty) Limited (Nedbank Limited)  
 194  
 188  
 170  
 ARM Empowerment Trust 1 (Nedbank Limited)\*\*  
 –  
 –  
 450  
 ARM Empowerment Trust 2 (Nedbank Limited)\*\*  
 –  
 –  
 601  
 Rand Merchant Bank  
 –  
 –  
 1 802  
 Nedbank Limited  
 2 000  
 2 000  
 –

*Less:* Unamortised transaction costs

(11)

(17)

—

2 441

2 290

3 025

*Less:* Short-term portion

(2 209)

(2 009)

(2 855)

Total secured long-term borrowings

232

281

170

Total long-term borrowings

264

1 918

1 743

\* The lease was entered into for the purchase of mining fleet to be used on the Hidden Valley project.

\*\* The guarantees relating to the Nedbank loans were cancelled on 28 September 2007 and consequently Harmony has no further obligations to Nedbank in this regard. The ARM investment and associated Nedbank loans were derecognised from this date.

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36

The future minimum lease payments to Westpac Bank Limited are as follows:

June

March

June

2008

2008

2007

(Unaudited)

R million

R million

R million

Due within one year

57

26

–

Due between one and five years

228

97

–

285

123

–

9.

Cash and cash equivalents

June

March

June

2008

2008

2007

(Unaudited)

R million

R million

R million

*Comprises:*

Continuing operations

413

346

491

Discontinued operations

2

2

3

Total cash and cash equivalents

415

348

494

10. Commitments and contingencies

June

March

June

2008

2008

2007

(Unaudited)

R million

R million

R million

Capital expenditure commitments

Contracts for capital expenditure

1 164

1 191

352

Authorised by the directors but not contracted for

1 720

1 422

1 881

2 884

2 613

2 233

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

Contingent liabilities

Guarantees and suretyships

18

18

18

Environmental guarantees

152

173

129

170

191

147

Contingent liability

On 18 April 2008, Harmony Gold Mining Company Limited was made aware that it has been named or may be named as

a defendant in a lawsuit filed in the U.S. District Court in the Southern District of New York on behalf of certain purchasers

and sellers of Harmony's American Depositary Receipts ("ADRs"). Harmony has retained legal counsel, who will advise Harmony on further developments in the U.S.

11. Subsequent events

Village Main Reef

On 11 July 2008, Harmony sold its 37.8% share in Village Main Reef Gold Mining Company (1934) Limited for R1.1 million

to To The Point Investments. Z B Swanepoel, Harmony's previous Chief Executive Officer, is a director and founder of

To The Point Investments.

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#### PNG Partnership agreement

On 22 April 2008 Morobe Consolidated Goldfields Limited and Wafi Mining Limited, subsidiaries of Harmony Gold (Australia) Pty Ltd entered into a Master Purchase and Farm-in Agreement with Newcrest Mining Limited (Newcrest). This

agreement provides for Newcrest to purchase a 30.01% Participating Interest (Stage 1) and a further buy-out of an additional 19.99% Participating Interest in Harmony's Papua New Guinea (PNG) gold and copper assets. Due to the fact

that there were a number of conditions precedents to be met, the expected profit on the transaction was not recognised in the 2007/2008 financial year.

On 16 July 2008 the conditions precedent were finalised, which included regulatory and statutory approvals by the PNG

Government. Stage 1 Completion has now taken place with an effective date of 31 July 2008.

Total consideration for Stage 1 completion of US\$229 million was received, of which US\$50 million has been placed in a

jointly controlled Escrow account which will revert to Harmony upon the confirmation of an exploration licence ("EL") approval by the PNG Mining Authorities. Re-registration of the EL is expected by the end of August 2008.

The expected profit on Stage 1 Completion is estimated to be AUD\$84.3 million (post-tax) and will be accounted for in the

September 2008 quarter.

#### Sale of MMG and BBO entities

Harmony announced on the 8 November 2007 that it signed a letter of intent with Monarch Gold Mining Company for the sale of its Mount Magnet operations for AUD\$65 million. On 8 July 2008 Harmony further announced a revision to

the deal and an extension of the period in which the conditions precedent is to be met. Subsequent to this announcement

Harmony was advised that the terms of the sale contract with Monarch Gold had been reconstituted, Monarch placed itself in voluntary administration.

On 1 August 2008 the Administrator indicated that Monarch will not proceed with the proposed purchase and consequently the purchase agreement has been terminated. Harmony received from Monarch a deposit of AUD\$5 million

of which AUD\$2.5 million has been refunded and AUD\$2.5 million has been recorded as revenue. Harmony has resumed

management of the operation and has re-commenced the sale process.

#### 12. Segment report

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 condensed consolidated financial statements.

#### 13. Audit review

The condensed consolidated financial statements for the year ended 30 June 2008 on pages 28 to 37 have been reviewed

in accordance with International Standards on Review Engagements 2410 – "Review of interim financial information performed by the Independent Auditors of the entity" by PricewaterhouseCoopers Inc. Their unqualified review opinion is

available for inspection at the Company's registered office.

P  
38  
US\$ million YEAR ENDED 30 JUNE 2008 (Rand/Metric)  
Cash  
Cash  
Continuing  
operating  
operating  
Capital  
Kilograms  
Tonnes  
Operating  
Operations  
Revenue  
cost  
profit/(loss)  
expenditure  
gold  
milled Grade  
Cost  
South Africa  
R million  
R million  
R million  
R million  
t'000  
R/kg  
Tshepong  
1 621  
906  
715  
195  
8 495  
1 495  
5.68  
106 658  
Phakisa  
28  
17  
11  
293  
131  
31  
4.23  
130 221  
Doornkop  
258  
225  
33  
349  
1 373

448  
3.06  
164 099  
Elandsrand  
964  
751  
213  
318  
4 934  
890  
5.54  
152 171  
Target  
503  
374  
129  
256  
2 644  
622  
4.25  
141 027  
Masimong  
698  
637  
61  
114  
3 657  
809  
4.52  
174 080  
Evander Operations  
Evander 5  
360  
259  
101  
43  
1 884  
346  
5.45  
137 386  
Evander 7  
316  
231  
85  
83  
1 772  
280  
6.33  
130 210  
Evander 8  
726

426  
300  
116  
3 810  
686  
5.56  
111 715  
Total Evander  
Operations  
1 402  
916  
486  
242  
7 466  
1 312  
5.69  
122 598  
Bambanani  
932  
741  
191  
107  
4 945  
827  
5.98  
149 792  
Joel  
375  
284  
91  
39  
1 904  
407  
4.68  
149 305  
Virginia Operations  
Harmony 2  
283  
262  
21  
39  
1 497  
442  
3.38  
174 852  
Merriespruit 1  
287  
239  
48  
31  
1 463



387  
3.78  
163 585  
Merriespruit 3  
240  
229  
11  
22  
1 258  
389  
3.23  
181 769  
Unisel  
399  
318  
81  
38  
2 103  
496  
4.24  
151 376  
Brand 3  
279  
251  
28  
22  
1 465  
416  
3.52  
171 437  
Brand 5  
—  
9  
(9)  
—  
—  
—  
—  
—  
Total Virginia  
Operations  
1 488  
1 308  
180  
152  
7 786  
2 130  
4.00  
174 091  
St Helena  
41

92  
(51)  
4  
260  
78  
3.33  
355 654  
Kalgold  
557  
278  
279  
10  
2 898  
1 530  
1.89  
95 939  
Project Phoenix  
191  
89  
102  
4  
1 002  
6 378  
0.19  
75 184  
Other entities  
152  
55  
97  
136  
732  
729  
0.73  
98 100  
Total South Africa  
9 210  
6 673  
2 537  
2 219  
48 227  
17 686  
2.73  
138 319  
International  
PNG  
—  
—  
—  
1 428  
—  
—

—  
—  
Total International  
—  
—  
—  
1 428  
—  
—  
—  
—  
Total Harmony  
— Continuing  
Operations  
9 210  
6 673  
2 537  
3 647  
48 227  
17 686  
2.73  
138 319

P  
39  
Cash  
Cash  
Discontinued  
operating  
operating  
Capital  
Kilograms  
Tonnes  
Operating  
Operations  
Revenue  
cost  
profit/(loss)  
expenditure  
gold  
milled Grade  
Cost  
South Africa  
R million  
R million  
R million  
R million  
t'000  
R/kg  
Orkney 2  
148  
148  
–  
6  
831  
160  
5.23  
179 596  
Orkney 4  
110  
145  
(35)  
9  
637  
195  
3.27  
228 190  
Orkney 7  
54  
82  
(28)  
11  
309  
163

1.89  
266 312  
Cooke 1  
357  
231  
126  
16  
1 842  
297  
6.20  
125 587  
Cooke 2  
353  
201  
152  
35  
1 861  
341  
5.46  
107 739  
Cooke 3  
491  
325  
166  
107  
2 578  
561  
4.60  
126 010  
Cooke Plant Operations  
205  
130  
75  
4  
1 067  
2 342  
0.46  
121 549  
Total South Africa  
1 718  
1 262  
456  
188  
9 125  
4 059  
2.55  
138 464  
Australia  
Mt Magent  
408  
301

107  
29  
2 398  
876  
2.73  
125 488  
South Kal  
137  
105  
32  
91  
864  
433  
2.00  
120 812  
Total Australia  
545  
406  
139  
120  
3 262  
1 309  
2.49  
124 285  
Total Harmony  
– Discontinued  
Operations  
2 263  
1 668  
595  
308  
12 387  
5 368  
2.31  
134 718  
Total Harmony  
11 473  
8 341  
3 132  
3 955  
60 614  
23 054  
2.63  
137 584

P  
 40  
 DETAILED OPERATING INFORMATION YEAR ENDED 30 JUNE 2007 (Rand/Metric)  
 Cash  
 Cash  
 Continuing operating operating  
 operating  
 Capital  
 Kilograms  
 Tonnes  
 Operating  
 Operations  
 Revenue  
 cost  
 profit/(loss)  
 expenditure  
 gold  
 milled  
 Cost  
 South Africa  
 R million  
 R million  
 R million  
 R million  
 T'000 Grade  
 R/kg  
 Tshepong  
 1 460  
 807  
 653  
 188  
 9 919  
 1 654  
 5.99  
 81 324  
 Phakisa  
 -  
 -  
 -  
 227  
 -  
 -  
 -  
 -  
 Doornkop  
 263  
 181  
 82  
 270  
 1 784  
 541

3.30  
101 708  
Elandsrand  
895  
738  
157  
238  
6 056  
1 013  
5.98  
121 884  
Target  
657  
380  
277  
121  
4 430  
820  
5.41  
85 678  
Masimong  
681  
596  
85  
109  
4 602  
974  
4.73  
129 376  
Evander Operations  
Evander 5  
257  
208  
49  
39  
1 731  
342  
5.07  
120 229  
Evander 7  
283  
278  
5  
86  
1 899  
405  
4.69  
146 469  
Evander 8  
548  
330



218  
79  
3 692  
764  
4.83  
89 287  
Total Evander  
Operations  
1 088  
816  
272  
204  
7 322  
1 511  
4.85  
111 433  
Bambanani  
902  
831  
71  
125  
6 129  
1 164  
5.27  
135 609  
Joel  
366  
241  
125  
28  
2 486  
457  
5.44  
96 750  
Virginia Operations  
Harmony 2  
215  
215  
—  
35  
1 439  
468  
3.07  
149 527  
Merriespruit 1  
234  
191  
43  
25  
1 574  
432

3.64  
121 206  
Merriespruit 3  
201  
180  
21  
25  
1 354  
402  
3.36  
133 115  
Unisel  
368  
252  
116  
39  
2 488  
557  
4.47  
101 299  
Brand 3  
210  
200  
10  
11  
1 419  
403  
3.52  
140 913  
Brand 5  
4  
11  
(7)  
—  
29  
11  
2.64  
384 477  
Total Virginia  
Operations  
1 232  
1 049  
183  
135  
8 303  
2 273  
3.65  
126 364  
St Helena  
98  
129

(31)  
10  
663  
218  
3.04  
194 413  
Kudu/Sable  
4  
—  
4  
—  
26  
14  
—  
—  
Kalgold  
257  
196  
61  
3  
1 746  
1 578  
1.11  
112 227  
Project Phoenix  
94  
45  
49  
—  
664  
2 148  
0.31  
67 854  
Other entities  
40  
12  
28  
117  
210  
416  
0.51  
58 323  
Total South Africa  
8 037  
6 021  
2 016  
1 775  
54 340  
14 781  
3.68  
110 785

International  
PNG

-

-

-

526

-

-

-

-

Total International

-

-

-

526

-

-

-

-

Total Harmony

- Continuing

Operations

8 037

6 021

2 016

2 301

54 340

14 781

3.68

110 785

P  
 41  
 Cash  
 Cash  
 Discontinued operating  
 operating  
 Capital  
 Kilograms  
 Tonnes  
 Operating  
 Operations  
 Revenue  
 cost  
 profit/(loss)  
 expenditure  
 gold  
 milled  
 Cost  
 South Africa  
 R million  
 R million  
 R million  
 R million  
 T'000 Grade  
 R/kg  
 Orkney 2  
 240  
 190  
 50  
 31  
 1 626  
 282  
 5.77  
 116 621  
 Orkney 3  
 -  
 -  
 -  
 -  
 -  
 -  
 -  
 -  
 Orkney 4  
 209  
 189  
 20  
 37  
 1 432  
 360  
 3.98

132 286

Orkney 7

95

86

9

42

643

217

2.96

133 723

ARM surface

1

-

1

-

4

1

-

-

Cooke 1

348

236

112

14

2 354

386

6.10

100 439

Cooke 2

261

251

10

27

1 780

349

5.10

141 089

Cooke 3

417

317

100

98

2 841

564

5.04

111 681

Cooke Plant Operations

88

42

46

-

590  
811  
0.73  
70 631  
Total South Africa  
1 659  
1 311  
348  
249  
11 270  
2 970  
3.80  
116 377  
Australia  
Mt Magent  
617  
508  
109  
145  
4 243  
1 700  
2.50  
119 877  
South Kal  
404  
321  
83  
48  
2 749  
1 261  
2.18  
116 715  
Total Australia  
1 021  
829  
192  
193  
6 992  
2 961  
2.36  
118 634  
Total Harmony  
– Discontinued  
Operations  
2 680  
2 140  
540  
442  
18 262  
5 931  
3.08

117 241

Total Harmony

10 717

8 161

2 556

2 743

72 602

20 712

3.51

112 409



P

43

P

42

OPERATING RESULTS – CONTINUING OPERATIONS (US\$/Imperial)

Underground production – South Africa

Surface production – South Africa

Total SA

South

International

Doorn-

Elands-

Evander

Bamba-

Virginia

Under-

Kalgold

Project

Other

Total SA

Africa

production

Harmony

Tshepong

Phakisa

kop

rand

Target

Masimong

Operations

nani

Joel

Operations

St Helena

ground

Surface

Phoenix

Surface

Surface

Total

PNG

Total

Ore Milled

– t'000

Jun-08

436

18

139

323

174

225

331  
147  
150  
576  
—  
2 519  
423  
1 750  
309  
2 482  
5 001  
—  
5 001  
Mar-08  
359  
10  
82  
236  
170  
178  
307  
173  
100  
518  
—  
2 133  
429  
1 754  
233  
2 416  
4 549  
—  
4 549  
Gold Produced  
— oz  
Jun-08  
62 919  
1 929  
11 028  
49 512  
21 412  
28 485  
49 705  
32 440  
19 676  
57 132  
—  
334 238  
20 866  
7 202  
13 664

41 732  
375 970  
—  
375 970  
Mar-08  
64 012  
1 704  
5 916  
34 240  
18 165  
24 756  
48 226  
34 273  
13 439  
54 334  
—  
299 065  
23 406  
6 848  
3 343  
33 597  
332 662  
—  
332 662  
Yield —  
oz/t  
Jun-08  
0.14  
0.11  
0.08  
0.15  
0.12  
0.13  
0.15  
0.22  
0.13  
0.10  
—  
0.13  
0.05  
—  
0.04  
0.02  
0.08  
—  
0.08  
Mar-08  
0.18  
0.17  
0.07  
0.15

0.11  
0.14  
0.16  
0.20  
0.13  
0.10  
—  
0.14  
0.05  
—  
0.01  
0.01  
0.07  
—  
0.07  
Cash Operating Costs  
— \$/oz  
Jun-08  
429  
513  
593  
540  
700  
694  
515  
572  
499  
790  
—  
584  
393  
424  
203  
336  
556  
—  
556  
Mar-08  
452  
455  
1 245  
664  
647  
703  
599  
664  
690  
717  
—  
631  
409

394  
 475  
 412  
 609  
 –  
 609  
 Cash Operating Costs  
 – \$/t  
 Jun-08  
 62  
 55  
 47  
 83  
 86  
 88  
 77  
 126  
 65  
 78  
 –  
 77  
 19  
 2  
 9  
 6  
 42  
 –  
 42  
 Mar-08  
 81  
 78  
 90  
 96  
 69  
 98  
 94  
 132  
 93  
 75  
 –  
 89  
 22  
 2  
 7  
 6  
 45  
 –  
 45  
 Working Revenue  
 (\$'000)  
 Jun-08

56 411  
 1 731  
 9 888  
 44 651  
 19 132  
 25 593  
 44 548  
 29 080  
 17 652  
 51 304  
 -  
 299 990  
 18 741  
 6 486  
 12 071  
 37 298  
 337 288  
 -  
 337 288  
 Mar-08  
 59 880  
 1 593  
 5 724  
 33 087  
 16 904  
 23 379  
 46 018  
 31 532  
 12 797  
 51 595  
 4  
 282 509  
 21 920  
 6 541  
 3 181  
 31 642  
 314 151  
 -  
 314 151  
 Cash Operating Costs  
 (\$'000)  
 Jun-08  
 26 972  
 989  
 6 542  
 26 758  
 14 997  
 19 761  
 25 599  
 18 571  
 9 809

45 152  
—  
195 150  
8 195  
3 057  
2 775  
14 027  
209 177  
—  
209 177  
Mar-08  
28 931  
776  
7 364  
22 723  
11 755  
17 397  
28 897  
22 759  
9 274  
38 951  
1 541  
188 827  
9 568  
2 701  
1 588  
13 857  
202 684  
—  
202 684  
Cash Operating Profit  
(\$'000)  
Jun-08  
29 439  
742  
3 346  
17 893  
4 135  
5 832  
18 949  
10 509  
7 843  
6 152  
—  
104 840  
10 546  
3 429  
9 296  
23 271  
128 111  
—

128 111  
 Mar-08  
 30 949  
 817  
 (1 640)  
 10 364  
 5 149  
 5 982  
 17 121  
 8 773  
 3 523  
 12 644  
 (1 537)  
 93 682  
 12 352  
 3 840  
 1 593  
 17 785  
 111 467  
 -  
 111 467  
 Capital Expenditure  
 (\$'000)  
 Jun-08  
 6 439  
 12 491  
 12 906  
 12 249  
 11 768  
 3 354  
 7 185  
 2 836  
 1 153  
 5 288  
 1  
 75 669  
 621  
 25  
 7 093  
 7 739  
 83 408  
 86 004  
 169 412  
 Mar-08  
 5 807  
 9 855  
 11 243  
 11 203  
 10 962  
 3 402  
 7 174



2 895

1 130

3 849

22

67 520

121

48

2 448

2 617

70 137

43 646

113 783

Evander operations – Evander 5, Evander 7 and Evander 8

Virginia operations – Harmony 2, Merriespruit 1 and 3, Unisel and Brand

P  
45  
P  
44  
OPERATING RESULTS INCLUDING DISCONTINUED OPERATIONS (US\$/Imperial)  
Underground production – South Africa  
Surface production – South Africa  
International production  
Rand-  
Virginia  
Total SA  
Cooke  
South  
Total  
Doorn-  
Elands-  
Evander  
fontein  
Bamba-  
Opera-  
Under-  
Kalgold  
Project  
plant  
Other  
Total SA  
Africa  
Inter-  
Harmony  
Tshepong  
Phakisa  
kop  
rand  
Target  
Masimong Operations Operations  
nani  
Joel  
tions  
St Helena  
ARMgold  
ground  
Surface  
Phoenix Operations  
Surface  
Surface  
Total Australia  
PNG  
national  
Total  
Ore milled  
– t'000

Jun-08

436

18

139

323

174

225

331

323

147

150

576

—

—

2 842

423

1 750

579

309

3 061

5 903

—

—

—

5 903

Mar-08

359

10

82

236

170

178

307

305

173

100

518

—

119

2 557

429

1 754

711

233

3 127

5 684

38

—

38

5 722

Gold Produced

– oz  
Jun-08  
62 919  
1 929  
11 028  
49 512  
21 412  
28 485  
49 705  
43 371  
32 440  
19 676  
57 132  
–  
–  
377 609  
20 866  
7 202  
6 816  
13 664  
48 548  
426 157  
–  
–  
–  
426 157  
Mar-08  
64 012  
1 704  
5 916  
34 240  
18 165  
24 756  
48 226  
43 532  
34 273  
13 439  
54 334  
–  
9 645  
352 242  
23 406  
6 848  
8 841  
3 343  
42 438  
394 680  
1 800  
–  
1 800  
396 480

Yield –  
oz/t  
Jun-08  
0.14  
0.11  
0.08  
0.15  
0.12  
0.13  
0.15  
0.13  
0.22  
0.13  
0.10  
–  
–  
0.13  
0.05  
–  
0.01  
0.04  
0.02  
0.07  
–  
–  
–  
0.07  
Mar-08  
0.18  
0.17  
0.07  
0.15  
0.11  
0.14  
0.16  
0.14  
0.20  
0.13  
0.10  
–  
0.08  
0.14  
0.05  
–  
0.01  
0.01  
0.01  
0.07  
0.05  
–  
0.05

0.07

Cash Operating Costs – \$/oz

Jun-08

429

513

593

540

700

694

515

481

572

499

790

–

–

572

393

424

636

203

378

550

–

–

–

550

Mar-08

452

455

1 245

664

647

703

599

570

664

690

717

–

1 345

648

409

394

598

475

451

627

2 139

–

2 139

633

Cash Operating Costs – \$/t

Jun-08

62

55

47

83

86

88

77

65

126

65

78

–

–

76

19

2

7

9

6

40

–

–

–

40

Mar-08

81

78

90

96

69

98

94

81

132

93

75

–

109

89

22

2

7

7

6

44

101

–

101

44

Working Revenue

(\$'000)

Jun-08

56 411

1 731

9 888

44 651

19 132

25 593

44 548

38 978

29 080

17 652

51 304

—

—

338 968

18 741

6 486

6 109

12 071

43 407

382 375

—

—

—

382 375

Mar-08

59 880

1 593

5 724

33 087

16 904

23 379

46 018

42 010

31 532

12 797

51 595

4

9 246

333 769

21 920

6 541

8 413

3 181

40 055

373 824

4 014

—



4 014

377 838

Cash Operating Costs (\$'000)

Jun-08

26 973

989

6 542

26 758

14 997

19 761

25 599

20 871

18 571

9 809

45 152

—

47

216 069

8 195

3 057

4 333

2 775

18 360

234 429

—

—

—

234 429

Mar-08

28 931

776

7 364

22 723

11 755

17 397

28 897

24 818

22 759

9 274

38 951

1 541

12 969

228 155

9 568

2 701

5 287

1 588

19 144

247 299

3 851

—

3 851

251 150

Cash Operating Profit (\$'000)

Jun-08

29 438

742

3 346

17 893

4 135

5 832

18 949

18 107

10 509

7 843

6 152

—

(47)

122 899

10 546

3 429

1 776

9 296

25 047

147 946

—

—

—

147 946

Mar-08

30 949

817

(1 640)

10 364

5 149

5 982

17 121

17 192

8 773

3 523

12 644

(1 537)

(3 723)

105 614

12 352

3 840

3 126

1 593

20 911

126 525

163

—

163  
126 688  
Capital Expenditure  
(\$'000)  
Jun-08  
6 439  
12 491  
12 906  
12 249  
11 768  
3 354  
7 185  
5 277  
2 836  
1 153  
5 288  
1  
(9)  
80 938  
621  
25  
140  
7 093  
7 879  
88 817  
36  
86 004  
86 040  
174 857  
Mar-08  
5 807  
9 855  
11 243  
11 203  
10 962  
3 402  
7 174  
5 401  
2 895  
1 130  
3 849  
22  
(1)  
72 942  
121  
48  
254  
2 448  
2 871  
75 813  
8

43 646

43 654

119 467

Evander operations – Evander 5, Evander 7 and Evander 8

Randfontein operations – Cooke 1, Cooke 2 and Cooke 3

Virginia operations – Harmony 2, Merriespruit 1 and 3, Unisel and Brand

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CONDENSED CONSOLIDATED INCOME STATEMENT Unaudited) (US\$)

Quarter ended

Year ended

June

March

June

1

June

June

1

2008

2008

2007

2008

2007

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

Continuing operations

Revenue

337

329

265

1 269

1 116

Cost of sales

(294)

(256)

(272)

(1 127)

(935)

Production cost

(209)

(214)

(262)

(919)

(836)

Amortisation and depreciation

(29)

(27)

(30)

(117)

(106)

Impairment of assets

(41)

–

17

(44)  
17  
Employment termination and restructuring costs  
(6)  
(12)  
—  
(29)  
—  
Other items  
(9)  
(3)  
3  
(18)  
(10)  
Gross profit/(loss)  
43  
73  
(7)  
142  
181  
Corporate, administration and other expenditure  
(6)  
(8)  
(12)  
(31)  
(31)  
Exploration expenditure  
(8)  
(8)  
(12)  
(28)  
(27)  
Other (expenses)/income – net  
(1)  
(2)  
11  
(12)  
26  
Operating profit/(loss)  
28  
55  
(20)  
71  
149  
Loss from associates  
(9)  
(1)  
—  
(11)  
(3)  
Profit on sale of investment in associate

—  
—  
—  
—  
33  
Impairment of investment in associate  
(12)  
—  
—  
(13)  
—  
Mark-to-market of listed investments  
—  
—  
4  
5  
15  
Loss on sale of listed investments  
—  
—  
(5)  
(63)  
(5)  
Impairment of investments  
—  
—  
—  
—  
(1)  
Investment income  
11  
8  
12  
39  
26  
Finance cost  
(17)  
(17)  
(28)  
(71)  
(63)  
Profit/(Loss) before taxation  
1  
45  
(37)  
(43)  
151  
Taxation  
(32)  
(22)  
12

(64)  
(38)  
Net (loss)/profit from continuing operations  
(31)  
23  
(25)  
(107)  
113  
Discontinued operations  
Profit/(Loss) from discontinued operations  
22  
27  
(65)  
76  
(61)  
Net (loss)/profit  
(9)  
50  
(90)  
(31)  
52  
(Loss)/Earnings per share from continuing operations  
attributable to the equity holders of the Company  
during the year (cents)  
– Basic (loss)/earnings  
(8)  
5  
(6)  
(27)  
29  
– Headline earnings/(loss)  
5  
5  
(11)  
3  
13  
– Fully diluted (loss)/earnings  
(8)  
5  
(6)  
(27)  
28  
Earnings/(Loss) per share from discontinuing operations  
attributable to the equity holders of the Company  
during the year (cents)  
– Basic earnings/(loss)  
5  
7  
(16)  
19  
(15)



– Headline earnings/(loss)

3

3

(7)

15

(6)

– Fully diluted earnings/(loss)

5

7

(16)

19

(15)

Total (loss)/earnings per share from all operations  
attributable to the equity holders of the Company  
during the year (cents)

– Basic (loss)/earnings

(3)

12

(22)

(8)

14

– Headline earnings/(loss)

8

8

(18)

18

7

– Fully diluted (loss)/earnings

(3)

12

(22)

(8)

13

*The currency conversion rates average for the quarters ended: June 2008: US\$1 = R7.77 (March 2008: US\$1 = R7.43, June 2007:*

*US\$1=R7.09)*

*The currency conversion rates average for the year ended: June 2008: US\$1 = R7.26 (June 2007: US\$1=R7.20)*

1

The comparative figures were adjusted to exclude further discontinued operations and interest capitalised

.

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CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited) (US\$)

At

At

At

June

March

June

2008

2008

2007

US\$ million

US\$ million

US\$ million

ASSETS

Non-current assets

Property, plant and equipment

3 533

3 265

3 486

Intangible assets

283

284

328

Restricted cash

10

10

1

Restricted investments

188

160

195

Investments in financial assets

9

13

2

Investments in associates

19

42

1

Trade and other receivables

18

1

13

4 060

3 775

4 026

Current assets

Inventories

89

80
105
Investments in financial assets
—
—
353
Trade and other receivables
111
122
130
Income and mining taxes
11
7
9
Restricted cash
—
—
39
Cash and cash equivalents
53
43
101
264
252
737
Non-current assets classified as held for sale
197
211
182
461
463
919
Total assets
4 521
4 238
4 945
<b>EQUITY AND LIABILITIES</b>
Share capital and reserves
Share capital
3 320
3 178
3 641
Other reserves
87
90
(50)
Accumulated loss
(235)
(219)
(225)
3 172

3 049
3 366
Non-current liabilities
Borrowings
34
236
248
Deferred income tax
383
319
386
Provisions for other liabilities and charges
163
132
173
580
687
807
Current liabilities
Trade and other payables
176
114
219
Provisions and accrued liabilities
37
32
38
Borrowings
492
247
406
Bank overdraft
—
—
31
705
393
694
Liabilities directly associated with non-current assets classified as held for sale
64
109
78
769
502
772
Total equity and liabilities
4 521
4 238
4 945
Number of ordinary shares in issue
403 253 756

402 818 020

399 608 384

Net asset value per share (cents)

787

757

842

*Balance sheet converted at conversion rate of US\$1 = R7.80 (March 2008: R8.14) (June 2007: R7.04)*

P	
48	
CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY (Unaudited) (US\$)	
Issued share	
Other	Accumulated
capital	
reserves	
loss	
Total	
US\$ million	
US\$ million	
US\$ million	
US\$ million	
Balance – 30 June 2007 (as previously reported)	
3 287	
(45)	
(216)	
3 026	
Change in accounting policy for the capitalisation of	
interest on assets under construction	
–	
–	
13	
13	
Balance – 30 June 2007 (restated)	
3 287	
(45)	
(203)	
3 039	
Issue of share capital	
33	
–	
–	
33	
Currency translation adjustment and other	
–	
131	
–	
131	
Net loss	
–	
–	
(31)	
(31)	
Dividends paid	
–	
–	
(1)	
(1)	
Balance as at 30 June 2008	
3 320	

86
(235)
3 171
Balance – 30 June 2006 (as previously reported)
3 621
(38)
(286)
3 297
Change in accounting policy for the capitalisation of interest on assets under construction
–
–
8
8
Balance – 30 June 2006 (restated)
3 621
(38)
(278)
3 305
Issue of share capital
21
–
–
21
Currency translation adjustment and other
–
(11)
–
(11)
Net profit
–
–
54
54
Dividends paid
–
–
(1)
(1)
Balance as at 30 June 2007
3 642
(49)
(225)
3 368

P

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Unaudited) (US\$)

Quarter ended

Year ended

June

March

June

June

2008

2008

2008

2007

US\$ million

US\$ million

US\$ million

US\$ million

Cash flow from operating activities

Cash generated by operations

194

107

272

177

Interest and dividends received

12

9

42

28

Interest paid

(15)

(17)

(57)

(31)

Income and mining taxes paid

(9)

(6)

(18)

(2)

Cash generated by operating activities

182

93

239

172

Cash flow from investing activities

(Increase)/decrease in restricted cash

—

—

28

(4)

Net proceeds on disposal of listed investments

—



-	
184	
55	
Net additions to property, plant and equipment	
(163)	
(119)	
(516)	
(362)	
Other investing activities	
(24)	
1	
(23)	
(7)	
Cash utilised by investing activities	
(187)	
(118)	
(327)	
(318)	
Cash flow from financing activities	
Long-term loans raised	
20	
-	
323	
253	
Long-term loans repaid	
(2)	
-	
(256)	
(139)	
Ordinary shares issued – net of expenses	
3	
5	
12	
19	
Dividends paid	
(1)	
-	
(1)	
(1)	
Cash generated by financing activities	
20	
5	
78	
132	
Foreign currency translation adjustments	
(5)	
-	
(7)	
(7)	
Net increase/(decrease) in cash and equivalents	
10	

(20)  
(17)  
(21)  
Cash and equivalents – beginning of period  
43  
63  
70  
91  
Cash and equivalents – end of period  
53  
43  
53  
70  
*Operating activities translated at average rates of: Three months ended June 2008: US\$1 = R7.77 (March 2008: US\$1 = R7.43)  
year ended June 2008: US\$1 = R7.26 (June 2007: US\$ = R7.20)  
Closing balance translated at closing rates of: June 2008: US\$1 = R7.80 (March 2008: US\$1 = R8.14, June 2007: US\$1 = R7.04)*

P  
 50  
 DETAILED OPERATING INFORMATION YEAR ENDED 30 JUNE 2008 (US\$/Imperial)  
 Cash  
 Cash  
 Continuing  
 operating  
 operating  
 Capital  
 Gold  
 Tonnes  
 Operating  
 Operations  
 Revenue  
 cost  
 profit/(loss)  
 expenditure  
 Produced  
 milled  
 Grade  
 cost  
 South Africa  
 US\$ million US\$ million  
 US\$ million  
 US\$ million  
 Ounces  
 (Imperial) (Imperial)  
 \$/ounce  
 Tshepong  
 223  
 125  
 98  
 27  
 273 119  
 1 649  
 0.166  
 457  
 Phakisa  
 4  
 2  
 2  
 40  
 4 212  
 34  
 0.123  
 558  
 Doornkop  
 35  
 31  
 4  
 48

44 143  
494  
0.089  
703  
Elandsrand  
133  
103  
30  
44  
158 631  
981  
0.162  
652  
Target  
69  
51  
18  
35  
85 006  
686  
0.124  
605  
Masimong  
96  
88  
8  
16  
117 575  
892  
0.132  
745  
Evander Operations  
Evander 5  
50  
36  
14  
6  
60 572  
382  
0.159  
588  
Evander 7  
43  
32  
11  
11  
56 971  
309  
0.185  
557  
Evander 8

100  
59  
41  
16  
122 494  
756  
0.162  
478  
Total Evander  
Operations  
193  
127  
66  
33  
240 037  
1 447  
0.166  
525  
Bambanani  
128  
102  
26  
15  
158 985  
912  
0.174  
641  
Joel  
52  
39  
13  
5  
61 215  
449  
0.136  
639  
Virginia Operations  
Harmony 2  
39  
36  
3  
5  
48 129  
487  
0.099  
749  
Merriespruit 1  
39  
33  
6  
4

47 036  
427  
0.110  
700  
Merriespruit 3  
33  
31  
2  
3  
40 445  
429  
0.094  
778  
Unisel  
55  
44  
11  
5  
67 613  
547  
0.124  
648  
Brand 3  
38  
35  
3  
3  
47 101  
459  
0.103  
734  
Brand 5  
—  
1  
(1)  
—  
—  
—  
—  
—  
Total Virginia  
Operations  
204  
180  
24  
20  
250 324  
2 349  
0.107  
719  
St Helena

6  
13  
(7)  
1  
8 359  
86  
0.097  
1 523  
Kalgold  
77  
38  
39  
1  
93 172  
1 687  
0.055  
411  
Project Phoenix  
26  
12  
14  
—  
32 215  
7 033  
0.005  
381  
Other entities  
23  
7  
16  
18  
23 534  
804  
0.029  
309  
Total South Africa  
1 269  
918  
351  
303 1 550 527  
19 503  
0.080  
591  
International  
PNG  
—  
—  
—  
197  
—  
—

—  
—  
Total International  
—  
—  
—  
197  
—  
—  
—  
—  
Total Harmony  
— Continuing  
Operations  
1 269  
918  
351  
500 1 550 527  
19 503  
0.080  
591



P  
 51  
 Cash  
 Cash  
 Discontinued  
 operating  
 operating  
 Capital  
 Gold  
 Tonnes  
 Operating  
 Operations  
 Revenue  
 cost  
 profit/(loss)  
 expenditure  
 Produced  
 milled  
 Grade  
 cost  
 South Africa  
 US\$ million      US\$ million  
 US\$ million  
 US\$ million  
 Ounces  
 (Imperial)    (Imperial)  
 \$/ounce  
 Orkney 2  
 18  
 21  
 (3)  
 1  
 26 717  
 176  
 0.152  
 769  
 Orkney 4  
 15  
 20  
 (5)  
 1  
 20 480  
 215  
 0.095  
 977  
 Orkney 7  
 7  
 11  
 (4)  
 2  
 9 935

180  
0.055  
1 140  
Cooke 1  
49  
32  
17  
2  
59 221  
328  
0.181  
538  
Cooke 2  
49  
28  
21  
5  
59 832  
376  
0.159  
461  
Cooke 3  
68  
45  
23  
15  
82 884  
619  
0.134  
540  
Cooke Plant Operations  
28  
18  
10  
—  
34 305  
2 583  
0.013  
520  
Total South Africa  
234  
175  
59  
26  
293 374  
4 477  
0.066  
593  
Australia  
Mt Magent  
56

41  
15  
4  
77 097  
966  
0.080  
537  
South Kal  
19  
14  
5  
12  
27 778  
477  
0.058  
517  
Total Australia  
75  
55  
20  
16  
104 875  
1 443  
0.073  
532  
Total Harmony  
– Discontinued  
Operations  
309  
230  
79  
42  
398 249  
5 920  
0.067  
576  
Total Harmony  
1 578  
1 148  
430  
542 1 948 776  
25 423  
0.077  
589

P  
52  
DETAILED OPERATING INFORMATION YEAR ENDED 30 JUNE 2007 US\$/Imperial)  
Cash  
Cash  
Continuing  
operating  
operating  
Capital  
Gold  
Tonnes  
Operating  
Operations  
Revenue  
cost  
profit/(loss)  
expenditure  
Produced  
milled  
Grade  
cost  
South Africa  
US\$ million      US\$ million  
US\$ million  
US\$ million  
Ounces  
(Imperial)    (Imperial)  
\$/ounce  
Tshepong  
203  
112  
91  
26  
318 887  
1 824  
0.175  
351  
Phakisa  
—  
—  
—  
32  
—  
—  
—  
—  
Doornkop  
37  
25  
12  
38

57 364

597

0.096

439

Elandsrand

124

103

21

33

194 710

1 117

0.174

527

Target

91

53

38

16

142 433

904

0.158

370

Masimong

95

82

13

15

147 958

1 074

0.138

559

Evander Operations

Evander 5

36

29

7

5

55 707

377

0.148

519

Evander 7

39

38

1

12

61 044

447

0.137

633

Evander 8

76  
46  
30  
11  
118 692  
843  
0.141  
386  
Total Evander  
Operations  
151  
113  
38  
28  
235 443  
1 667  
0.141  
481  
Bambanani  
126  
115  
11  
17  
197 060  
1 283  
0.154  
586  
Joel  
51  
33  
18  
4  
79 923  
504  
0.158  
418  
Virginia Operations  
Harmony 2  
30  
30  
—  
5  
46 274  
516  
0.089  
646  
Merriespruit 1  
33  
27  
6  
4

50 612  
476  
0.106  
524  
Merriespruit 3  
28  
25  
3  
3  
43 541  
444  
0.098  
575  
Unisel  
51  
35  
16  
5  
79 992  
614  
0.130  
438  
Brand 3  
29  
28  
1  
2  
45 611  
445  
0.103  
609  
Brand 5  
1  
2  
(1)  
—  
918  
12  
0.077  
1 651  
Total Virginia  
Operations  
172  
147  
25  
19  
266 948  
2 507  
0.106  
546  
St Helena

14  
 18  
 (4)  
 1  
 21 319  
 241  
 0.089  
 840  
 Kudu/Sable  
 1  
 –  
 1  
 –  
 845  
 16  
 –  
 –  
 Kalgold  
 36  
 27  
 9  
 –  
 56 129  
 1 740  
 0.032  
 485  
 Project Phoenix  
 13  
 6  
 7  
 –  
 21 346  
 2 368  
 0.009  
 293  
 Other entities  
 2  
 2  
 –  
 18  
 6 706  
 458  
 0.015  
 252  
 Total South Africa  
 1 116  
 836  
 280  
 247 1 747 071  
 16 300  
 0.107



479  
International  
PNG  
—  
—  
—  
73  
—  
—  
—  
—  
Total international  
—  
—  
—  
73  
—  
—  
—  
—  
Total Harmony  
— Continuing  
Operations  
1 116  
836  
280  
320 1 747 071  
16 300  
0.107  
479

P  
 53  
 Cash  
 Cash  
 Discontinued  
 operating  
 operating  
 Capital  
 Gold  
 Tonnes  
 Operating  
 Operations  
 Revenue  
 cost  
 profit/(loss)  
 expenditure  
 Produced  
 milled  
 Grade  
 cost  
 South Africa  
 US\$ million      US\$ million  
 US\$ million  
 US\$ million  
 Ounces  
 (Imperial)    (Imperial)  
 \$/ounce  
 Orkney 2  
 34  
 26  
 8  
 4  
 52 275  
 311  
 0.168  
 504  
 Orkney 3  
 -  
 -  
 -  
 -  
 -  
 -  
 -  
 -  
 Orkney 4  
 30  
 26  
 4  
 5  
 46 041

397  
0.116  
572  
Orkney 7  
13  
12  
1  
6  
20 668  
239  
0.086  
578  
ARM surface  
—  
—  
—  
—  
125  
1  
—  
—  
Cooke 1  
48  
33  
15  
2  
75 698  
425  
0.178  
434  
Cooke 2  
36  
35  
1  
3  
57 215  
385  
0.149  
610  
Cooke 3  
58  
44  
14  
14  
91 332  
622  
0.147  
483  
Cooke Plant Operations  
12  
6

6  
—  
18 974  
895  
0.021  
305  
Total South Africa  
231  
182  
49  
34  
362 328  
3 275  
0.111  
503  
Australia  
Mt Magent  
86  
71  
15  
20  
136 428  
1 874  
0.073  
518  
South Kal  
56  
45  
11  
7  
88 371  
1 391  
0.064  
504  
Total Australia  
142  
116  
26  
27  
224 799  
3 265  
0.069  
507  
Total Harmony  
– Discontinued  
Operations  
373  
298  
75  
61  
587 127

6 540

0.090

507

Total Harmony

1 489

1 134

355

381 2 334 198

22 840

0.102

489

P

54

DEVELOPMENT RESULTS Metric)

Quarter ended June 2008

Channel Channel

Reef Sampled

Width

Value

Gold

Metres

Metres

(Cm's)

(g/t) (Cmg/t)

Randfontein

VCR Reef

837

894

50

36.03

1,819

UE1A

918

909

186

4.10

762

E8 Reef

54

54

121

9.53

1,153

Kimberley Reef

55

126

59

5.66

334

E9GB Reef

264

203

84

13.67

1,155

All Reefs

2,129

2,186

112

10.83

1,216

Free State

Basal  
1,775  
1,198  
67  
15.81  
1,065  
Leader  
1,312  
984  
167  
5.89  
985  
A Reef  
366  
284  
89  
7.15  
639  
Middle  
25  
12  
148  
51.84  
7,673  
B Reef  
69  
66  
227  
0.24  
54  
All Reefs  
3,547  
2,544  
113  
8.78  
991  
Evander  
Kimberley Reef  
887  
1,050  
73  
15.48  
1,134  
Elandskraal  
VCR Reef  
539  
532  
135  
12.50  
1,688  
Orkney

Vaal Reef

—

—

—

—

—

VCR

—

—

—

—

—

All Reefs

—

—

—

—

Target

Elsburg

116

74

293

3.28

962

Freegold JV

Basal

1,334

1,076

22

52.86

1,180

Beatrix

425

360

123

8.48

1,040

Leader

B Reef

121

154

35

143.84

5,105

All Reefs

1,880

1,590

46

33.01

1,529



DEVELOPMENT RESULTS (Imperial)

Quarter ended June 2008

Channel Channel

Reef Sampled

Width

Value

Gold

Feet

Feet

(inches)

(oz/t) (in.ozt)

Randfontein

VCR Reef

2,747

2,933

20

1.04

21

UE1A

3,012

2,982

73

0.12

9

E8 Reef

177

177

48

0.27

13

Kimberley Reef

181

413

23

0.17

4

E9GB Reef

866

666

33

0.39

13

All Reefs

6,983

7,172

44

0.32

14

Free State

Basal

5,824

3,930  
27  
0.45  
12  
Leader  
4,304  
3,228  
66  
0.17  
11  
A Reef  
1,201  
932  
35  
0.21  
7  
Middle  
83  
39  
58  
1.52  
88  
B Reef  
226  
217  
89  
0.01  
1  
All Reefs  
11,638  
8,346  
44  
0.26  
11  
Evander  
Kimberley Reef  
2,910  
3,445  
29  
0.45  
13  
Elandskraal  
VCR Reef  
1,768  
1,745  
53  
0.37  
19  
Orkney  
Vaal Reef  
—

-  
-  
-  
-

VCR

-  
-  
-  
-  
-

All Reefs

-  
-  
-  
-

Target  
Elsburg

379  
243  
115  
0.10  
11

Freegold JV

Basal  
4,377  
3,530  
9

1.51  
14

Beatrix

1,394  
1,181  
48  
0.25  
12

Leader

-  
-  
-  
-

B Reef

397  
505  
14  
4.19  
59

All Reefs

6,168  
5,217

18

0.98

18

P

55

CONTACT DETAILS

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G Briggs (Chief Executive Officer)

F Abbott, J A Chissano\*

†

,

F T De Buck\*, Dr D S Lushaba\*

C Markus\*, M Motloba\*,

C M L Savage\*, A J Wilkens\*

Dr C Diarra\*

‡

, K V Dicks\*

(\*non-executive)

(

†

Mozambique)

(

‡

US/Mali Citizen)

Further Information

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Trading Symbols

JSE Limited

HAR

New York Stock Exchange, Inc.

HMY

NASDAQ

HMY

London Stock Exchange plc

HRM

Euronext Paris

HG

Euronext Brussels

HMY

Berlin Stock Exchange

HAM1

Issuer code

HAPS

Registration number 1950/038232/06

Incorporated in the Republic of South Africa

ISIN: ZAE000015228

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NOTES

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: August 15, 2008

Harmony Gold Mining Company Limited

By:

/s/ Frank Abbott

Name: Frank Abbott

Title: Chief Interim Financial Office