

HARMONY GOLD MINING CO LTD

Form 20-F/A

March 24, 2014

As filed with the Securities and Exchange Commission on March 24, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F/A
(Amendment No. 1)

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended June 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number: 001 31545

HARMONY GOLD MINING COMPANY LIMITED

(Exact name of registrant as specified in its charter)

REPUBLIC OF SOUTH AFRICA

(Jurisdiction of incorporation or organization)

RANDFONTEIN OFFICE PARK, CNR WARD AVENUE AND MAIN REEF ROAD,

RANDFONTEIN, SOUTH AFRICA, 1760

(Address of principal executive offices)

Riana Bisschoff, Group Company Secretary

tel: +27 11 411 6020, riana.bisschoff@harmony.co.za, fax: +27 (0) 11 696 9734,

Randfontein Office Park, CNR Ward Avenue and Main Reef Road, Randfontein, South Africa, 1760

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Ordinary shares, with nominal value Rand 50 cents per share*

(Title of Class)

American Depositary Shares (as evidenced by American Depositary Receipts),

each representing one ordinary share

(Title of Class)

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

The number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the last full fiscal year covered by this Annual Report was:

435,289,890 ordinary shares, with nominal value of Rand 50 cents per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES NO

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

YES NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days:

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

US GAAP International Financial Reporting Standards as issued Other

by the International Accounting Standards Board

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 " Item 18 "

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES " NO x

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

YES x NO "

* Not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

Explanatory Note

Harmony Gold Mining Company Limited (**Harmony**) is filing this Amendment No. 1 on Form 20-F/A (the **Form 20-F/A**) to amend its annual report on Form 20-F for the fiscal year ended June 30, 2013 (the **2013 Form 20-F**) as originally filed with the Securities and Exchange Commission (the **SEC**) on October 25, 2013. The Report of Independent Registered Public Accounting Firm in the Consolidated Financial Statements (the **Report**), as submitted to the SEC by Harmony on page F-2 of the 2013 Form 20-F was erroneously dated October 25, 2012, which precedes the date of the financial statements referenced in the Report. This amendment replaces that Report with the correct version of the Report dated October 25, 2013 and presents Item 8 and Item 18 of the 2013 Form 20-F with the correct version of the Report as page F-2. This amendment does not contain any changes to data and footnotes in the Consolidated Financial Statements of Harmony Gold Mining Company Limited and its consolidated subsidiaries, presented on pages F-3 through F-72 of the 2013 Form 20-F.

Other than as expressly set forth above, this Form 20-F/A does not, and does not purport to, revise, update, amend or restate the information presented in any Item of the 2013 Form 20-F or reflect any events that have occurred after the filing of the 2013 Form 20-F.

Item 8. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS

Please refer to *Item 18. Financial Statements* of this annual report.

Legal Proceedings

None of our properties is the subject of pending material legal proceedings. We have experienced a number of claims and legal and arbitration proceedings incidental to the normal conduct of our business, such as the ones described below. The directors, however, do not believe that liabilities related to such claims and proceedings are likely to be, individually or in the aggregate, material to the Company's consolidated financial condition.

AngloGold Ashanti court case

Harmony has been named as a second defendant in the Mr. Thembekekile Mankayi v AngloGold Ashanti court case, under which the principles of compensation under ODIMWA are currently being tested. The case was heard in the High Court of South Africa in June 2008, and an appeal heard in the Supreme Court of Appeals in 2010. In both instances judgement was awarded in favour of AngloGold Ashanti. A further appeal that was lodged by Mr Mankayi was heard in the Constitutional Court in 2010.

Judgement in the Constitutional Court was handed down on March 3, 2011. The judgement allows Mr Mankayi's executor to proceed with the case in the High Court of South Africa. Should anyone bring similar claims against Harmony in future, those claimants would need to provide that silicosis was contracted while in the employment of the Company and that it was contracted due to negligence on the Company's part. The link between the cause (negligence by the Company while in its employ) and the effect (the silicosis) will be an essential part of any case. Should anyone bring similar claims against Harmony in future, those claimants would need to provide evidence proving that silicosis was contracted while in the employment of the Company and that it was contracted due to negligence on the Company's part. The link between the cause (negligence by the Company while in its employ) and the effect (the silicosis) will be an essential part of any case. It is therefore uncertain as to whether the Company will incur any costs related to silicosis claims in the future and due to the limited information available on any claims and potential claims and the uncertainty of the outcome of these claims, no estimation can be made for the possible obligation.

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South Africa class action

On August 23, 2012, Harmony and all its subsidiaries were served with court papers entailing an application by three of its former employees requesting that the South Gauteng High Court certify a class action. In essence, the applicants want the court to declare them as representing a class of people for the purposes of instituting an action for relief and to obtain directions as to what procedure to follow in pursuing the relief required against Harmony. Harmony has subsequently retained legal counsel in this regard and on September 5, 2012, Harmony served and filed its notice of intention to oppose the application as it is of the view that the applicants cannot form part of a class as, according to their own averments, they worked at different operations. At this stage and in the absence of a Court decision on this matter, it is uncertain as to whether the Company will incur any costs related to silicosis claims in the near future. Due to the limited information available on any claims and potential claims, and the uncertainty of the outcome of these claims, no estimation can be made for the possible obligation.

On January 8, 2013, Harmony and its subsidiaries, alongside other mining companies operating in South Africa (collectively the respondents), were served with another application to certify a class on behalf of classes of mine workers, former mine workers and their dependents who were previously employed by, or who are currently employed by, the respondents, who allegedly contracted silicosis and/or other occupational lung diseases. Harmony has filed notices of its intention to oppose both applications and has instructed its attorneys to defend the claims. Following the receipt of this application, Harmony was advised that there was a potential overlap between the application of August 23, 2012 and the application of January 8, 2013. After deliberation between the respondents attorneys and the applicants attorneys, it was resolved that the applicants attorneys will consolidate the two applications and serve an amended application which will be considered by the respondents. The respondents are awaiting a consolidated application of the two separate applications served.

At this stage, and in the absence of a court decision on this matter it is uncertain as to whether the company will incur any costs related to silicosis claims in the near future. Due to the limited information available on any claims and potential claims and the uncertainty of the outcome of these claims, no estimation can be made for the possible obligation.

US class action

The Company reached a mutually acceptable settlement with the class plaintiffs during fiscal 2012 in a pending class action in the United States District Court for the Southern District of New York in which certain ADR and ADR Option holders are seeking damages against us pertaining to our business practices for the period April 25, 2007 to August 7, 2007. The settlement was approved by the Court in November 2011 but a single class member filed an appeal of the Court's order approving the settlement. That appeal resulted in the United States Court of Appeals for the Second Circuit affirming the decision of the District Court. The objecting plaintiff has asked the United States Supreme Court to review the case and this is pending. The settlement amount has been paid into escrow by the company's insurers and will be distributed to the plaintiffs once the appeal has been finalized.

Dividends and Dividend Policy

On August 13, 2010, the board approved a final dividend for fiscal 2010 of R0.50 per share that was paid on September 20, 2010. The total amount of the dividend paid was R214 million (US\$29.3 million). As the dividend was declared after the reporting date of June 30, 2010, the dividend was recorded in fiscal 2011.

On August 12, 2011, the board approved a final dividend for fiscal 2011 of R0.60 per share that was paid on September 19, 2011. The total amount of the dividend paid was R258 million (US\$33.9 million). This was recorded in fiscal 2012. On February 1, 2012, the board approved an interim dividend for fiscal 2012 of R0.40 per share that was paid on March 12, 2012. The total amount of the dividend paid for fiscal 2012 was R431 million (US\$58.6 million).

On August 13, 2012, the board approved a final dividend for fiscal 2012 of R0.50 per share that was paid on September 17, 2012. The total amount of the dividend paid was R217 million (US\$26.7 million). This was recorded in fiscal 2013. On February 2, 2013, the board approved an interim dividend for fiscal 2013 of R0.50 per share that was paid on March 13, 2013. The total amount of the dividend paid was R217 million (US\$24.1 million). The total amount of the dividend paid in fiscal 2013 was R435 million (US\$50.4 million).

For information on our accounting policy relating to dividends, see note 15 to the consolidated financial statements.

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Recent Developments

Work stoppages and wage agreement settlement

Operations were disrupted by strike action by members of the NUM at all South African operations except Kusaalethu from the night shift on September 3, 2013. The final offer made by the Chamber of Mines was accepted by members of the NUM on September 8, 2013 and incorporates a two-year agreement. The agreement offers category 4 and 5 employees and rock drill operators pay increases of 8%, and other employees pay increases of 7.5%, effective July 1, 2013. Employees will receive further CPI-linked increases effective July 1, 2014. The strike action will have an impact on Harmony's performance for the first quarter of fiscal 2014. All of the operations affected by the strike were normalized from the night shift on September 8, 2013.

Item 18. FINANCIAL STATEMENTS

Financial Statements

The financial statements appear in this annual report on Form 20-F beginning on page F-3. The report of the independent registered public accounting firm appears on page F-2.

Item 19. EXHIBITS

- *12.1 Certification of the principal executive officer required by Rule 13a-14(a) or Rule 15(d)-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- *12.2 Certification of the principal financial officer required by Rule 13a-14(a) or Rule 15(d)-14(a), pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- *13.1 Certification of the principal executive officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
- *13.2 Certification of the principal financial officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

* Filed herewith

SIGNATURE

Pursuant to the requirements of Section 12 of the Exchange Act, we hereby certify that we meet all of the requirements for filing on Form 20-F/A and that we have duly caused this annual report to be signed on our behalf by the undersigned, thereunto duly authorized.

HARMONY GOLD MINING COMPANY LIMITED

By: /s/ Frank Abbott
Frank Abbott
Chief Financial Officer
Date: March 24, 2014

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Harmony Gold Mining Company Limited

In our opinion, the accompanying consolidated balance sheets and the related consolidated income statements, statements of comprehensive income, statement of changes in shareholders' equity and cash flow statements present fairly, in all material respects, the financial position of Harmony Gold Mining Company Limited and its subsidiaries at June 30, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2013 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2013, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15 (b). Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers Inc.

Johannesburg, Republic of South Africa

October 25, 2013

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Consolidated income statements

for the years ended June 30, 2013

Figures in million	Note	2013	US dollar 2012	2011
Continuing operations				
Revenue		1,803	1,953	1,659
Cost of sales	5	(1,831)	(1,561)	(1,533)
Production costs		(1,292)	(1,276)	(1,218)
Amortization and depreciation		(220)	(247)	(230)
(Impairment)/reversal of impairment of assets		(274)	7	(39)
Other items		(45)	(45)	(46)
Gross (loss)/profit		(28)	392	126
Corporate, administration and other expenditure		(53)	(45)	(46)
Social investment expenditure		(14)	(9)	(12)
Exploration expenditure		(76)	(64)	(46)
Profit on sale of property, plant and equipment	6	16	8	4
Other expenses - net	7	(40)	(6)	(3)
Operating (loss)/profit	8	(195)	276	23
Loss from associates				(7)
Reversal of impairment/(impairment) of investment in associate	9		7	(20)
Impairment of investments	20	(10)	(19)	
Net gain on financial instruments	19	20	11	18
Gain on farm-in option	10			38
Investment income	11	21	12	19
Finance costs	12	(29)	(37)	(38)
(Loss)/profit before taxation		(193)	250	33
Taxation	13	(69)	16	55
Net (loss)/profit from continuing operations		(262)	266	88
Discontinued operations				
Profit/(loss) from discontinued operations	14	36	75	(2)
Net (loss)/profit for the year		(226)	341	86
<i>Attributable to:</i>				
Owners of the parent		(226)	341	86
Non-controlling interest				
(Loss)/earnings per ordinary share (cents)	15			
(Loss)/earnings from continuing operations		(61)	61	21

Earnings/(loss) from discontinued operations	8	18	(1)
Total (loss)/earnings	(53)	79	20
Diluted (loss)/earnings per ordinary share (cents)	15		
(Loss)/earnings from continuing operations	(61)	61	21
Earnings/(loss) from discontinued operations	8	18	(1)
Total diluted (loss)/earnings	(53)	79	20

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

Consolidated statements of comprehensive income

for the years ended June 30, 2013

Figures in million	Note	US dollar		
		2013	2012	2011
Net (loss)/profit for the year		(226)	341	86
Other comprehensive income/(loss) for the year, net of income tax		(668)	(595)	540
Foreign exchange translation (loss)/gain	26	(667)	(607)	555
Loss on fair value movement of available-for-sale investments	26	(9)	(7)	(15)
Impairment of available-for-sale investments recognized in profit or loss	26	10	19	
Reversal of fair value movement on acquisition of associate	26	(2)		
Total comprehensive (loss)/income for the year		(894)	(254)	626

Attributable to:

Owners of the parent	(894)	(254)	626
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Non-controlling interest

All items in Other comprehensive income/(loss) will be reclassified to profit or loss when specific conditions are met.

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

Consolidated balance sheets

as at June 30, 2013

Figures in million	Note	US dollar	
		2013	2012
Assets			
Non-current assets			
Property, plant and equipment	16	3,287	4,003
Intangible assets	17	220	268
Restricted cash	18	4	4
Restricted investments	19	206	224
Deferred tax assets	13	10	59
Investments in associates	22	11	
Investments in financial assets	20	5	18
Inventories	24	6	7
Trade and other receivables	21		3
Total non-current assets		3,749	4,586
Current assets			
Inventories	24	143	121
Trade and other receivables	21	116	152
Income and mining taxes		13	14
Cash and cash equivalents		209	216
		481	503
Assets of disposal groups classified as held for sale	14		174
Total current assets		481	677
Total assets		4,230	5,263
Equity and liabilities			
Share capital and reserves			
Share capital	25	4,035	4,036
Other reserves	26	(702)	(64)
(Accumulated loss)/retained earnings		(95)	180
Total equity		3,238	4,152
Non-current liabilities			
Deferred tax liabilities	13	303	378
Provision for environmental rehabilitation	27	200	227
Retirement benefit obligation	29	19	22
Other non-current liabilities	28	5	4
Borrowings	30	226	183

Total non-current liabilities		753	814
Current liabilities			
Borrowings	30	28	38
Income and mining taxes			
Trade and other payables	31	211	213
		239	251
Liabilities of disposal groups classified as held for sale	14		46
Total current liabilities		239	297
Total equity and liabilities		4,230	5,263

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

Consolidated statements of changes in shareholders equity

for the years ended June 30, 2013

	Number of ordinary shares issued	Share capital	Share premium	Retained earnings/ (accumulated loss)	Other reserves	Total
Figures in million (US dollar)						
Note	25	25			26	
Balance - June 30, 2010	428,654,779	33	3,994	(159)	(40)	3,828
Issue of shares						
- Exercise of employee share options	1,429,849		6			6
Share-based payments					19	19
Net profit for the year				86		86
Other comprehensive income for the year					540	540
Dividends paid ¹				(29)		(29)
Balance - June 30, 2011	430,084,628	33	4,000	(102)	519	4,450
Issue of shares						
- Exercise of employee share options	1,479,608		3			3
Share-based payments					12	12
Net profit for the year				341		341
Other comprehensive loss for the year					(595)	(595)
Dividends paid ¹				(59)		(59)
Balance - June 30, 2012	431,564,236	33	4,003	180	(64)	4,152
Issue of shares						
- Exercise of employee share options	225,654					
- Shares issued to the Tlhakanelo Employee Share Trust	3,500,000					
Share-based payments			(1)		30	29
Net loss for the year				(226)		(226)
Other comprehensive loss for the year					(668)	(668)
Share of retained earnings on acquisition of associate				2		2
Dividends paid ¹				(51)		(51)
Balance - June 30, 2013	435,289,890	33	4,002	(95)	(702)	3,238

¹ Dividends per share is disclosed under the earnings per share note. Refer to note 15.

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

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Consolidated cash flow statements

for the years ended June 30, 2013

Figures in million	Note	US dollar		
		2013	2012	2011
Cash flow from operating activities				
Cash generated by operations	32	359	586	346
Interest received		16	10	20
Interest paid		(14)	(18)	(19)
Income and mining taxes paid		(33)	(33)	(7)
Cash generated by operating activities		328	545	340
Cash flow from investing activities				
Increase in amounts invested in environmental trusts			(6)	(1)
Decrease in restricted cash				17
Proceeds on disposal of Evander net of cash disposed	32	139		
Proceeds on disposal of Mount Magnet				30
Proceeds on sale of available-for-sale financial assets				2
Disposal of investments				2
(Increase)/decrease in amounts invested in social trust fund		(1)		1
Purchase of investment in associate		(9)		
Additions to intangible assets		(1)	(4)	(2)
Proceeds on disposal of investment in associate			28	
Proceeds on disposal of property, plant and equipment		16	22	18
Additions to property, plant and equipment		(429)	(411)	(448)
Cash utilized by investing activities		(285)	(371)	(381)
Cash flow from financing activities				
Borrowings raised		80	188	134
Borrowings repaid		(35)	(159)	(81)
Ordinary shares issued			3	6
Dividends paid		(50)	(57)	(30)
Cash (utilized)/generated by financing activities		(5)	(25)	29
Foreign currency translation adjustments				
		(45)	(35)	13
Net (decrease)/increase in cash and cash equivalents		(7)	114	1
Cash and cash equivalents - beginning of year		216	102	101
Cash and cash equivalents - end of year		209	216	102

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

Notes to the consolidated financial statements

For the years ended June 30, 2013

1. General Information

Harmony Gold Mining Company Limited (the company) and its subsidiaries (collectively Harmony or the group) are engaged in gold mining and related activities, including exploration, extraction and processing. Gold bullion, the group's principal product, is currently produced at its operations in South Africa and Papua New Guinea.

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

The consolidated financial statements were authorized for issue by the board of directors on October 25, 2013.

2. Accounting policies**Basis of preparation**

The principal accounting policies applied in the preparation of the consolidated financial statements have been consistently applied in all years presented, except as stated under the heading Recent accounting developments .

The financial statements of the group have been prepared in accordance with, and are in compliance with, International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and IFRIC Interpretations (collectively IFRS).

Recent accounting developments**New standards, amendments to standards and interpretations to existing standards adopted by the group.**

The effective dates below are for financial periods beginning on or after the given date.

The following standards or amendments to standards have become effective but had no impact on the results of the group:

Pronouncement	Title	Effective date
IAS 1 (Amendment)	<i>Presentation of Financial Statements</i> - presentation of items on Other Comprehensive Income.	July 1, 2012
IAS 12 (Amendment)	<i>Income Taxes</i> - deferred tax on investment property	January 1, 2012

New standards, amendments to standards and interpretations to existing standards that are not yet effective and have not been early adopted.

At the date of authorization of these financial statements, the standards, amendments to standards and interpretations listed below were in issue but not yet effective. These new standards and interpretations have not been early adopted by the group and the group plans on adopting these standards, amendments to standards and interpretations on the dates when they become effective.

The following standards or amendments to standards are not expected to impact on the results of the group but will affect the disclosure in the financial statements:

Pronouncement	Title	Effective date
IFRS 7 (Amendment)	<i>Financial instruments: Disclosure - asset and liability offsetting</i>	January 1, 2013
IAS 19	<i>Employee benefits</i>	January 1, 2013
IAS 32 (Amendment)	<i>Financial instruments: Presentation - asset and liability offsetting</i>	January 1, 2014

The following standards or amendments to standards are not relevant to the group:

Pronouncement	Title	Effective date
IFRS 1 (Amendment)	<i>First time adoption of IFRS - government loans</i>	January 1, 2013
IFRS 10, IFRS 12 and IAS 27 (Amendments)	<i>Amendments to Consolidated Financial Statements, Disclosures of Interests in Other Entities and Separate Financial Statements - investment entities</i>	January 1, 2014

The following standards, amendments to standards and interpretations to existing standards may possibly have an impact on the group:

Pronouncement	Title	Effective date
IFRS 10	<i>Consolidated financial statements</i>	January 1, 2013

This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries.

Based on management's preliminary assessment, management does not expect there to be significant differences in entities controlled by the group.

IFRS 11	<i>Joint arrangements</i>	January 1, 2013
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This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

The group only has joint operations in PNG, through its 50% interest in mining and exploration assets located in Morobe province. The joint operations are currently accounted for by proportional consolidation. Going forward, the group will account for its interest in assets, liabilities, revenue and expenses of these unincorporated joint operations

IFRS 12	<i>Disclosures of interests in other entities</i>	January 1, 2013
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This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

The group's financial statements will include additional disclosure as a result of the new standard.

IFRS 13

Fair value

January 1, 2013

This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS.

The group is currently assessing the impact of IFRS 13 but, based on a preliminary analysis, it is not expected to be material.

IAS 27 (Revised)

Separate Financial Statements

January 1, 2013

This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in IFRS 10.

The revised standard is not applicable to Harmony. As there have been no changes to accounting in the separate financial statements, there will be no impact on Harmony's separate financial statements as a result of the revised standard.

IAS 28 (Revised)

Investments in Associates and Joint Ventures

January 1, 2013

This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

There will be no impact on the group's financial statements as a result of the revised standard as the principles of equity-accounting remain

unchanged.

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IFRIC 20

Stripping costs in the production phase of a surface mine

January 1, 2013

The Interpretation clarifies that two types of benefits may accrue to an entity from stripping activity: 1) usable ore that can be used to produce inventory and 2) improved access to further quantities of material that will be mined in future periods. The Interpretation considers when and how to account separately for these two benefits arising from the stripping activity, as well as how to measure these benefits both initially and subsequently.

Management expects that the interpretation will result in transfers in and out of production cost to cease, with an increase in the depreciation charge. The initial transition will result in a restatement of the opening retained earnings where there is an adjustment related to the derecognition of current deferred stripping assets in excess of those to be recognized under IFRIC 20.

IFRS 9

Financial instruments

January 1, 2015

This standard on classification and measurement of financial assets and financial liabilities will replace IAS 39, *Financial instruments: Recognition and measurement*. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The impact of the standard is currently being assessed by management.

Measurement basis

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and financial liabilities at fair value through profit or loss and cash-settled share-based payments.

Accounting policies

Accounting policies are included in the relevant notes to the consolidated financial statements and have been highlighted in grey shading in the notes to the consolidated financial statements. The accounting policies below are applied throughout the financial statements:

2.1 Consolidation

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

i. Subsidiaries

Subsidiaries are entities over which the group has power to govern the financial and operating policies. This is normally when the group has a shareholding of more than one-half of the voting rights, which allows it to obtain benefits from the entity's activities. Subsidiaries are fully consolidated from the date on which control is transferred to the group up until when that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated. Accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the group.

The group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognizes any non-controlling interests in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognized directly in the statement of comprehensive income.

ii. Associates

Associates are entities in which the group has significant influence, but not control, over operational and financial policies. This may be when there is a shareholding of between 20% and 50% of the voting rights or when influence can be otherwise demonstrated, for example where the group has the right of representation on the board of directors of the entity.

Investments in associates are accounted for by using the equity method of accounting, and are initially recognized at cost. The group's investment in associates includes goodwill identified on acquisition. Cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The group's share of the associates post-acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movement in reserves is recognized in other reserves. When the group's shares of losses in an associate equals or exceeds its interest in the associate, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

If an associate is acquired in stages, the cost of the associate is measured as the sum of the consideration paid for each purchase plus a share of investee's profits and other equity movements. Any acquisition-related costs are treated as part of the investment in associate. Any related goodwill is calculated at each stage of the acquisition based on the consideration paid and the share of fair value of net assets acquired at the date of each acquisition.

Where the previously held interest was classified as an available-for-sale financial instrument, any existing gains or losses recognized in the available-for-sale revaluation reserve are reversed through other comprehensive income. The cost basis of the investment is then further adjusted by including the group's share of profits after dividends, other comprehensive income and other equity movements relating to the previously held interest is accounted for in equity.

The carrying value of an associate is reviewed on a regular basis and, if impairment in the carrying value has occurred, it is written off in the period in which such impairment is identified.

Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment that should be recognized.

Accounting policies of associates have been reviewed to ensure consistency with the policies adopted by the group.

iii. Joint arrangements

Joint venture entities are those entities in which the group holds an interest and shares joint control over strategic, financial and operating decisions with one or more other venturers under a contractual arrangement. The group's interest in jointly controlled entities is accounted for by proportionate consolidation. Under this method, the group includes its share of the joint venture's individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the group's financial statements.

The group recognizes the portion of gains or losses on the sale of assets by the group to the joint venture that is attributable to the other venturers. The group does not recognize its share of profits or losses from the joint venture that result from the purchase of assets by the group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realizable value of current assets or an impairment loss, the loss is recognized immediately.

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iv. Special purpose entities (SPEs)

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

2.2 Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in US dollar.

For translation of the Rand financial statement items to US dollar, the average of R8.82 (2012: R7.77) (2011: R6.99) per US\$1 was used for income statement items (unless this average was not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case these items were translated at the rate on the date of the transactions) and the closing rate of R9.98 (2012: R8.21) per US\$1 for asset and liability items. Equity items were translated at historic rates. The profit from discontinued operations was translated at the average rate for the eight months (being the period that Evander was part of the group during 2013) of R8.55 per US\$1.

The translation effect from Rand to US dollar is included in other comprehensive income in the US\$ financial statements.

References to A\$ refers to Australian currency, R to South African currency, \$ or US\$ to United States currency and K or Kina to Papua New Guinean currency.

ii. Transactions and balances

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation to year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. Gains and losses recognized in the income statement are included in the determination of other expenses net .

iii. Group companies

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet while equity items are translated at historic rates;

income and expenses for each income statement are translated at average exchange rates (the rate on the date of the transaction is used if the average is not a reasonable rate for the translation of the transaction);

all resulting exchange differences are recognized as a separate component of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to other comprehensive income. When a foreign operation is sold or control is otherwise lost, exchange differences that were recorded in other comprehensive income are recognized in profit or loss in the period of the disposal or change in control.

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

2.3 Revenue recognition

Revenue arising from metal sales is only recognized when the significant risks and rewards of ownership have been transferred, neither continuing managerial involvement nor effective control over the metals sold has been retained, the amount of revenue and costs incurred can be measured reliably and it is probable that economic benefits associated with the sale will flow to the group.

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

2.4 Exploration expenditure

The group has elected to expense all exploration and evaluation expenditures until it is concluded that the project is technically feasible and commercially viable, and that future economic benefits are therefore probable. The information used to make that determination depends on the level of exploration as well as the degree of confidence in the orebody as set out below.

Exploration and evaluation expenditure on greenfield sites, being those where the group does not have any mineral deposits which are already being mined or developed, is expensed as incurred until the technical and commercial viability of the project has been demonstrated usually through the completion of a final feasibility study. However, in certain instances, the technical and commercial viability of the deposit may be demonstrated at an earlier stage, for example where an extended feasibility study is conducted and the underlying feasibility study in respect of specific components of the mineral deposit has advanced to such a stage that significant commercially viable reserves has been established, and the other criteria for the recognition of an asset have been met.

Exploration and evaluation expenditure on brownfield sites, being those adjacent to mineral deposits which are already being mined or developed, is expensed as incurred until the group is able to demonstrate that future economic benefits are probable through the completion of a feasibility study, after which the expenditure is capitalized as mine development cost. A feasibility study consists of a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method has been established, and which, if an effective method of mineral processing has been determined, includes a financial analysis based on reasonable assumptions of technical, engineering, operating economic factors and the evaluation of other relevant factors. The feasibility study, when combined with existing knowledge of the mineral property that is adjacent to mineral deposits that are already being mined or developed, allows the group to conclude that the project is technically feasible and commercially viable.

Exploration and evaluation expenditure relating to extensions of mineral deposits which are already being mined or developed, including expenditure on the definition of mineralization of such mineral deposits, is capitalized as a mine development cost following the completion of an economic evaluation equivalent to a feasibility study. This economic evaluation is distinguished from a feasibility study in that some of the information that would normally be determined in a feasibility study is instead obtained from the existing mine or development. This information when combined with existing knowledge of the mineral property already being mined or developed allow the directors to conclude that the directors to conclude that the project is technically feasible commercially viable.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment or when there is an indication of impairment.

Assets that are subject to amortization are reviewed annually on June 30 for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Each operating shaft, along with allocated common assets such as plants and administrative offices, is considered to be a cash generating unit as each shaft is largely independent from the cash flows of other shafts and assets belonging to the group.

Fair value less cost to sell is generally determined by using discounted estimated after-tax future cash flows. Future cash flows are estimated based on quantities of recoverable minerals, expected gold prices (considering current and

historical prices, price trends and related factors), production levels and cash costs of production, all based on life-of-mine plans. Future cash flows are discounted to their present value using a post-tax discount rate that reflect current market assessments of the time value of money and risk specific to the asset. Refer to note 16 for detail.

The term recoverable minerals refers to the estimated amount of gold that will be obtained from reserves and resources and all related exploration stage mineral interests (except for other mine-related exploration potential and greenfields exploration potential discussed separately below) after taking into account losses during ore processing and treatment. Estimates of recoverable minerals from such related exploration stage mineral interests will be risk adjusted based on management's relative confidence in such materials. In estimating future cash flows, assets are grouped at the lowest level for which there is identifiable cash flows that are largely independent of cash flows from other asset groups.

With the exception of other mine-related exploration potential and greenfields exploration potential, estimates of future undiscounted cash flows are included on an area of interest basis, which generally represents an individual operating mine, even if the mines are included in a larger mine complex.

In the case of mineral interests associated with other mine-related exploration potential and greenfields exploration potential, cash flows and fair values are individually evaluated based primarily on recent exploration results and recent transactions involving sales of similar properties, if any. Assumptions underlying future cash flow estimates are subject to significant risks and uncertainties.

Impairment losses on goodwill are recognized immediately in the income statement and are not reversed. The impairment testing is performed annually on June 30 or when events or changes in circumstances indicate that it may be impaired.

Non-financial assets other than goodwill that suffered impairment are reviewed annually for possible reversal of the impairment at June 30. Reversal of impairments is also considered when there is objective evidence to indicate that the asset is no longer impaired. Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not higher than the carrying value that would have been determined had no impairment been recognized in prior years.

3. Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires the group's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates may differ from actual results. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are:

Gold mineral reserves and resources – note 16;

Production start date – note 16;

Impairment of mining assets – note 16;

Estimate of taxation – note 13;

Impairment of goodwill – note 17;

Estimate of exposure and liabilities with regard to rehabilitation costs note 27;

Estimate of employee benefit liabilities note 29;

Fair value of share-based payments note 34;

Assessment of contingencies note 36.

Please refer to the specific notes for further information on the key accounting estimates and assumptions applied.

4. Financial risk management

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

The group's financial assets and liabilities are set out below:

Figures in million (US dollar)	Loans and receivables	Available-for-sale financial assets	Held-to-maturity investments	Fair value through profit or loss	Financial liabilities at amortized cost
At June 30, 2013:					
Restricted cash	4				
Restricted investments			101	105	
Investments in financial assets		5			
Trade and other receivables	94				
Cash and cash equivalents	209				
Borrowings					254
Trade and other payables					65
At June 30, 2012:					
Restricted cash	4				
Restricted investments			26	198	
Investments in financial assets		18			
Trade and other receivables	124				
Cash and cash equivalents	216				
Borrowings					221
Trade and other payables					41

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

a) Market risk

i. Foreign exchange risk

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

The group is exposed to foreign exchange risk arising from borrowings and cash denominated in a currency other than the functional currency of that entity. Harmony generally does not enter into forward sales, derivatives or other hedging arrangements to manage this risk.

The group has reviewed its foreign currency exposure on financial assets and financial liabilities and has identified the following sensitivities for a 10% change in the exchange rate that would affect profit or loss.

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Sensitivity analysis borrowings

Figures in million	US dollar	
	2013	2012
Rand against US\$		
Increase by 10%	21	13
Decrease by 10%	(21)	(13)
Closing rate	9.98	8.21

Sensitivity analysis financial assets

Figures in million	US dollar	
	2013	2012
Kina against A\$		
Increase by 10%	1	1
Decrease by 10%	(1)	(1)
Closing rate	2.04	2.06
US\$ against A\$		
Increase by 10%	1	2
Decrease by 10%	(1)	(2)
Closing rate	0.92	1.02

ii. Other price risk

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

Sensitivity analysis

A 1% increase in the share prices of the available-for-sale investments at the reporting date, with all other variables held constant, would have increased other comprehensive income by US\$0.1 million (2012: US\$0.2 million); an equal change in the opposite direction would have decreased other comprehensive income by US\$0.1 million (2012: US\$0.2 million).

Certain of the restricted investments are linked to the Shareholder Weighted Top 40 Index (SWIX 40) on the JSE. A 1% increase in the SWIX 40 index at the reporting date, with all other variables held constant, would have increased profit or loss by US\$0.8 million; (2012: US\$0.6 million); an equal change in the opposite direction would have decreased profit or loss by US\$0.5 million; (2012: US\$0.6 million).

Commodity price sensitivity

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

iii. Interest rate risk

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

Sensitivity analysis – borrowings

A change of 100 basis points in interest rates at the reporting date would have increased/ (decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012.

Figures in million	US dollar	
	2013	2012
Increase by 100 basis points	(3)	(2)
Decrease by 100 basis points	3	2

Interest rate risk arising from long-term borrowings is offset by cash, restricted cash and restricted investments held at variable rates.

Sensitivity analysis – financial assets

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss before tax by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2012.

Figures in million	US dollar	
	2013	2012
Increase by 100 basis points	4	3
Decrease by 100 basis points	(4)	(3)

b) Credit risk

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

Exposure to credit risk on trade and other receivables is monitored on a regular basis. Refer to note 21 for management's assessment. The credit risk arising from restricted cash, cash and cash equivalents and restricted investments is managed by ensuring amounts are only invested with financial institutions of good credit quality. The group has policies that limit the amount of credit exposure to any one financial institution.

Cash and cash equivalents and restricted cash

Financial institutions – credit rating by exposure:

Figures in million	US dollar	
	2013	2012
Credit rating		
AAA	15	
AA+ ¹	36	44
AA ¹	69	54
AA- ¹	46	79
A+	47	43
Cash and cash equivalents and restricted cash	213	220

¹ Includes restricted cash

AA+	1	
AA	2	4
AA-	1	

Total restricted cash

4

4

Restricted investments are held with financial institutions that have the following credit ratings:

AAA US\$10.7 million (2012: nil), AA US\$188.3 million (2012: US\$219.7 million) and A+ US\$2.3 million (2012: nil).

The social trust fund has been invested in unit trusts comprising shares in listed companies.

The group's maximum exposure to credit risk is represented by the carrying amount of all financial assets determined to be exposed to credit risk, amounting to US\$513.4 million as at June 30, 2013 (2012: US\$569.0 million). The previous credit risk concentration from the Nedbank equity-linked deposits has been diversified during 2013, resulting in a decrease in the balance of financial assets at fair value through profit or loss and a corresponding increase in the balance of the held-to-maturity investments. Refer to note 19.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

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

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

Figures in million	Current	US dollar More than 1 year
2013		
Borrowings		
Due between 0 to six months	21	
Due between six to 12 months	20	
Due between one to two years		22
Due between two to five years		212
Trade and other payables (excluding non-financial liabilities)	65	
	106	234
2012		
Borrowings		
Due between 0 to six months	28	
Due between six to 12 months	24	
Due between one to two years		46
Due between two to five years		154
Trade and other payables (excluding non-financial liabilities)	41	
	93	200

d) Capital risk management

The primary objective of managing the group's capital is to ensure that there is sufficient capital available to support the funding requirements of the group, in a way that optimizes the cost of capital and matches the current strategic business plan.

The group manages and makes adjustments to the capital structure, which consists of debt and equity as and when borrowings mature or when funding is required. This may take the form of raising equity, market or bank debt or hybrids thereof. The group may also adjust the amount of dividends paid, sell assets to reduce debt or schedule projects to manage the capital structure.

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

e) Fair value determination

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

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

The carrying values of financial assets and liabilities are assumed to approximate their fair values.

The following table presents the group's assets and liabilities that are measured at fair value by level (see list below) at June 30, 2013.

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

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

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

Assets	Level 1	Level 2	Level 3
Figures in million (US dollar)			
Available-for-sale financial assets ¹	4		1
Fair value through profit and loss ²		105	

The following table presents the group's assets and liabilities that are measured at fair value by level at June 30, 2012:

Assets	Level 1	Level 2	Level 3
Figures in million (US dollar)			
Available-for-sale financial assets ¹	16		2
Fair value through profit and loss ²		198	

¹ Refer to note 20. Level 1 and 2 fair values are either directly or indirectly derived from actively trading shares on the JSE.

² Level 2 fair values are directly derived from the Shareholders Weighted Top 40 index (SWIX 40) on the JSE, and are discounted at market interest rate. The fair value of US\$4.5 million of the balance for 2013 is derived by reference to quoted prices of the shares held within the unit trust portfolio.

5. Cost of sales

Figures in million	US dollar		
	2013	2012	2011
Production costs (a)	1,292	1,276	1,218
Amortization and depreciation of mining assets	215	242	220
Amortization and depreciation of assets other than mining assets (b)	5	5	10
Rehabilitation (credit)/expenditure (c)	(2)	(2)	6
Care and maintenance cost of restructured shafts	8	11	17
Employment termination and restructuring costs (d)	5	10	20
Share-based payments (e)	30	11	18
Impairment/(reversal of impairment) of assets (f)	274	(7)	39
Other (g)	4	15	(15)
Total cost of sales	1,831	1,561	1,533

- a) Production costs include mine production, transport and refinery costs, applicable general administrative costs, movement in inventories and ore stockpiles, ongoing environmental rehabilitation costs and transfers to and from deferred stripping. Employee termination costs are included, except for employee termination costs associated with major restructuring and shaft closures, which are separately disclosed. Production costs, analyzed by nature, consist of the following:

Figures in million	US dollar		
	2013	2012	2011
Labour costs, including contractors	829	831	767

Consumables	372	354	340
Water and electricity	194	195	179
Insurance	13	16	15
Transportation	23	21	19
Changes in inventory	(24)	(20)	33
Capitalization of mine development costs	(153)	(157)	(161)
Deferred stripping	(27)	(18)	(6)
By-products sales	(29)	(32)	(23)
Royalty expense	25	15	13
Other	69	71	42
Production costs from continuing operations	1,292	1,276	1,218

- b) Amortization and depreciation of assets other than mining assets includes the amortization of intangible assets.
- c) For the assumptions used to calculate the rehabilitation costs, refer to note 27. This expense includes the change in estimate for the rehabilitation provision where an asset no longer exists as well as ongoing rehabilitation cost. For 2013 financial year, US\$7.3 million (2012: US\$3.3 million) (2011: US\$2.6 million) was spent on rehabilitation.

d) During 2013, the group's South African operations embarked on a program whereby voluntary severance packages were offered to all employees while Hidden Valley underwent a significant restructuring process. During 2012, it was decided to halt mining in the sub-shaft at Bambanani and restructure the operation to accelerate the development of the shaft pillar.

During 2011, Merriespruit 1 shaft was closed and placed on care and maintenance due to mining no longer being economically viable. In addition, the voluntary retrenchment process, which the group commenced in the 2010 financial year, was finalized during the latter part of the 2011 financial year.

e) Refer to note 34 for details on the share-based payments schemes operated by the group.

f) Impairment/(reversal of impairment) of assets consist of the following:

Figures in million	US dollar		
	2013	2012	2011
Kalgold		1	
Steyn 1 (Bambanani)			15
Steyn 2 (Bambanani)	3	15	15
Other			
St Helena (Other-underground)	3		9
Target 1		(23)	
Hidden Valley	268		
Total impairment/(reversal of impairment) of assets	274	(7)	39

During the 2013 financial year, impairment to the value of US\$268.0 million was recognized for Hidden Valley. This is due to the operation's recent poor performance and the reduction in the US dollar gold and silver prices. Additional impairments of US\$2.7 million (2012: US\$15.4 million) (2011: US\$15.3 million) were recognized on Steyn 2 as a result as of the revised business (life-of-mine) plans, which are completed in June of each year. Contributing factors to this write-down included increases in electricity and labour costs. Impairments of US\$3.1 million (2012: US\$1.0 million) (2011: US\$23.6 million) were recognized during the year relating to operations where a decision was made not to mine in future.

An impairment of US\$23.6 million was reversed in 2012 due to the revised life-of-mine plans at Target 1.

For assumptions used to calculate the recoverable amounts, refer to note 16.

g) Included in Other for the 2011, 2012 and 2013 financial years are amounts relating to inventory adjustments. Refer to note 24.

6. Profit on sale of property, plant and equipment

Accounting policy

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds of the sale with the carrying amount and are recognized in the income statement.

Figures in million	2013	US dollar 2012	2011
Profit on sale of property plant and equipment	16	8	4

For the 2013 financial year, US\$6.8 million profit relates to the sale of the Merriespruit South mining right to Witwatersrand Consolidated Gold Resources Limited (Wits Gold). Also included is a profit of US\$1.7 million for the sale of the Sir Albert Medical Centre and its pharmacy. The remaining profit and the totals for 2012 and 2011 are the sale of scrap material (including steel) from sites that are closed and being rehabilitated in the Free State.

7. Other expenses net

Figures in million	2013	US dollar 2012	2011
Foreign exchange losses - net (a)	38	4	4
Bad debts provision expense/(credit) (b)		(11)	3
Bad debts written off (b)		12	
Other expenses - net (c)	2	1	(4)
Total other expenses - net	40	6	3

Included in the total for 2013 is a loss of US\$39.8 million (2012: loss of US\$5.8 million) related to the translation of the US dollar dominated loan into SA rand. Offsetting these losses were foreign exchange gains relating to the Australasian intercompany loans not designated as forming part of the net investment of the group's international operations. The total for 2011 includes foreign exchange losses of US\$6.2 million related to the liquidation of certain Australian dormant subsidiaries.

Included in the provision credit and bad debts written off for 2012 is an amount of US\$5.9 million for Pamodzi Gold Limited (Pamodzi Gold) and its subsidiary companies. Pamodzi Gold is an associate (refer to note 22) and has been placed into liquidation.

Included in other expenses net for 2013 is an amount of US\$1.8 million (2012: US\$3.2 million) provided for the pumping and treatment costs relating to the Klerksdorp, Orkney, Stilfontein and Hartbeesfontein (KOSH) Basin. Refer to note 28 in this regard. Also included is an amount of US\$2.3 million for the share-based payment on the Phoenix transaction. Refer to note 34 for further detail.

8. Operating (loss)/profit

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

Figures in million	2013	US dollar 2012	2011
Auditors remuneration	2	3	3
Made up as follows:			
External			
Fees - current year	2	3	3
Fees - other services			

9. Reversal of impairment/(impairment) of investment in associate

During 2011 Harmony accepted an offer for the purchase of its investment in Rand Uranium (Proprietary) Limited. An impairment of US\$20.3 million was recorded during the 2011 financial year to bring the investment in associate in line with its fair value less cost to sell. During 2012 an impairment reversal of US\$6.8 million was recognized as a result of fluctuations in the exchange rate.

10. Gain on farm-in option

During 2011, a gain of US\$38.0 million was recognized on the cancellation of the Freegold farm-in option. The Freegold option allowed the group to acquire a beneficial interest of up to 40% in any future mines established by Wits Gold on certain properties in the Southern Free State. On November 5, 2010 the group received 4,376,194 shares in Wits Gold as consideration for the cancellation of the option.

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11. Investment income**Accounting policy**

Interest income is recognized on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the group.

Dividend income is recognized when the shareholder's right to receive payment is established. This is recognized at the last date of registration.

Cash flows from dividends and interest received are classified under operating activities in the cash flow statement.

Figures in million	2013	US dollar	
		2012	2011
Interest received	21	12	19
Loans and receivables	2	2	2
Held-to-maturity investments	4	1	2
Cash and cash equivalents	14	7	8
South African Revenue Services (SARS)	1	2	7
Total investment income	21	12	19

12. Finance costs

Figures in million	2013	US dollar	
		2012	2011
Financial liabilities			
Borrowings	15	19	20
Other creditors		1	1
Total finance costs from financial liabilities	15	20	21
Non-financial liabilities			
Post-retirement benefits	2	2	2
Time value of money and inflation component of rehabilitation costs	14	16	16
South African Revenue Services (SARS)	1		
Total finance costs from non-financial liabilities	17	18	18

Total finance costs before interest capitalized	32	38	39
Interest capitalized	(3)	(1)	(1)
Total finance costs	29	37	38

The capitalization rate used to determine the amount of borrowing costs eligible for capitalization in 2013 was 4.4% (2012: 9.1% and 2011: 9.7%).

13. Taxation

Accounting policy

Taxation is made up of current and deferred taxation. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred taxation is recognized on temporary differences existing at each reporting date between the tax base of all assets and liabilities and their carrying amounts. Substantively enacted tax rates are used to determine future anticipated effective tax rates which in turn are used in the determination of deferred taxation, except to the extent that deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and does not affect the accounting or taxable profit or loss at the time of the transaction. Deferred tax is charged to profit or loss, except where the tax relates to items recognized in other comprehensive income or directly in equity in which case the tax is also recognized in other comprehensive income or

directly in equity. The effect on deferred tax of any changes in tax rates is recognized in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

The principal temporary differences arise from amortization and depreciation on property, plant and equipment, provisions, unutilized tax losses and unutilized capital allowances carried forward. Deferred tax assets relating to the carry forward of unutilized tax losses and unutilized capital allowances are recognized to the extent that it is probable that future taxable profit will be available against which the unutilized tax losses and unutilized capital allowances can be utilized. The recoverability of these assets are reviewed at each reporting date and adjusted if recovery is no longer probable.

Deferred income tax is provided on temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Interest received from and paid to the tax authorities are classified as investment income and finance cost on the income statement.

Critical accounting estimates and judgements

The group is subject to income tax in several jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Management has to exercise judgement with regards to deferred tax assets. Where the possibility exists that no future taxable income may flow against which these assets can be offset, the deferred tax assets are not recognized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled. When different tax rates apply to different levels of taxable income, deferred tax

assets and liabilities are measured using the average tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which the temporary differences are expected to reverse. At the group's South African operations, such average tax rates are directly impacted by the profitability of the relevant mine. The deferred tax rate is therefore based on the current estimate of future profitability of an operation when temporary differences will reverse, based on tax rates and tax laws that have been enacted at the balance sheet date. The future profitability of each mine, in turn, is determined by reference to the life-of-mine (LoM) plan for that operation. The LoM plan is influenced by factors as disclosed in note 16, which may differ from one year to the next and ultimately result in the deferred tax rate changing from one year to the next.

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The taxation expense for the year is as follows:

Figures in million	2013	US dollar 2012	2011
SA taxation			
Mining tax (a)	37	4	(2)
- current year	37	10	1
- prior year		(6)	(3)
Non-mining tax (b)	(6)	19	3
- current year		6	4
- prior year	(6)	13	(1)
Deferred tax (c)	(9)	(19)	(27)
- current year	(9)	(19)	25
- Previously unrecognized temporary differences			(52)
Secondary Tax on Companies (STC)		3	1
	22	7	(25)
Foreign taxation			
Deferred tax			
- current year (d)	(9)	(23)	(30)
- derecognition of deferred tax asset	56		
Total taxation expense/(credit)	69	(16)	(55)
Taxation by type			
Mining tax	37	4	(2)
Non-mining tax	(6)	19	3
Deferred tax	38	(42)	(57)
STC		3	1
	69	(16)	(55)

- a) Mining tax on gold mining income in South Africa is determined according to a formula, based on the taxable income from mining operations. 5% of total revenue is exempt from taxation while the remainder is taxable at a higher rate than non-mining income as a result from applying the gold mining formula. Gold mining companies within the group that had elected to be exempt from Secondary Tax on Companies (STC) were taxed at higher rates than those that have not made the election. Dividend Tax (DT) was introduced on April 1, 2012 and replaced STC. Simultaneously with the introduction of DT only one formula is applicable for mining tax on gold mining income.

All qualifying mining capital expenditure is deducted from taxable mining income to the extent that it does not result in an assessed loss. Accounting depreciation is eliminated when calculating the South African mining tax income. Excess capital expenditure is carried forward as unredeemed capital to be claimed from future mining taxable income. The group has several tax paying entities in South Africa. In terms of the mining ring-fencing application, each ring-fenced mine is treated separately and deductions can normally only be utilized against mining income generated from the relevant ring-fenced mine.

- b) Non-mining income of mining companies is taxed at the statutory corporate rate of 28% (2012: 28%). During 2011, the non-mining income of mining companies that were exempt from STC was taxed at 35%, while those who had not made the election were taxed at 28%. The income for non-mining companies is taxed at the statutory corporate rate of 28% (2012 and 2011: 28%).
- c) The deferred tax rate used to calculate deferred tax is based on the current estimate of future profitability when temporary differences will reverse based on tax rates and tax laws that have been enacted at balance sheet date. Depending on the profitability of the operations, the deferred tax rate can consequently be significantly different from year to year.
- d) Mining and non-mining income of Australian and PNG operations are taxed at a standard tax rate of 30%.
- e) The recovery of the deferred tax asset previously recognized for the Hidden Valley operation was deemed unlikely as there are insufficient estimated future taxable profits against which it could be utilized. As a result, it was derecognized.

Income and mining tax rates

During March 2012, The National Treasury of South Africa repealed the higher gold mining tax formula due to the introduction of Dividend Tax. As a result the rates applicable as of that date were 34% for mining income and 28% for non-mining income. There have been no subsequent changes.

Major items causing the group's income tax provision to differ from the South African maximum mining statutory tax rate of 34% (2012: 34%; 2011: 43%) for continuing operations were:

Figures in million	US dollar		
	2013	2012	2011
Tax on net (loss)/profit from continuing operations at the maximum mining statutory tax rate	(66)	85	15
Non-allowable deductions	33	23	4
Loss from associates			3
Difference between effective mining tax rate and statutory mining rate on mining income ¹	(8)	(13)	(3)
Difference between non-mining tax rate and statutory mining rate on non-mining income		(1)	(2)
Effect on temporary differences due to changes in effective tax rates ²	(4)	(60)	44
Previously unrecognized temporary differences ³			(52)
Prior year adjustment	(6)	7	(4)
Capital allowance, sale of business and other rate differences ⁴	(52)	(60)	(61)
Derecognition of deferred tax asset ⁵	56		
Deferred tax asset not recognized ⁶	116		
STC		3	1
Income and mining taxation	69	(16)	(55)
Effective income and mining tax rate	30%	(6)%	(167)%

¹ Includes the effect of the change in the Freegold mining ring fencing application in 2012.

² The significant decreases in the deferred tax rates of ARMGold/Harmony Freegold Joint Venture Company (Proprietary Limited (Freegold) (24.3% to 22.9%) and Randfontein Estates Limited (Randfontein) (18.6% to 17.4%) are mainly due to the lower estimated profitability.

³ The credit in 2011 of US\$52 million is for the Freegold unredeemed capital allowance. The South African Revenue Service (SARS) previously disallowed Freegold's post 1973 gold mine additional capital allowance claim. SARS withdrew the additional capital allowance claim on March 10, 2011, conceding that the Freegold operations are entitled to claim this capital allowance, which caused an increase in the deferred tax asset in the balance sheet and the resulting credit in the income statement.

⁴ This relates to the additional capital allowance that may be deducted from taxable income from mining operations in South Africa. A significant portion relates to Avgold Limited (Avgold), which has a 0% effective tax rate.

⁵ Represents the derecognition of the previously recognized deferred tax asset in respect of tax losses for the Hidden Valley operation for which future taxable profits are no longer considered probable.

⁶ This relates primarily to the Hidden Valley operation and represents tax losses and deductible temporary differences arising in the current year for which future taxable profits are not considered probable.

Deferred tax

The analysis of deferred tax assets and liabilities is as follows:

Figures in million	US dollar	
	2013	2012
Deferred tax assets	(111)	(371)
Deferred tax asset to be recovered after more than 12 months	(98)	(353)
Deferred tax asset to be recovered within 12 months	(13)	(18)
Deferred tax liabilities	404	707
Deferred tax liability to be recovered after more than 12 months	169	641
Deferred tax liability to be recovered within 12 months	235	66
Reclassification to held for sale		(17)
Net deferred tax liability	293	319

Deferred tax liabilities and assets on the balance sheet as of June 30, 2013 and June 30, 2012 relate to the following:

Figures in million	US dollar	
	2013	2012
Gross deferred tax liability	404	707
Amortization and depreciation	389	692
Unrealized foreign exchange movements	12	12
Other	3	3
Gross deferred tax asset	(111)	(371)
Unredeemed capital expenditure	(79)	(313)
Provisions, including non-current provisions	(16)	(30)
Tax losses	(16)	(28)
Reclassification to held for sale		(17)
Net deferred tax liability	293	319
Comprises:		
Net deferred tax liability	303	378
Net deferred tax asset	(10)	(59)

Movement in the net deferred tax liability recognized in the balance sheet is as follows:

Figures in million	US dollar	
	2013	2012
Balance at beginning of year	319	453
Credit per income statement - continuing operations	38	(42)
Charge/(credit) per income statement - discontinued operations		8
Tax directly charged to other comprehensive income	(2)	12
Foreign currency translation	(62)	(95)
Reclassification to held for sale		(17)
Balance at end of year	293	319

As at June 30, the group had the following potential future tax deductions:

Figures in million	US dollar	
	2013	2012
Unredeemed capital expenditure available for utilization against future mining taxable income ¹	2,130	2,343
Tax losses carried forward utilizable against mining taxable income ²	212	94

Capital Gains Tax (CGT) losses available to be utilized against future CGT gains ⁴	240	264
As at June 30, the group has not recognized the following deferred tax asset amounts relating to the above	672	445
The unrecognized temporary differences are:		
Unredeemed capital expenditure ³	1,810	1,200
Tax losses	143	1
CGT losses ⁴	240	264

¹ Includes Avgold (US\$1,039.6 million (2012: US\$1,194.6 million), Freegold US\$166.0 million (2012: US\$194.2 million), Randfontein US\$153.7 million (2012: US\$155.9 million) and Hidden Valley US\$769.9 million (2012: US\$786.2 million). These have an unlimited carry-forward period.

² These have an unlimited carry-forward period.

³ Relates to Avgold and Hidden Valley.

⁴ The CGT losses relates to the gross CGT losses available to be utilized against future CGT gains. Previously, the net amount after applying the inclusion rate of 50% was disclosed.

Secondary Taxation on Companies (STC)

STC was a tax levied on South African companies at a rate of 10% with effect from October 1, 2007 to March 31, 2012 on dividends distributed.

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

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

Figures in million	US dollar	
	2013	2012
Available STC credits at end of year		18
Dividend Tax (DT)		

A withholding tax of 15% on dividends (excluding a return of capital) and other distributions to the beneficial owners of shares (shareholders) became effective on April 1, 2012. DT will be withheld by the company declaring the dividend or the withholding agent, unless specifically exempt. Foreign residents could qualify for an exemption or a reduced DT rate in terms of their relevant tax treaty. The withholding tax is a tax on the shareholder and if applicable will be withheld by the company and will reduce the amount paid to the shareholder.

All STC credits were utilized in 2012, DT was withheld at a rate of 15% in respect of those shareholders that do not qualify for either a reduction or an exemption.

14. Disposal groups classified as held for sale and discontinued operations

Accounting policy

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

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

No depreciation is provided on non-current assets from the date they are classified as held for sale. Where an investment in associate is classified as held for sale, the group will no longer equity account for the investment.

When a disposal group is classified as held for sale it is also necessary to assess whether or not the criteria for discontinued operations are met. If the criteria are met, the results of the disposal group are classified as discontinued operations in the income statement and the comparative amounts restated for all periods presented. No restatement of balance sheet comparative amounts is done.

a) The assets and liabilities of Evander Gold Mines Limited (Evander), a wholly-owned subsidiary of Harmony Gold Mining Company Limited (Harmony), have been classified as held for sale following the signing of a sale of shares and claims agreement on January 30, 2012. On May 30, 2012, Harmony announced the signing of a new sale of shares and claims agreement with Pan African Resources plc (Pan African). All conditions precedent to the sale were fulfilled and the transaction was completed on February 28, 2013. The purchase consideration of US\$170.0 million was adjusted for distributions received prior to the effective date of US\$23.4 million. A group profit of US\$11.4 million was recorded.

b) On September 10, 2010, Harmony concluded a sale of assets agreement with Taung Gold Limited (Taung) in which Taung acquired the Evander 6 Shaft, the related infrastructure and surface rights permits as well as a mining right over the Evander 6 and Twistdraai areas. The transaction concluded in May 2012 and a profit on sale of property, plant and equipment of US\$26.9 million was recognized and included in discontinued operations. The total purchase consideration of US\$33.2 million was settled in cash with an initial payment of US\$15.2 million received on April 29, 2011 and the final amount of US\$30.1 million (including US\$2.3 million held in escrow) on May 30, 2012.

The assets and liabilities of the operations classified as held for sale at the reporting dates are as follows:

Figures in million	US dollar	
	2013	2012
Balance sheet		
Assets of disposal groups classified as held for sale		
Property, plant and equipment		137
Restricted investments		24
Inventories		9
Mining and income tax		1
Trade and other receivables		3
Total assets of disposal group classified as held for sale		174
Liabilities of disposal groups classified as held for sale		
Deferred income tax		17
Provision for environmental rehabilitation		21
Trade and other payables		8
Total liabilities of disposal groups classified as held for sale		46

The analysis of the results and cash flows of discontinued operations are disclosed in the tables below:

Figures in million	US dollar		
	2013	2012	2011
Income statement			
Revenue	102	181	122
Cost of sales	(68)	(111)	(131)
Expenses - net	(1)	(2)	(8)
Profit on sale of investment in subsidiary	11		7
Profit on sale of property, plant and equipment		28	
Profit/(loss) from discontinued operations before tax	44	96	(10)
Taxation	(8)	(21)	8
Profit/(loss) for the year from discontinued operations	36	75	(2)
Cash flows			
Operating cash flows	32	65	16
Investing cash flows	123	(10)	18
Total cash flows	155	55	34

15. (Loss)/earnings per share

Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the net income attributable to shareholders by the weighted number of ordinary shares in issue during the year.

	2013	2012	2011
Ordinary shares in issue (000)	435,290	431,564	430,085
Adjustment for weighted number of ordinary shares in issue (000)	(733)	(687)	(670)
Weighted number of ordinary shares in issue (000)	434,557	430,877	429,415
Treasury shares (000)	(2,676)	(59)	(105)
Basic weighted average number of shares in issue (000)	431,881	430,818	429,310

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Figures in million	US dollar		
	2013	2012	2011
Net (loss)/profit from continuing operations	(262)	266	88
Net profit/(loss) from discontinued operations	36	75	(2)
Total net (loss)/profit attributable to shareholders	(226)	341	86
Basic (loss)/earnings per share from continuing operations (cents)	(61)	61	21
Basic earnings/(loss) per share from discontinued operations (cents)	8	18	(1)
Total basic (loss)/earnings per share (cents)	(53)	79	20

Fully diluted (loss)/earnings per share

For diluted (loss)/earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares as a result of share options granted to employees under the share option schemes in issue. A calculation is performed to determine the number of shares that could have been acquired at fair value, determined as the average annual market share price of the company's shares, based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2013	2012	2011
Weighted average number of ordinary shares in issue ('000)	431,881	430,818	429,310
Potential ordinary shares ('000)	836	1,205	1,110
Weighted average number of ordinary shares for fully diluted earnings per share ('000)	432,717	432,023	430,420

	US dollar		
	2013	2012	2011
Fully diluted (loss)/earnings per share from continuing operations (cents)	(61)	61	21
Fully diluted earnings/(loss) per share from discontinued operations (cents)	8	18	(1)
Total fully diluted (loss)/earnings per share (cents)	(53)	79	20

The inclusion of share options issued to employees, as potential ordinary shares, has a dilutive effect on the (loss)/earnings per share. The issue price and the exercise price include the fair value of any service to be supplied to the entity in the future under the share option or other share-based payment arrangement.

Dividends

Accounting policy

Dividends declared are recognized in the period in which they are approved by the Board of directors. Dividends are payable in South African rand.

Cash flows from dividends paid are classified under financing activities in the cash flow statement.

On August 13, 2012, the board declared a dividend of 50 SA cents (US\$6.2 cents) per share related to the year ended June 30, 2012. An interim dividend of 50 SA cents (US\$5.7 cents) was declared on February 1, 2013.

On August 12, 2011, the board declared a dividend of 60 SA cents (US\$8.4 cents) per share related to the year ended June 30, 2011. An interim dividend of 40 SA cents (US\$5.2 cents) was declared on February 2, 2012.

Figures in million	US dollar		
	2013	2012	2011
Dividend declared	51	59	29
Dividend per share (cents)	11.9	13.6	6.8

16. Property, plant and equipment

Figures in million	US dollar	
	2013	2012
Mining assets (a)	2,435	3,089
Mining assets under construction (b)	203	125
Undeveloped properties (c)	581	743
Deferred stripping (d)	64	43
Other non-mining assets (e)	4	3
Total property, plant and equipment	3,287	4,003

a) Mining assets

Accounting policy

Mining assets including mine development costs and mine plant facilities are initially recorded at cost, where after they are measured at cost less accumulated depreciation and impairment. Costs include expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

The net assets of operations placed on care and maintenance are impaired to their recoverable amount. Expenditure on the care and maintenance of these operations is charged against income, as incurred. Mineral and surface use rights represent mineral and surface use rights for parcels of land both owned and not owned by the group. Mineral and surface rights include acquired mineral use rights in production, development and exploration phase properties. The amount capitalized related to a mineral and surface right represents its fair value at the time it was acquired, either as an individual asset purchase or as part of a business combination, and is recorded at cost of acquisition.

The group's mineral use rights are enforceable regardless of whether proved or probable reserves have been established. In certain limited situations, the nature of use changes from an exploration right to a mining right upon the establishment of proved and probable reserves. The group has the ability and intent to renew mineral use rights where the existing term is not sufficient to recover all identified and valued proved and probable reserves and/or undeveloped mineral interests.

Depreciation

Depreciation of mining assets is computed principally by the units of production method over life-of-mine based on estimated quantities of economically recoverable proved and probable reserves, which can be recovered in future from known mineral deposits.

In most instances, proved and probable reserves provide the best indication of the useful life of the group's mines (and related assets). However, in some instances, proved and probable reserves may not provide a realistic indication of the useful life of the mine (and related assets). This may be the case, for example, where management is confident that further inferred resources will be converted into measured and indicated resources and if they are economically recoverable, they can also be classified as proved and probable reserves. Management is approaching economic decisions affecting the mine on this basis, but has chosen to delay the work required to designate them formally as reserves.

In assessing which resources to include so as to best reflect the useful life of the mine, management considers resources that have been included in the life-of-mine plan. To be included in the life-of-mine plan, resources need to be above the cut-off grade set by management, which means that the resource can be economically mined and is therefore commercially viable. This consistent systematic method of inclusion in the life-of-mine plan takes management's view of the gold price, exchange rates as well as cost inflation into account. In declaring the resource, management would have had to obtain a specified level of confidence of the existence of the resource through drilling as required by the South African Code of Reporting Exploration Results, Mineral Resources and Mineral Reserves (SAMREC).

Additional confidence in the existence, commercial viability and economical recovery of such resources may be based on historical experience and available geological information, such as geological information obtained from other operations that are contiguous to the group's as well as where the group mines continuations of these other operations' orebodies and reefs. This is in addition to the drilling results obtained by the group and management's knowledge of the geological setting of the surrounding areas, which would enable simulations and extrapolations to be done with a reasonable degree of accuracy.

In instances where management is able to demonstrate the economic recovery of such resources with a high level of confidence, such additional resources, which may also include certain, but not all, of the inferred resources, as well as the associated future development costs of accessing those resources are included in the calculation of depreciation. The future development costs are those costs that need to be incurred to access these inferred resources, for example the costs to complete a decline or level, which may include infrastructure and equipping costs. These amounts have been extracted from the cash flow projections for the life-of-mine plans.

Mineral rights associated with production phase mineral interests are amortized over the life-of-mine using the units-of-production method in order to match the amortization with the expected underlying future cash flows.

Impairment

Testing for impairment is done in terms of the group policy as discussed in note 2.5.

Critical accounting estimates and judgements – gold mineral reserves and resources

Gold mineral reserves and resources are estimates of the amount of ounces that can be economically and legally extracted from the group's properties. In order to calculate the gold mineral reserves and resources, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, commodity prices and exchange rates.

Estimating the quantities and/or grade of the reserves and resources requires the size, shape and depth of the ore bodies to be determined by analyzing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgements and calculations to interpret the data.

Because the economic assumptions used to estimate the gold mineral reserves and resources change from year to year, and because additional geological data is generated during the course of operations, estimates of the mineral reserves

and resources may change from year to year. Changes in the reserves and resources may affect the group's financial results and financial position in a number of ways, including:

Asset carrying values may be affected due to changes in estimated cash flows;

Depreciation and amortization charged in the income statement may change as they are calculated on the units-of-production method; and

Environmental provisions may change as the timing and/or cost of these activities may be affected by the change in mineral reserves.

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

Sensitivity analysis gold mineral reserves and resources effect on depreciation

The group includes certain inferred resources in the denominator and future development costs in the numerator when performing the depreciation calculation for certain of its operations, where proved and probable reserves alone do not provide a realistic indication of the useful life of mine (and related assets). During the periods presented, this related to the Doornkop South Reef and Masimong shafts. Had the group only used proved and probable reserves in its calculations, depreciation for 2013 would have amounted to US\$234.5 million (2012: US\$272.8 million) (2011: US\$239.7 million), compared with the reported totals of US\$220.2 million (2012: US\$247.2 million) (2011: US\$230.2 million).

Critical accounting estimates and judgements production start date

Various relevant criteria are considered in order to assess when the mine is substantially complete and ready for its intended use and moves into the production phase. Some of the criteria would include but are not limited to the following:

The level of capital expenditure compared to the total project cost estimates;

The ability to produce gold in a saleable form (where more than an insignificant amount of gold has been produced); and

The ability to sustain the ongoing production of gold.

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Critical accounting estimates and judgements impairment of assets

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

Key assumptions for the calculations of the mining assets' recoverable amounts are the gold price, marketable discount rates (cost-to-sell), exchange rates and the annual life-of-mine plans. In determining the gold price to be used, management assesses the long-term views of several reputable institutions on the gold price and based on this, derive the gold price. Due to the sudden, significant drop in the gold price during the last quarter of 2013, management also considered these institutions' short-term and medium-term views and incorporated these into their determination. The life-of-mine plans are based on the proved and probable reserves as included in the Reserve Declaration, which are determined in terms of SAMREC and JORC, as well as resources where management has high confidence in the orebody and economical recovery of gold, based on historic and similar geological experience.

During the year under review, the group calculated the recoverable amounts (generally fair value less costs to sell) based on updated life-of-mine plans and the following gold price and exchange rate assumptions:

	2013			2012	2011
	Short term	Medium term	Long term		
	Year 1	Year 2	Year 3		
US\$ gold price per ounce	1,250	1,300	1,400	1,524	1,274
Exchange rate (R/US\$)	9.95	9.57	8.89	8.21	7.57
Rand gold price (R/kg)	400,000	400,000	400,000	370,000	310,000

For Hidden Valley, we used the US\$ gold price assumptions as per the table and a post-tax real discount rate of 8.52% (2012: 4.49%) (2011: 5.09%). For the South Africa operations, we used the rand gold price assumptions as per the table and a post-tax real discount rate ranging between 6.21% and 10.20%, depending on the asset (2012: range of 5.04% and 8.70%) (2011: range of 5.09% and 8.47%). Cash flows used in the impairment calculations are based on life-of-mine plans which exceed five years for the majority of the mines. Refer to note 5 for details of impairments and reversals of impairments recorded.

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

Changes to proved and probable ore reserves;

Economical recovery of resources;

The grade of the ore reserves may vary significantly from time to time;

Review of strategy;

Unforeseen operational issues at the mines;

Differences between actual commodity prices and commodity price assumptions;

Changes in the discount rate and foreign exchange rates; and

Changes in capital, operating mining, processing and reclamation costs.

Sensitivity analysis impairment of assets

One of the most significant assumptions that influence the life-of-mine plans and therefore impairments is the expected gold price. A 10% decrease in the gold price assumption at the reporting date would have resulted in an additional impairment at Hidden Valley of US\$196.6 million and at Steyn 2 Shaft (included in the Bambanani segment) of US\$1.7 million as well as an impairment at Target 1 of US\$35.1 million. This analysis assumes that all other variables remain constant.

The movement in the mining assets balance is as follows:

Figures in million	US dollar	
	2013	2012
Cost		
Balance at beginning of year	4,405	5,704
Elimination of fully depreciated and impaired assets no longer in use		(594)
Additions	264	310
Disposals	(5)	(3)
Adjustment to rehabilitation asset	8	(11)
Transfers and other movements	84	94
Translation	(765)	(757)
	3,991	4,743
Reclassification to held for sale		(338)
Balance at end of year	3,991	4,405
Accumulated depreciation and impairments		
Balance at beginning of year	1,316	2,148
Elimination of fully depreciated and impaired assets no longer in use		(594)
Impairment of assets	273	(7)
Disposals		(3)
Depreciation ¹	216	256
Transfers and other movements		6
Translation	(249)	(265)
	1,556	1,541
Reclassification to held for sale		(225)
Balance at end of year	1,556	1,316
Net carrying value	2,435	3,089

¹ For the 2012 financial year, the amounts included both continuing and discontinued operations.

b) Mining assets under construction

Accounting policy

At the group's surface mines, when it has been determined that a mineral property can be economically developed as a result of establishing proved and probable reserves, costs incurred to develop the property are capitalized as incurred until the mine is considered to have moved into the production phase. These costs include costs to further delineate the ore body and remove overburden to initially expose the ore body. At the group's underground mines, all costs incurred to develop the property, including costs to access specific ore blocks or other areas of the underground mine, are capitalized to the extent that such costs will provide future economic benefits. These costs include the cost of shaft sinking and access, the costs of building access ways, lateral development, drift development, ramps, box cuts and other infrastructure development.

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

Borrowing costs are capitalized to the extent that they are directly attributable to the acquisition and construction of qualifying assets. Qualifying assets are assets that take a substantial time to get ready for their intended use. These costs are capitalized until the asset moves into the production phase. Other borrowing costs are expensed.

Where a depreciable asset is used in the construction or extension of a mine, the depreciation is capitalized against the mine's cost.

Exploration properties acquired are recognized in the balance sheet within development cost and are shown at cost less provisions for impairment determined in accordance with the group's accounting policy on impairment of non-financial assets.

Mineral interests associated with development and exploration phase mineral interests are not amortized until such time as the underlying property is converted to the production stage.

Capitalization of pre-production cost ceases when commercial levels of production are reached. Commercial levels of production are discussed under "production start date" above.

The movement in the mining assets under construction balance is as follows:

Figures in million	US dollar	
	2013	2012
Cost		
Balance at beginning of year	125	98
Additions	170	103
Finance costs capitalized ¹	3	1
Disposals	(18)	
Transfers and other movements	(52)	(58)
Translation	(25)	3
Reclassification to held for sale		(22)
Carrying value	203	125

¹ The average capitalization rate applied was 4.4% (2012:9.1%)

c) Undeveloped property

Accounting policy

Undeveloped properties are initially valued at the fair value of resources obtained through acquisitions. The carrying values of these properties are annually tested for impairment. Once development commences, these properties are transferred to mining properties and accounted for in accordance with the related accounting policy.

The movement in the undeveloped property balance is as follows:

US dollar

Figures in million	2013	2012
Cost		
Balance at beginning of year	743	931
Transfers and other movements	(36)	(37)
Translation	(125)	(151)
Balance at end of year	582	743
Accumulated depreciation and impairments		
Balance at beginning of year		5
Impairment	1	
Transfers and other movements		(5)
Translation		
Balance at end of year	1	
Net carrying value	581	743

d) Deferred Stripping**Accounting policy**

Stripping costs incurred during the production phase to remove waste material are deferred and charged to production costs on the basis of the average life-of-mine stripping ratio. The average stripping ratio is calculated as the number of tonnes of waste material removed per tonne of ore mined. The average life-of-mine ratio is revised annually in the light of additional knowledge and change in estimates. The cost of excess stripping is capitalized as mine development costs when the actual stripping ratio exceeds the average life-of-mine stripping ratio. Where the average life-of-mine stripping ratio exceeds the actual stripping ratio, the cost is charged to the income statement.

The movement in the deferred stripping balance is as follows:

Figures in million	US dollar	
	2013	2012
Cost		
Balance at beginning of year	43	18
Additions	33	5
Transferred from/(to) production cost	(6)	18
Translation	(6)	2
Carrying value	64	43

e) Other non-mining assets**Accounting policy**

Land is shown at cost and not depreciated. Other non-mining fixed assets are shown at cost less accumulated depreciation and accumulated impairment losses.

Other non-mining fixed assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Vehicles at 20% per year;

Computer equipment at 33.3% per year;

Furniture and equipment at 16.67% per year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. The movement in the non-mining assets balance is as follows:

Figures in million	US dollar	
	2013	2012
Cost		
Balance at beginning of year	45	62
Elimination of fully depreciated and impaired assets no longer in use		(5)
Additions	4	
Disposals	(1)	
Transfers and other movements		
Translation	(9)	(10)
Reclassification to held for sale		(2)
Balance at end of year	39	45
Accumulated depreciation and impairments		
Balance at beginning of year	42	53
Elimination of fully depreciated and impaired assets no longer in use		(5)
Depreciation	1	3
Disposals	(1)	
Translation	(7)	(9)
Balance at end of year	35	42
Net carrying value	4	3

f) Additional disclosures for leased assets**Accounting policy**

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

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

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

Figures in million	US Dollar	
	2013	2012
Carrying value of capitalized leased assets (included in mining assets and mining assets under construction)	2	12
Cost	4	29
Accumulated depreciation	(2)	(17)

Finance lease additions

Except for the leased assets mentioned above, none of the assets listed above have been pledged or otherwise committed as security for any liabilities.

17. Intangible assets**Accounting policy**

Intangible assets consist of all identifiable non-monetary assets without physical substance. They are stated at cost less accumulated amortization and accumulated impairment losses, if any. The following are the main categories of intangible assets:

Goodwill

Goodwill is an intangible asset with an indefinite useful life which is not amortized but tested for impairment on an annual basis, or when there is an indication of impairment. The excess of consideration transferred over the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. Goodwill on acquisition of subsidiaries, joint ventures and businesses is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates and tested for impairment as part of the overall balance.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. If the composition of one or more cash-generating units to which goodwill has been allocated changes due to a re-organization, the goodwill is re-allocated to the units affected.

The gain or loss on disposal of an entity includes the carrying amount of goodwill relating to the entity sold.

Technology-based assets

Acquired computer software licences that require further internal development are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These technology-based assets are classified as intangible assets with a finite useful life. These assets are amortized on a straight line basis of over their estimated useful lives, which are reviewed annually, as follows:

Computer software at 20% per year.

Critical accounting estimates and judgements impairment of goodwill

Due to the wasting nature of mining assets and the finite life of a mine's reserves, the allocation of goodwill to a shaft will eventually result in an impairment charge for the goodwill. The group tests annually whether separately identifiable goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.5. These calculations use the estimates as per note 16.

Figures in million	US dollar	
	2013	2012
Goodwill (a)	216	263
Technology-based assets (b)	4	5
Total intangible assets	220	268

a) Goodwill

Figures in million	US dollar	
	2013	2012
Cost		
Balance at beginning of year	290	350
Translation	(52)	(60)
Balance at end of year	238	290
Accumulated amortization and impairments		
Balance at beginning of year	27	33
Translation	(5)	(6)
Balance at end of year	22	27
Net book value	216	263
The net book value of goodwill has been allocated to the following cash-generating units:		
Bambanani	23	27
Tshepong	56	68
Phakisa	133	163
Joel	4	5
	216	263

b) Technology-based assets

Figures in million	US dollar	
	2013	2012
Cost		
Balance at beginning of year	20	20
Additions	1	4
Translation	(4)	(4)
Balance at end of year	17	20
Accumulated amortization and impairments		
Balance at beginning of year	15	17
Amortization charge for the year	1	1
Translation	(3)	(3)
Balance at end of year	13	15
Net book value	4	5

Technology-based assets include computer software and intellectual property which has been acquired and developed for the group. These assets are amortized over five years.

Accounting policy Financial assets (applicable to notes 18, 19, 20 and 21)

Financial assets are initially measured at fair value when the group becomes a party to their contractual arrangements, with the exception of loans and receivables which are recognized on origination date. Transaction costs are included in the initial measurement of financial instruments, with the exception of financial instruments classified as at fair value through profit or loss. The subsequent measurement of financial assets is discussed below.

A financial asset is derecognized when the right to receive cash flows from the asset has expired or the group has transferred its rights to receive cash and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss recognized in equity is recognized in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

The group classifies financial assets as follows:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are subsequently measured at amortized cost using the effective interest method. Loans and receivables include trade and other receivables (excluding VAT and prepayments), restricted cash and cash and cash equivalents.

Cash and cash equivalents are defined as cash on hand, deposits held at call with banks and short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents exclude restricted cash.

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and

the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision for impairment (allowance account) and the amount of the loss is recognized in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the income statement.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the balance sheet date.

Available-for-sale financial assets are subsequently carried at fair value. The fair values of quoted investments are based on current bid prices. If the value for a financial instrument cannot be obtained from an active market, the group establishes fair value by using valuation techniques.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If considered impaired, the cumulative loss is removed from other reserves and recognized in the income statement. Subsequent increases in the fair value are recognized in equity as impairment losses recognized in the income statement are not reversed through the income statement.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. The group's held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. The group assesses at the end of each reporting period whether there is objective evidence that a held-to-maturity investment is impaired as a result of an event.

A portion of restricted investments held by the trust funds (refer note 19) are classified as held-to-maturity investments.

Financial assets at fair value through profit or loss have two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. These assets are subsequently measured at fair value with gains or losses arising from changes in fair value recognized in the income statement in the period in which they arise.

18. Restricted cash

Figures in million	US dollar	
	2013	2012
Environmental guarantees a)	3	3
Lease security deposits	1	1
Total restricted cash	4	4

- a) The amount relates to funds set aside to serve as collateral against guarantees made to the Department of Mineral Resources (DMR) in South Africa for environmental and rehabilitation obligations. A portion of the funds are held on call account and rest is invested in money market funds.

19. Restricted investments

Figures in million	US dollar	
	2013	2012
Investments held by environmental trust funds (a)	201	219
Investments held by social trust fund (b)	5	5
Total restricted investments	206	224

- a) **Environmental trust funds** consist of:

Figures in million	US dollar	
	2013	2012
Held-to-maturity financial assets	101	21
Fair value through profit or loss financial assets	100	198
Total Environmental Trust Funds	201	219

Accounting policy

Contributions are made to the group's environmental trust funds, created in accordance with statutory requirements, to fund the estimated cost of pollution control, rehabilitation and mine closure at the end of the life of the group's mines. The trusts are consolidated into the group as the group exercises control of the trust. The measurement of the investments held by the trust funds is dependent on their classification under financial assets. Income received and gains are treated in accordance with these classifications.

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

During 2013, a decision was made to diversify the credit risk concentration of the Nedbank equity-linked deposits. These funds were moved into short-term and medium-term fixed deposits with other banking institutions of good credit quality. These investments are classified as held-to-maturity investments.

Reconciliation of the movement in the investments held by environmental trust funds:

Figures in million	US dollar	
	2013	2012
Balance at beginning of year	219	275
Interest income ¹	4	1
Fair value gain ¹	19	12
Disposal of equity-linked deposits	(91)	
Acquisition of held-to-maturity investments	91	
Contributions made		6
Disposal of Evander 6 and Twistdraai		(2)
Translation	(41)	(49)
	201	243
Reclassification to held for sale		(24)
Balance at end of year	201	219

¹ Amounts for 2012 include discontinued operations.

b) The social trust fund

The social trust fund is an irrevocable trust under the group's control. The group has undertaken to donate over a period of 10 years to The Harmony Gold Mining Group Social Plan Trust in terms of an agreement signed on November 3, 2003. An initial donation of R18.5 million (US\$2.7 million) was made during the 2004 year. Thereafter instalments of R3.5 million per annum were made with the final instalment in 2013. The purpose of the Trust is to fund the social plan to reduce the negative effects of restructuring on the group's workforce, to put measures in place to ensure that the technical and life skills of the group's workforce are developed and to develop the group's workforce in such a manner as to avoid or minimize the effect of job losses and a decline in employment through turnaround or redeployment strategies.

During 2013, the funds were moved into a financial asset that is exposed to the fair value changes in the market and has been classified as fair value through profit or loss.

Reconciliation of the movement in the investment held by the social trust fund:

Figures in million	US dollar	
	2013	2012
Balance at beginning of year	5	5
Contributions made	1	1
Interest income		
Fair value gain	1	
Claims paid		
Translation	(2)	(1)

Balance at end of year	5	5
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20. Investment in financial assets

Figures in million	US dollar	
	2013	2012
Balance at beginning of year	18	27
Additions (a)	9	
Fair value movement of available-for-sale investments (a) (b)	(9)	(5)
Reversal of fair value movement on acquisition of associate (a)	(2)	
Reclassification to investments in associates (a)	(9)	
Translation	(2)	(4)
Balance at end of year	5	18

The carrying amount consists of the following:

Available-for-sale financial assets:		
Investment in listed shares - Wits Gold (b)	4	16
Investment in unlisted shares (c)	1	2
Total available-for-sale financial assets	5	18

- a) At June 30, 2012, the group held a 1.8% interest in Rand Refinery (Proprietary) Limited (Rand Refinery) of US\$1.1 million, which was classified as an available-for-sale financial asset. The group purchased additional shares in three tranches in 2013, taking the group's interest to just more than 10% and allowing for the appointment of a director to the Rand Refinery board. This resulted in the group being able to exercise a significant influence over the operations of Rand Refinery and as such the investment has been classified as an investment in associates.

During 2013, an amount of US\$1.1 million was recorded in the fair value reserve for the investment. On the acquisition of the associate, the cumulative fair value gains were reversed from the fair value reserve and the cost of the investment reclassified to investments in associates. Refer to note 22.

- b) At June 30, 2012, management determined that the investment in Wits Gold was impaired in terms of our accounting policy and the cumulative losses in the fair value reserves were reclassified to the income statement (refer to note 26). Subsequent losses of US\$9.9 million have also been recorded in the income statement.
- c) These investments have been valued by the directors by performing independent valuations on an annual basis to ensure that no significant prolonged decline in the value of the investments has occurred.

21. Trade and other receivables

Figures in million	US dollar	
	2013	2012
Current		
<i>Financial assets:</i>		
Trade receivables (gold)	16	47
Other trade receivables	17	18
Provision for impairment	(3)	(4)
Trade receivables - net	30	61
Loans to associates and joint ventures (a)	1	2
Interest and other receivables (b)	60	55
Employee receivables	3	3
<i>Non-financial assets:</i>		
Prepayments	6	8
Value added tax	16	26
	116	155
Reclassification to held for sale		(3)
Total current trade and other receivables	116	152
Non-current		
<i>Financial assets:</i>		
Loans to associates (c)	12	14
Other loans receivable		3
Provision for impairment (c)	(12)	(14)

Reclassification to held for sale

Total non-current trade and other receivables

- a) The 2013 and 2012 balance is due from the Morobe Mining Joint Venture (MMJV) companies in PNG, for services and goods supplied in terms of the service level agreements entered into between the group and the joint venture companies.

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b) Included in the balance for the 2013 financial year is the self-insurance fund of US\$32.4 million (2012: US\$27.1 million) and an amount of US\$6.9 million due from Evander.

Also included in interest and other receivables for the 2013 financial year is an amount of US\$1.7 million (2012: S\$2.1 million) owing by Pamodzi FS in terms of the asset purchase agreement, for rehabilitation trust funds to be released to the group.

No impairment allowance is necessary in respect of any balances included in interest and other receivables as all amounts are classified as fully performing.

c) The balance in 2013 comprises US\$11.6 million (2012: US\$14.1 million) owed by Pamodzi. Pamodzi was placed into liquidation during 2009 and the loan was provided in full. Harmony is a concurrent creditor in the Pamodzi Orkney liquidation.

The movement in the provision for impairment of trade receivables during the year was as follows:

Figures in million	US dollar	
	2013	2012
Balance at beginning of year	4	18
Impairment loss recognized	1	2
Reversal of impairment loss	(1)	(13)
Translation	(1)	(3)
Balance at end of year	3	4

The movement in the provision of loans receivables during the year was as follows:

Figures in million	US dollar	
	2013	2012
Balance at beginning of year	14	17
Translation	(2)	(3)
Balance at end of year	12	14

The ageing of trade receivables at the reporting date was:

Figures in million	US dollar	
	Gross	Impairment
June 30, 2013		
Fully performing	25	
Past due by 1 to 30 days	2	
Past due by 31 to 60 days	1	
Past due by 61 to 90 days	1	
Past due by more than 90 days	2	1

Past due by more than 361 days	2	2
	33	3
June 30, 2012		
Fully performing	52	
Past due by 1 to 30 days	6	
Past due by 31 to 60 days	2	
Past due by 61 to 90 days		
Past due by more than 90 days	2	1
Past due by more than 361 days	3	3
	65	4

The ageing of loans receivables at the reporting date was:

Figures in million	US dollar	
	Gross	Impairment
June 30, 2013		
Fully performing		
Past due by 1 to 30 days		
Past due by 31 to 60 days		
Past due by 61 to 90 days		
Past due by more than 361 days	12	12
	12	12
June 30, 2012		
Fully performing	7	
Past due by 1 to 30 days		
Past due by 31 to 60 days		
Past due by 61 to 90 days		
Past due by more than 361 days	16	14
	23	14

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

During the year 2013 and 2012 there was no renegotiation of the terms of any receivable.

There was no collateral pledged or held for any of the receivables as at June 30, 2012 and 2013.

22. Investment in associates

- a) Harmony acquired a 32.4% interest in Pamodzi on February 27, 2008, initially valued at US\$46.5 million. Pamodzi was listed on the JSE and had interests in operating gold mines in South Africa. Pamodzi was placed in liquidation in March 2009 and the trading of its shares on the JSE was suspended. As at June 30, 2013, the liquidation process has not been concluded. No financial information subsequent to March 31, 2009 is available and therefore no information has been disclosed.
- b) At June 30, 2012, the group held 1.8% of the shares of Rand Refinery. An additional 8.5% interest was purchased in three tranches during 2013, resulting in a total shareholding of 10.38% on May 31, 2013. Although the group holds less than 20% of the equity shares of Rand Refinery, the group is able to exercise significant influence by virtue of having a right to appoint a director on the board. The investment was previously accounted for as available-for-sale (refer to note 20 for further detail), but since the 10% shareholding was attained and with the right to appoint a director on the board, the investment has been

accounted for as an associate. As part of the accounting for the acquisition, the group elected the cost method for step acquisitions (refer to note 2.1) and has reversed the cumulative fair value gains recognized in other reserves prior to the acquisition of the investment in associate (refer to note 20). Offsetting this, the group has recognized its share of Rand Refinery's retained earnings for the previously held interest, which amounted to US\$2.1 million.

The movement during the year is as follows:

Figures in million	US dollar	
	2013	2012
Balance at beginning of year		
Reclassified from investment in financial assets	9	
Share of retained earnings on acquisition of an associate	2	
Balance at end of year	11	

The results of Rand Refinery for the year ended and its aggregated assets (including goodwill) and liabilities as at June 30, 2013 are as follows:

Figures in million	US dollar 2013
Assets	98
Liabilities	14
Revenue	101
Profit	27
Percentage interest held	10%

Rand Refinery's year-end is September 30.

23. Investment in joint venture

Morobe Mining Joint Ventures (MMJV) partnership agreement (50%)

The group has a 50% interest in mining and exploration assets located in the Morobe province, PNG. Newcrest owns the remaining 50% interest in these assets. The assets include the Hidden Valley mine and the Wafi-Golpu projects. This partnership was formed during the 2009 financial year through a range of transactions, which included Newcrest's purchase of a 30.01% participating interest and a further farm-in of an additional 19.99% participating interest in the assets. The total value of the transaction was estimated at US\$530 million and was completed by June 30, 2009.

The following are the group's effective share of income, expenses, assets and liabilities, which are included in the 2013 consolidated financial statements:

Figures in million	US dollar	
	2013	2012
	50%	50%
Revenue	135	150
Production costs	(137)	(110)
Production (loss)/profit	(2)	40
Impairment	(268)	
Exploration expenditure	(58)	(49)
Other costs	(46)	(29)
Taxation (expense)/credit	(36)	11
Net loss	(410)	(27)
Non-current assets	498	702
Current assets	105	90

Total assets	603	792
Non-current liabilities	25	25
Current liabilities	58	51
Total liabilities	83	76

24. Inventories

Accounting policy

Inventories which include bullion on hand, gold in process, gold in lock-up, ore stockpiles and stores and materials, are measured at the lower of cost and net realizable value. Net realizable value is assessed at each reporting date and is determined with reference to relevant market prices.

The cost of bullion, gold in process and gold in lock-up is determined by reference to production cost, including amortization and depreciation at the relevant stage of production. Ore stockpiles are valued at average production cost. Stockpiles and gold in lock-up are classified as non-current assets where the stockpile exceeds current processing capacity and where a portion of static gold in lock-up is expected to be recovered more than 12 months after balance sheet date.

Gold in process inventories represent materials that are currently in the process of being converted to a saleable product. In-process material is measured based on assays of the material fed to process and the projected recoveries at the respective plants. In-process inventories are valued at the average cost of the material fed to process attributable to the source material coming from the mine or stockpile plus the in-process conversion costs, including the applicable depreciation relating to the process facility, incurred to that point in the process. Gold in process includes gold in lock-up which is generally measured from the plants onwards. Gold in lock-up is expected to be extracted when plants are demolished at the end of their useful lives, which is largely dependent on the estimated useful life of the operations feeding the plants. Where mechanized mining is used in underground operations, in-progress material is accounted for at the earliest stage of production when reliable estimates of quantities and costs are capable of being made. At the group's open pit operations, gold in process represents production in broken ore form.

Consumable stores are valued at weighted average cost value after appropriate allowances for redundant and slow moving items.

Figures in million	US dollar	
	2013	2012
Gold in lock-up	6	12
Gold in-process, ore stockpiles and bullion on hand	71	62
Stores and materials at weighted average cost	72	63
Total inventories	149	137
Non-current portion of gold in lock-up and gold in-process	(6)	(7)
	143	130
Reclassification to held for sale		(9)
Total current portion of inventories	143	121
<i>Included in the balance above is:</i>		
Inventory valued at net realizable value	15	12

During the 2013 financial year, a write-down of US\$1.0 million (2012: US\$9.9 million) was made for the net realizable value adjustment for other gold in lock-up, as well as US\$1.9 million (2012: US\$3.9 million) relating to certain stockpiles.

During 2012 write-downs were made of US\$1.9 million and US\$2.1 million) for the Steyn plant and Freddie's rock dump demolition projects, respectively. The write-downs were as a result of changes to the life-of-mine plans.

During the year, a reversal of US\$0.9 million (2012: nil) to the provision for slow moving stock was made. This was primarily the result of a process of improving stock management. The total provision at June 30, 2013 was US\$5.3 million (2012: US\$7.6 million).

25. Share capital

Accounting policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

The cost of treasury shares is eliminated against the share capital balance.

Authorized

1,200,000,000 (2012: 1,200,000,000) ordinary shares of 50 SA cents each.

Issued

435,289,890 (2012: 431,564,236) ordinary shares of 50 SA cents each. All issued shares are fully paid.

The directors have been authorized to allot and issue up to 21,578,212 authorized but unissued ordinary shares of the company, being 5% of the total issued share capital of the company as at June 30, 2012, subject to the provisions of the Companies Act and the JSE Limited Listings Requirements.

Note 34 set out details in respect of the share option scheme and shares held in trust for the employees of the group.

Share issues

Shares issued in the 2012 and 2013 financial years relate to the exercise of share options by employees. During August 2012, 3.5 million shares were issued to the Tlhakanelo Trust, the vehicle used for the employee share ownership plan.

Treasury shares

Included in the total of issued shares is an amount of 335 shares held by Lydenburg Exploration Limited, a wholly owned subsidiary of the company.

During August 2012, 3.5 million shares were issued to the Tlhakanelo Trust. As the trust is controlled by the group, the shares are treated as treasury shares. During 2013, 937,548 shares were exercised by employees and the remaining 2,562,452 shares are still held as treasury shares.

26. Other reserves

Figures in million	US dollar	
	2013	2012
Foreign exchange translation reserve (a)	(805)	(138)
Fair value movement of available-for-sale financial assets (b)		1
Equity component of convertible bond (c)	41	41
Acquisition of non-controlling interest in subsidiary (d)	(57)	(57)
Share-based payments (e)	136	106
Repurchase of equity interest (f)	(13)	(13)
Other	(4)	(4)
Total other reserves	(702)	(64)

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

Figures in million	US dollar	
	2013	2012
Balance at beginning of year	(138)	469
Current year's foreign exchange movement	(669)	(595)
Tax on foreign exchange movement	2	(12)
Balance at end of year	(805)	(138)

- b) The balance of the fair value movement reserve represents the movement in the fair value of the available-for-sale financial assets. For details on the movement, refer to note 20.

Figures in million	US dollar	
	2013	2012
Balance at beginning of year	1	(11)
Fair value movement - unrealized	(9)	(5)
Impairment recognized in profit or loss	10	19
Reversal of fair value movement on acquisition of associate	(2)	
Translation		(2)
Balance at end of year		1

- c) On May 24, 2004, the group issued a convertible bond. The amount representing the value of the equity conversion component is included in other reserves, net of deferred income taxes. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods. The convertible bonds were repaid in 2009.
- d) On March 15, 2004 Harmony announced that it had made an off market cash offer to acquire all the ordinary shares, listed and unlisted options of Abelle Limited, held by non-controlling interests. The excess of the purchase price of US\$86.5 million (A\$123 million) over the carrying amount of non-controlling interest acquired, amounting to US\$57 million has been accounted for under other reserves.

e) Share-based payments

Figures in million	US dollar	
	2013	2012
Balance at beginning of year	106	94
Share-based payments expensed (i)	28	12
PhoenixCo Option (ii)	2	
Balance at end of year	136	106

- i. The group issues equity-settled instruments to certain qualifying employees under an employee share option scheme and employee share option plan (ESOP) to purchase shares in the company's authorized but unissued ordinary shares. Equity share-based payments are measured at the fair value of the equity instruments at the date of the grant. Share-based payments are expensed over the vesting period, based on the group's estimate of the shares that are expected to eventually vest. During the 2013 financial year, the equity-settled share-based payment expense of US\$28.4 million (2012: US\$12.2 million) was charged to the income statement (refer to note 34 for more detail).
- ii. On March 20, 2013 Harmony signed transaction and funding agreements to give effect to an empowerment transaction to dispose of 30% of its Free State based Phoenix tailings operation (Phoenix) to BEE shareholders (refer to note 34 for more detail).
- f) On March 19, 2010, Harmony Gold Mining Company Limited concluded an agreement with African Vanguard Resources (Proprietary) Limited (AVRD), for the purchase of its 26% share of the mining titles of the Doornkop South Reef. The original sale of the 26% share in the mining titles was accounted for as an in-substance call option by AVRD over the 26% mineral right. The agreement to purchase AVRD's 26% interest during the 2010 financial year is therefore considered to be a repurchase of the option (equity interest). The 26% interest was transferred from AVRD to Harmony in exchange for Harmony repaying the AVRD Nedbank loan and the issue of 2,162,359 Harmony shares. The difference between the value of the shares issued of US\$20.5 million, the liability to the African Vanguard Resources Proprietary Limited and transaction costs, have been taken directly to equity.

Accounting policy Provisions (applicable to note 27 and 28)

Provisions are recognized when the group has a present legal or constructive obligation as a result of past events where it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the net present value of the best estimate of the expenditure required to settle the present obligation at balance sheet date using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The estimate take into account the associated risks and uncertainties. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic benefits will be required, the provision is reversed,

27. Provision for environmental rehabilitation

Accounting policy

Estimated long-term environmental obligations, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental management plans in compliance with current technological, environmental and regulatory requirements.

Based on disturbances to date, the net present value of expected rehabilitation cost estimates are recognized and provided for in full in the financial statements. The estimates are reviewed annually and are discounted using a pre-tax risk-free rate that is adjusted to reflect the current market assessments of the time value of money and the risks specific to the obligation.

Annual changes in the provision consist of finance costs relating to the change in the present value of the provision and inflationary increases in the provision estimate, as well as changes in estimates. The present value of environmental disturbances created is capitalized to mining assets against an increase in

the rehabilitation provision. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognized immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, impairment is performed in accordance with the accounting policy dealing with impairments of non-financial assets. Rehabilitation projects undertaken, included in the estimates are charged to the provision as incurred. The cost of on-going current programmes to prevent and control pollution is charged against income as incurred. Over time, the liability is increased to reflect an interest element, and the capitalized cost is depreciated over the life of the related asset.

Critical accounting estimates and judgements

Significant judgement is applied in estimating ultimate rehabilitation cost that will be required in future to rehabilitate the group's mines. Ultimate cost may significantly differ from current estimates.

For the South African operations, management used an inflation rate of 6.00% (2012: 6.30%) (2011: 6.60%) and the expected life of the mines according to the life-of-mine plans in the calculation of the estimated net present value of the rehabilitation liability. The discount rates used for the calculation are dependent on the shaft's life of mine and are as follows: for 12 months 5.3% (2012: 5.5%) (2011: 5.75%); for one to five years 6.2% (2012: 5.75%) (2011: 7.25%); for six to nine years 6.4% (2012: 7.75%) (2011: 8.50%) and for ten years or more 7.25% (2012: 8.25%) (2011: 8.75%). These estimates were based on recent yields determined on government bonds.

In calculating the rehabilitation liability in PNG for 2013, an inflation rate of 2.5% (2012: 2.95%) (2011: 3.30%) was used, together with a discount rate of 6.8% (2012: 7.50%) (2011: 7.0%).

The group's mining and exploration activities are subject to extensive environmental laws and regulations. The group has made, and expects to make in the future, expenditures to comply with such laws and regulations, but cannot predict the full amount of such future expenditures. Estimated future reclamation costs are based principally on legal and regulatory requirements.

The following is a reconciliation of the total liability for environmental rehabilitation:

Figures in million	US dollar	
	2013	2012
<i>Provision raised for future rehabilitation</i>		
Balance at beginning of year	227	293
Disposal of assets		(2)
Change in estimate - Balance sheet	8	(12)
Change in estimate - Income statement	(9)	(5)
Time value of money and inflation component of rehabilitation costs ¹	14	17
Translation	(40)	(43)
Balance at end of year	200	248
Reclassification to held for sale		(21)

Total provision for environmental rehabilitation	200	227
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¹ Amounts for 2012 include both continuing and discontinued operations.

While the ultimate amount of rehabilitation costs to be incurred in the future is uncertain, the group has estimated that, based on current environmental and regulatory requirements, the total undiscounted cost for the mines is approximately US\$261.7 million (2012: US\$343.9 million). Kalgold is working closely with the DMR to endorse the conversion of the D-zone pit into a strategic water resource and not to backfill.

Figures in million	US dollar	
	2013	2012
<i>Future net undiscounted obligation</i>		
Ultimate estimated rehabilitation cost	262	344
Amounts invested in environmental trust funds (Refer to note 19)	(201)	(243)
Total future net undiscounted obligation	61	101

The group intends to finance the ultimate rehabilitation costs from the money invested in environmental trust funds as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The group has guarantees in place relating to some of the environmental liabilities. Refer to notes 36.

During 2012 and 2013, the group rehabilitated certain decommissioned operations in the Free State as part of its overall strategy of eliminating safety and health exposures and reducing environmental liability.

28. Other non-current liabilities

Accounting policy

Refer to note 34 for the accounting policy on share-based payments and the accounting policy on provisions.

Figures in million	US dollar	
	2013	2012
ESOP share-based payment liability (a)	1	
Other (b)	4	4
Total other non-current liabilities	5	4

- a) The liability relates to the cash-settled share-based payment transaction following the award of ESOP share appreciation rights (SARs) to qualifying employees through the Tlhakanelo Employee Share Trust during the 2013 financial year. Refer to note 34 for more details.
- b) Included in Other is a provision of US\$4.2 million (2012: US\$3.2 million) relating to the pumping and treatment costs of fissure water in the KOSH Basin. This provision was raised following the High Court's dismissal of Harmony's application to have a directive issued by the Department of Water Affairs (DWA) in November 2005 set aside, as it relates to the Orkney operations, which were sold in 2008. Harmony filed an application to appeal the judgment on July 20, 2012 and the appeal will be heard in November 2013.

29. Retirement benefit obligation

Accounting policy

The group provides medical cover for current employees and certain retirees through certain funds. The medical accounting costs for the defined benefit plan are assessed using the projected unit credit method. The health care obligation is measured as the present value of the estimated future cash outflows using high quality corporate bond interest rates consistent with the term and risks of the obligation together with adjustments for unrecognized past service cost. Actuarial gains and losses as a result of these valuations are recognized in the income statement at

revaluation date. The future liability for current and retired employees and their dependants is accrued in full based on actuarial valuations obtained annually.

Critical accounting estimates and judgements

An updated actuarial valuation is carried out at the end of each financial year. Assumptions used to determine the liability included a discount rate of 9.3%, no increases in employer subsidies (in terms of the agreement) and mortality rates according to the SA 1956/62 mortality table (SA actuarial tables) (60 years) and a medical inflation rate of 7.3% (2012: discount rate of 9.60%, 60 years and 7.45% inflation rate) (2011: discount rate of 9.80%, 60 years and 7.65% inflation rate).

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

a) Pension and provident funds

The group contributes to several pension and provident funds governed by the Pension Funds Act, 1956 for the employees of its South African subsidiaries. The pension funds are multi-employer industry plans. The group's liability is limited to its annually determined contributions.

The provident funds are funded on a money accumulative basis with the members and employers contributions having been fixed in the constitution of the funds.

The Australian group companies make contributions to each employee's superannuation (pension) funds in accordance with the Superannuation Guarantee Scheme (SGS). The SGS is a Federal Government initiative enforced by law which compels employers to make regular payments to regulated funds providing for each employee on their retirement. The SGS were set at a minimum of 9% of gross salary and wages for the 2013 year (2012: 9%). The fund is a defined contribution plan.

The PNG Superannuation Act 2002 requires a compulsory employer contribution of 8.4% (2012: 8.4%) into an approved superannuation (pension) fund if an employee is appointed for a period of three months or more. The approved superannuation funds are defined contribution plans.

Substantially all the group's employees are covered by the above mentioned retirement benefit plans. Funds contributed by the group for the 2013 financial year amounted to US\$57.6 million (2012: US\$70.8 million).

b) Post-retirement benefits other than pensions:

Harmony inherited a post-retirement medical benefit obligation, which existed at the time of the Freegold acquisition in 2002. The group's obligation in this regard is to pay a subsidy of 2% for every completed year of employment up to a maximum of 50% of total medical aid contributions, commencing on date of retirement. Should the employee die, either in service or after retirement, this benefit will transfer to his/her dependants. The medical aid tariffs are based on the Minemed medical scheme (Minemed) options. Effective September 1, 2013, Minemed was amalgamated with Bestmed medical scheme and the rates have been updated accordingly. Except for the pre-mentioned employees, Harmony has no other post-retirement obligation for the other group employees.

The liability is unfunded and will be settled out of cash and cash equivalents when it becomes due. The liability is based on an actuarial valuation conducted during the year ended June 30, 2013, using the projected unit credit method. The next actuarial valuation will be performed on June 30, 2014.

The principal actuarial assumptions used to determine the present value of unfunded obligations are discussed above. In addition the following was also considered:

It is assumed that all Continuation and Widow Members (CAWMs) will remain on the current benefit option and income band. For employed members, post-employment contributions were assumed to be equal to the average payable for the current CAWMs membership.

It is assumed that not all employed members will remain employed until retirement therefore estimated resignation and ill-health retirement rates are also taken into account.

It is assumed that 90% of employed members will be married at retirement or earlier death and that wives are four years younger than their husbands. It is assumed that the only dependents will be spouses.

Figures in million	US dollar	
	2013	2012
Present value of unfunded obligations	19	22

Current employees	11	13
Retired employees	8	9
Movement in the liability recognized in the balance sheet		
Balance at beginning of year	22	25
Contributions paid	(1)	(1)
Other expenses included in staff costs/current service cost		1
Interest cost	2	2
Net actuarial loss/(gain) recognized during the year		(1)
Translation	(4)	(4)
Balance at end of year	19	22

Net actuarial gains/losses are included in cost of sales in the income statement. The net actuarial loss recognized during the 2011 year was US\$0.1 million, the 2010 year was US\$0.9 million and the 2009 year was nil.

Figures in million	US dollar	
	2013	2012
The net liability of the defined benefit plan is as follows:		
Present value of defined benefit obligation	19	22
Fair value of plan assets		
Net retirement benefit obligation liability	19	22

The present value of the defined benefit obligation was US\$24.6 million in 2011, US\$20.1 million in 2010 and US\$19.7 million in 2009.

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

Figures in million	US dollar	
	2013	2012
Effect of a 1% increase::		
Aggregate of service cost and interest cost		
Defined benefit obligation	3	3
Effect of a 1% decrease::		
Aggregate of service cost and interest cost		
Defined benefit obligation	2	3

The group expects to contribute approximately US\$0.6 million to the benefit plan in 2014.

Accounting policy Financial liabilities (applicable to notes 30 and 31)

Financial liabilities are initially measured at fair value when the group becomes a party to their contractual arrangements. Transaction costs are included in the initial measurement of financial liabilities, with the exception of financial liabilities classified as at fair value through profit or loss. The subsequent measurement of financial liabilities is discussed below.

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

The group classifies financial liabilities as follows:

Borrowings are initially recognized at fair value net of transaction costs incurred and subsequently measured at amortized cost, comprising original debt less principal payments and amortization, using the effective yield method.

Any difference between proceeds (net of transaction cost) and the redemption value is recognized in the income statement over the period of the borrowing using the effective interest rate method.

Fees paid on the establishment of loan facilities are capitalized as a pre-payment and amortized over the period of the facility to which it relates, to the extent it is probable that some or all of the facility will be drawn down. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is expensed.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. If not, they are presented as non-current liabilities.

30. Borrowings

Westpac Bank

In July 2007, Morobe Consolidated Goldfields entered into US dollar finance lease agreements with Westpac Bank for the purchase of mining fleet to be used on the Hidden Valley project. There is no debt covenant clause in the agreements.

Nedbank Limited

On December 11, 2009, the company entered into a loan facility with Nedbank Limited, comprising a term facility of US\$119.4 million and a revolving credit facility of US\$79.6 million. The facility was utilized to fund the acquisition of the Pamodzi Free State assets as well as the group's major capital projects and working capital requirements. Interest accrues on a day to day basis over the term of the loan at a variable interest.

On November 30, 2010, the company entered into an additional loan facility with Nedbank Limited, comprising of a term facility of US\$70.1 million and a revolving credit facility of US\$35.0 million. Interest terms are identical to the original facility. The repayments terms of the original revolving credit facility were amended to coincide with the repayment on the new facility.

Syndicated revolving credit facility

On August 11, 2011, the company entered into a loan facility which was jointly arranged by Nedbank Limited and FirstRand Bank Limited (acting through its Rand Merchant Bank division) (syndicate), comprising of a US\$300 million syndicated revolving credit facility. The facility is utilized to fund exploration projects in PNG. The facility attracts interest at LIBOR plus 260 basis points, which is payable quarterly.

Terms and debt repayment schedule at June 30, 2013:

	Interest charge	Repayment terms	Repayment date	Security
Westpac Bank (Secured finance lease)	US - LIBOR plus 1.25%	Quarterly	December 30, 2013	Mining fleet
Nedbank Limited (Secured loan - term facility 1)	3 month JIBAR plus 3.5%, payable quarterly	Bi-annual equal instalments of R90 million (US\$9.0 million)	December 31, 2014	
Nedbank Limited (Secured loan - term facility 2)	3 month JIBAR plus 3.5%, payable quarterly	Bi-annual equal instalments of R62.5 million (US\$6.3 million)	December 31, 2014	Cession and pledge of operating subsidiaries shares
Nedbank Limited (Secured loan - revolving credit facility)	1 or 3 month JIBAR plus 3.5%, payable after interest interval	Repayable on maturity	November 30, 2013	
Syndicated (Secured loan - US\$ revolving credit facility)	LIBOR plus 260 basis points, payable quarterly	Repayable on maturity	September 15, 2015	Cession and pledge of operating subsidiaries shares

Debt covenants

The debt covenant tests for the group for both the Nedbank Limited facilities and syndicated revolving credit facility are as follows:

The group's interest cover shall not be less than two (EBIT/ Total interest).

Current ratio shall not be less than one (Current assets / current liabilities).

Cash flow from operating activities shall be above R100 million for the six months prior to the evaluation date.

Total net debt shall not exceed R3 billion plus the Rand equivalent of US\$300 million.

Market capitalization to net debt ratio shall not be less than six times.

¹ *EBIT as defined in the agreement excludes unusual items such as impairments.*

The debt covenant tests are performed on a quarterly basis. No breaches of the covenants were identified during the tests in the 2013 financial year.

Interest-bearing borrowings

Figures in million	US Dollar	
	2013	2012
Non-current borrowings		
Westpac Bank (secured finance lease)		
Balance at beginning of year		3
Repayments	(2)	(4)
Net adjustments to current portion	2	(1)
Translation		2
Nedbank Limited (secured loan - term facilities)	16	56
Balance at beginning of year	56	112
Repayments	(33)	(37)
Amortization of issue costs	1	
Translation	(8)	(19)
Nedbank Limited (secured loan - revolving credit facilities)		
Balance at beginning of year		66
Draw down		58
Repayments		(106)
Issue costs		(2)
Amortization of issue costs		3
Translation		(19)
Syndicated (secured loan - US\$ revolving credit facility)	210	127
Balance at beginning of year	127	
Draw down	80	130
Issue cost		(6)
Amortization of issue costs	2	1
Net adjustments to current portion	1	2
Total non-current borrowings	226	183
Current borrowings		
Current portion of the finance lease from Westpac Bank		3
Current portion of the loans from Nedbank Limited	30	37
Current portion of the loans from syndicate	(2)	(2)
Total current borrowings	28	38
Total interest-bearing borrowings	254	221

The future minimum lease payments for Westpac Bank finance leases are:

Due within one year	3
Due within one and two years	
Due between two and five years	
	3
Future finance charges	
	3

Figures in million	US Dollar	
	2013	2012
The maturity of borrowings is as follows:		
Current	28	38
Between one to two years	16	36
Between two to five years	210	147
Over five years		
	254	221
Undrawn committed borrowing facilities:		
Expiring within one year	85	
Expiring after one year	90	274
	175	274

	Effective rate	
	2013	2012
Westpac Bank	1.7%	1.6%
Nedbank Limited	8.7%	9.1%
Syndicated	2.7%	3.0%

31. Trade and other payables

Accounting policy

The group accrues for the cost of the leave days granted to employees during the period in which the leave days accumulate.

Figures in million	US dollar	
	2013	2012
Financial liabilities:		
Trade payables	58	34
Other liabilities	6	7
ESOP share-based payment liability (a)	1	
Non-financial liabilities:		
Payroll accruals	35	42
Leave liabilities (b)	32	39
Shaft related accruals	53	69
Other accruals	21	24
Value added tax	5	6

	211	221
Reclassification to held for sale		(8)
Total trade and other payables	211	213

- a) The liability relates to the cash-settled share-based payment transaction following the award of ESOP SARs to qualifying employees through the Tlhakanelo Employee Share Trust during the 2013 financial year. Refer to note 34 for more details.

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- b) Employee entitlements to annual leave are recognized on an ongoing basis. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. The movement in the liability recognized in the balance sheet is as follows:

Figures in million	US dollar	
	2013	2012
Balance at beginning of year	37	41
Benefits paid	(39)	(39)
Total expense per income statement	40	44
Translation	(6)	(7)
	32	39
Reclassification to held for sale		(2)
Balance at end of year	32	37

32. Cash generated by operations

Figures in million	US dollar		
	2013	2012	2011
<i>All amounts disclosed include discontinued operations</i>			
Reconciliation of (loss)/profit before taxation to cash generated by operations:			
(Loss)/profit before taxation	(149)	346	21
<i>Adjustments for:</i>			
Amortization and depreciation	220	256	254
Impairment/(reversal of impairment) of assets	274	(7)	39
Share-based payments	35	12	19
Net decrease in provision for post-retirement benefits		(1)	
Net (decrease)/increase in provision for environmental rehabilitation	(9)	(5)	8
Profit on sale of property, plant and equipment	(16)	(36)	(4)
Loss from associates			7
(Reversal of impairment)/impairment of investment in associate		(7)	20
Impairment of investments	10	19	
Net gain on financial instruments	(22)	(12)	(20)
Gain on farm-in option			(38)
Profit on sale of investment in subsidiary	(11)		(7)
Interest received	(22)	(13)	(20)
Finance cost	30	39	41
Inventory adjustments	(20)	(3)	48
Deferred stripping allocations	(27)		
Foreign exchange translation difference	39	1	
Other non-cash adjustments	1	4	(8)
Effect of changes in operating working capital items			
Receivables	20	(12)	(15)
Inventories	(24)	(9)	(20)

Payables	30	14	21
Cash generated by operations	359	586	346

Additional cash flow information

- i. The income and mining taxes paid in the statement of cash flow represents actual cash paid less refunds received.
- ii. At June 30, 2013, US\$175.1 million (2012: US\$273.6 million) of borrowing facilities had not been drawn down and is therefore available for future operating activities and future capital commitments. Refer to note 30.

For the financial year ended June 30, 2013**a) Acquisitions and disposal of investments/businesses****Disposal of Evander**

The conditions precedent for the sale of Evander Gold Mine Limited were fulfilled and the transaction was completed on February 28, 2013. The purchase consideration of US\$170.0 million was adjusted for distributions received prior to the effective date of US\$23.4 million. Refer to note 14.

The aggregate fair values of assets and liabilities sold were:

Figures in million	US dollar		
	2013	2012	2011
Property, plant and equipment	141		
Funds set aside for environmental rehabilitation	24		
Inventories	11		
Trade and other receivables	2		
Cash and cash equivalents	3		
Profit on disposal	11		
Environmental liability	(20)		
Trade and other payables	(10)		
Deferred tax liability	(18)		
Purchase consideration	144		
Cash and cash equivalents	(3)		
Translation	(2)		
Total proceeds received in cash	139		

b) Principal non-cash transactions

Share-based payments (refer to note 34)

For the financial year ended June 30, 2012**a) Acquisitions and disposal of investments/businesses****Disposal of investment in Rand Uranium**

On January 6, 2012, the transaction with Gold One International Limited was concluded and the first payment of US\$23.8 million was received. Further payments were made during April 2012 totalling US\$11.0 million. These amounts were for the sale of the group's 40% investment in Rand Uranium as well as for the outstanding balance of the subordinated shareholder's loan of US\$6.8 million.

b) Principal non-cash transactions

Share-based payments (refer to note 34)

For the financial year ended June 30, 2011

a) Principal non-cash transactions

Disposal of Freegold farm-in option (refer note 10)

Share-based payments (refer to note 34)

33. Employee benefits

Accounting policy

Pension, provident and medical plans are funded through annual contributions. The group pays fixed contributions into a separate entity in terms of the defined contribution pension, provident and medical plans which are charged to the income statement in the year to which they relate. The group's liability is limited to its monthly determined contributions and it has no further liability, legally or constructive if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Refer to note 29 for details of the post-retirement medical benefit plan.

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

	2013	2012
Number of permanent employees as at June 30:		
South African operations ¹	30,673	33,935
International operations ²	1,729	1,905
Total number of permanent employees	32,402	35,840

	US dollar	
Figures in million	2013	2012
Aggregate earnings		
The aggregate earnings of employees including directors were:		
Salaries and wages and other benefits	745	791
Retirement benefit costs	58	60
Medical aid contributions	21	22
Total aggregated earnings ³	824	873

¹ 2,521 employees were attributable to the discontinued operations at June 30, 2012.

² The total number of employees in Australia, including the Brisbane office, at June 30, 2013 was 101 (2012: 107). The total for the international operations includes the joint venture employees.

³ These amounts have been included in production cost, corporate expenditure and capital expenditure. The amounts include Evander for the eight months it was a part of the group.

During the 2013 financial year US\$11.4 million (2012: US\$7.9 million) was included in the payroll cost for termination costs. Termination costs include the cost relating to the voluntary retrenchment process as well as retrenchments due to the shaft closures (refer to note 5).

34. Share-based payments

Accounting policy

The group operates the following employee share incentive plans:

equity-settled, share-based payments plan, where the group grants share options to certain employees in exchange for services received, and

equity-settled and cash-settled employee share ownership plan.

Equity share-based payments are measured at fair value that includes market performance conditions but excluded the impact of any service and non-market performance conditions of the equity instruments at the date of the grant. The share-based payments are expensed over the vesting period, based on the group's estimate of the shares that are expected to eventually vest. The group used an appropriate option pricing model in determining the fair value of the options granted. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the estimates of the number of options that are expected to become exercisable are revised. The impact of the revision of original estimates, if any, is recognized in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Cash-settled share based payments are measured at fair value. The liability is remeasured at each balance sheet date until the date of settlement.

Critical accounting estimates and judgements

The fair value of options granted is being determined using a binominal, Black-Scholes or a Monte Carlo valuation model. The significant inputs into the model are: vesting period, risk free interest rate, volatility, price on date of grant and dividend yield.

The total cost relating to share-based payments is made up as follows:

Figures in million	US dollar	
	2013	2012
Employee share-based payments	30	11
Other share-based payments	2	
Total share based payments	32	11

Employee share-based payments

During the year Harmony issued new awards under its 2012 employee share ownership plan to all employees other than management at the group's South African operations. The group also has the 2003 scheme and the 2006 share plan that are active. The objective of these schemes is to recognize the contributions of employees to the group's financial position and performance and to retain key employees.

The total cost relating to employee share-based payments is made up as follows:

Figures in million	US dollar	
	2013	2012
2012 employee share ownership plan (a)	24	
2006 share plan (b)	11	12
Discontinued operations	(5)	(1)
Total employee share-based payments included in cost of sales	30	11

There was no cost for the 2003 scheme for the 2012 and 2013 years. Refer to (c) below for the detail on the scheme.

The directors are authorized to issue up to 60,011,669 ordinary shares to participants who have received awards in accordance with Harmony's employee share incentive schemes.

Subsequent to the annual general meeting held on December 1, 2010, 1,039,794 ordinary shares have been issued in terms of the 2003 scheme and 7,563,837 share option awards have been granted in terms of the 2006 share plan. The Tlhakanelo Employee Share Trust is authorized to allocate 12,864,000 ordinary shares to the employee share ownership plan.

a) 2012 Employee share ownership plan

During August 2012, Harmony issued awards under its employee share ownership plan (ESOP). The ESOP will see approximately 33,000 employees participating in a direct ownership of the company. The ESOP recognizes the importance of the employees who sustain our business, promotes a shared common interest in delivering returns to all stakeholders and further enhances Harmony's black economic empowerment (BEE) status. The ESOP is overseen by the Tlhakanelo Employee Share Trust.

In terms of the ESOP rules, qualifying employees are offered one scheme share for every two share appreciation rights (SARs). In August 2012, all qualifying employees were awarded a minimum of 100 scheme shares and 200 SARs with employees with service longer than 10 years receiving an additional 10%. Both the scheme shares and SARs will vest in five equal portions on each anniversary of the award. At the annual general meeting on November 28, 2012, the shareholders authorized the acceleration of the vesting from August to March each year.

Future offers will be made to new qualifying employees, who have not previously received an offer during each year following the first allocation date. The number of scheme shares and SARs offered to new qualifying employees will reduce by one fifth on each anniversary of the first allocation date. During March 2013, new qualifying employees were awarded 80 scheme shares and 160 SARs which will vest in four equal portions on each anniversary of the award.

On the fifth anniversary of the first allocation date, any unallocated scheme shares and SARs will be distributed to all employees who participated in the ESOP and who are still employed with the company pro rata in accordance with the number of Scheme Shares previously allocated to the employees.

The Scheme Shares are accounted for as equity-settled.

The SARs incorporates a cash bonus with a minimum pay-out guarantee of R18 and a maximum pay-out ceiling of R32 per SAR over the vesting period. The SARs include an equity-settled portion as well as a cash-settled portion related to the cash bonus. The cash-settled portion has been recognized in the balance sheet in Trade and other payables (note 31) and Non-current liabilities (note 28), the fair value of which will be remeasured at each reporting date.

The total cost relating to the 2012 ESOP is made up as follows:

Figures in million	US dollar	
	2013	2012
2012 Employee share ownership plan		
Equity-settled	17	
Cash-settled	7	
		24

Activity on awards

	Scheme Shares	SARs	Weighted average award price (SA rand)
	Number of awards	Number of awards	
Activity on awards outstanding			
For the year ended June 30, 2013			
Balance at beginning of year			
Awards granted	3,517,560	7,035,120	79.35
Awards exercised	(971,112)	(1,942,224)	80.03
Awards forfeited	(53,580)	(107,160)	79.54
Balance at end of year	2,492,868	4,985,736	79.08

	Number of awards	Award price (SA Rand)	Remaining life (years)
List of awards granted but not yet exercised (listed by grant date)			

As at June 30, 2013			
Scheme shares			
August 8, 2012 allocation	2,392,548	n/a	3.7
March 8, 2013 allocation	100,320	n/a	3.7
	2,492,868		
Share appreciation rights			
August 8, 2012 allocation	4,785,096	80.03	3.7
March 8, 2013 allocation	200,640	56.35	3.7
	4,985,736		
Total awards granted but not yet exercised	7,478,604		

		US dollar	
Figures in million		2013	2012
Gain realized by participants on awards traded during the year		9	
Fair value of awards vested during the year		9	

Measurement

The fair value of equity instruments granted during the year was valued using the Cox-Ross-Rubinstein binomial tree on the equity-settled portion of the SARs. The minimum pay-out guarantee is valued at net present value and the spot share price on grant date was used for the scheme shares.

(i) Assumptions applied at grant date for awards granted during the year

	Scheme Shares	SARs
Price at date of grant (SA Rand per share)		
August 8, 2012 allocation	80.03	80.03
March 8, 2013 allocation	56.35	56.35
Risk-free interest rate:		
August 8, 2012 allocation	n/a	5.38%
March 8, 2013 allocation	n/a	5.35%
Expected volatility*:		
August 8, 2012 allocation	n/a	32.40%
March 8, 2013 allocation	n/a	37.33%
Expected dividend yield:		
for all allocations	n/a	1%
Minimum pay-out guarantee (SA Rand per SAR)		
for all allocations	n/a	18.00 to 32.00
Vesting period (from grant date):		
August 8, 2012 allocation	5 years	5 years
March 8, 2013 allocation	4 years	4 years

* The volatility is measured as an annualized standard deviation of historical share price returns, using an exponentially weighted moving average (EWMA) model, with a lambda of 0.99. The volatility is calculated on the grant date, and takes into account the previous three years of historical data.

(ii) Fair values used as a basis to recognize share-based cost

	SA rand per award		
	Scheme Shares	SARs	Minimum pay-out guarantee
August 8, 2012 allocation	79.53	3.30	15.72
March 8, 2013 allocation	55.85	2.63	15.75

(iii) Cash-settled liability

US dollar

Figures in million	2013	2012
Non-current	1	
Current	1	
Total cash-settled liability	2	

b) Options granted under the 2006 share plan

The 2006 share plan consists of share appreciation rights (SARs), performance shares (PS) and restricted shares (RS). The share plan is equity-settled.

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Award	Vesting	Performance criteria
SARs	SARs will vest in equal thirds in year three, four and five, subject to the performance conditions having been satisfied.	The group's headline earnings per share must have grown since the allocation date by more than the South African Consumer Price Index (CPI).
	The SARs will have an expiry date of six years from the grant date and the offer price equals the closing market price of the underlying shares on the trading date immediately preceding the grant.	
PS	The PS will vest after three years from the grant date, if and to the extent that the performance conditions have been satisfied.	50% (senior management)/70% (management) of the number of the shares awarded are linked to the annual gold production of the group in relation to the targets set annually.
		50% (senior management) 30% (management) of the number shares awarded are linked to the group's performance in comparison to the South African Gold Index.
RS	The RS will vest after three years from grant date.	The participant is still employed within the group.
Termination of employees	participation in the share plan is based on	no fault and fault definitions.

Fault All unvested and unexercised SARs and all PS and RS not yet vested are lapsed and cancelled.

No fault Accelerated vesting occurs and all unvested and unexercised share options are settled in accordance with the rules of the plan.

Activity on share options and rights

Activity on options and rights granted but not yet exercised	SARs		PS	RS
	Number of options and rights	Weighted average option price (SA rand)	Number of rights	Number of rights
For the year ended June 30, 2013				
Balance at beginning of year	6,333,626	83.91	2,701,001	411,686
Options granted	2,165,186	69.46	2,184,695	296,838
Options exercised	(449)	70.54	(183,198)	
Options forfeited and lapsed	(1,253,562)	88.85	(668,200)	(40,251)

Balance at end of year	7,244,801	78.72	4,034,298	668,273
For the year ended June 30, 2012				
Balance at beginning of year	6,782,820	79.66	3,693,583	347,883
Options granted	1,078,224	104.79	1,202,521	163,000
Options exercised	(689,505)	76.72	(695,253)	
Options forfeited and lapsed	(837,913)	81.61	(1,499,850)	(99,197)
Balance at end of year	6,333,626	83.91	2,701,001	411,686

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Options and rights vested but not exercised at year end	SARs		PS		RS	
	2013	2012	2013	2012	2013	2012
Options and rights vested but not exercised	2,160,116	1,404,987				
Weighted average option price (SA rand)	75.23	83.36	n/a	n/a	n/a	n/a

List of options and rights granted but not yet exercised (listed by grant date)	Number of options and rights	Option price (Rand) Remaining life (years)	
		Price	Life

As at June 30, 2013*Share appreciation rights*

November 15, 2007	883,149	70.54	0.4
March 7, 2008	46,154	102.00	0.7
December 5, 2008	1,054,155	77.81	1.4
November 16, 2009	1,584,129	77.28	2.4
November 15, 2010	848,345	84.81	3.4
November 15, 2011	894,733	104.79	4.4
November 16, 2012	1,934,136	68.84	5.4

7,244,801*Performance shares*

November 15, 2010	975,392	n/a	0.4
November 15, 2011	1,015,961	n/a	1.4
September 27, 2012	6,160	n/a	2.2
November 16, 2012	2,036,785	n/a	2.4

4,034,298*Restricted shares*

November 15, 2010	247,877	n/a	0.4
November 15, 2011	129,000	n/a	1.4
September 27, 2012	30,802	n/a	2.2
November 16, 2012	260,594	n/a	2.4

668,273**Total options and rights granted but not yet exercised****11,947,372**

Figures in million	US dollar	
	2013	2012
Gain realized by participants on options and rights traded during the year	1	13
Fair value of share options and rights vested during the year	1	15

Measurement

The fair value of equity instruments granted during the year were valued using the Monte Carlo simulation on the market-linked PS, Cox-Ross-Rubenstein binomial tree on the SARs and spot share price on grant date for the RS.

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(i) Assumptions applied at grant date for options and rights granted during 2012 and 2013

	SARs	Performance shares	Restricted shares
Price at date of grant (SA Rand per share):			
November 15, 2011 share allocation	113.80	n/a	113.80
September 27, 2012 share allocation	n/a	n/a	68.51
November 16, 2012 share allocation	67.60	n/a	67.60
Risk-free interest rate:			
November 15, 2011 share allocation	6.89%	6.30%	n/a
September 27, 2012 share allocation	n/a	5.30%	n/a
November 16, 2012 share allocation	5.97%	5.47%	n/a
Expected volatility *:			
November 15, 2011 share allocation	39.13%	39.13%	n/a
September 27, 2012 share allocation	n/a	39.90%	n/a
November 16, 2012 share allocation	37.22%	37.22%	n/a
Expected dividend yield:			
November 15, 2011 share allocation	0.00%	0.00%	0.00%
September 27, 2012 share allocation	n/a	0.00%	0.00%
November 16, 2012 share allocation	1%	0.00%	0.00%
Vesting period (from grant date):			
for all allocations	5 years	3 years	3 years

* The volatility is measured as an annualized standard deviation of historical share price returns, using an exponentially weighted moving average (EWMA) model, with a lambda of 0.99. The volatility is calculated on the grant date, and takes into account the previous three years of historical data.

In all cases, valuation date is the same as the allocation date.

(ii) Fair values used as a basis to recognize share-based cost

	SARs	Performance shares	Restricted shares
2013			
September 27, 2012 share allocation	n/a	56.31	68.51
November 16, 2012 share allocation	25.48	58.04	67.60
2012			
November 15, 2011 share allocation	53.92	72.71	113.80

c) Options granted under the 2003 scheme

A fifth of the options granted under the 2003 scheme are exercisable annually from the grant date with an expiry date of 10 years from the grant date. The offer price of these options equaled the closing market price of the underlying

shares on the trading date immediately preceding the granting of options. The options are equity-settled.

On resignation and retirement, share options which have vested may be taken up at the employee's election before the last day of service. On death, the deceased estate has a period of twelve months to exercise these options.

Following the introduction of the 2006 share plan, no further options were granted for the 2003 option scheme, and all options are vested.

Activity on share options

	2013		2012	
	Number of options	Weighted average option price (SA rand)	Number of options	Weighted average option price (SA rand)
Activity on share options granted but not yet exercised				
For the year ended June 30				
Balance at beginning of year	829,559	49.43	1,347,203	50.12
Options exercised	(2,728)	39.00	(517,644)	51.25
Options forfeited and lapsed	(81,485)	81.48		
Balance at end of year	745,346	45.97	829,559	49.43

List of options vested but not yet exercised (listed by grant date)	Option price		
	At June 30, 2013	(SA rand)	Remaining life (years)
August 10, 2004	191,328	66.15	1.1
April 26, 2005	554,018	39.00	1.8
Total options granted but not yet exercised	745,346		

Figures in million	US dollar	
	2013	2012
Average market value of options traded during the year		7
Gain realized by participants on options traded during the year		3

Other share-based payments

On March 20, 2013 Harmony signed transaction and funding agreements to give effect to an empowerment transaction to dispose of 30% of its Free State based Phoenix operation (Phoenix) to BEE shareholders, which includes a free-carry allocation of 5% to a Community Trust that has been created and is currently controlled by Harmony. The transaction closed on June 25, 2013, following the fulfilment of the last condition precedent. In terms of the agreements Phoenix was transferred to a newly incorporated subsidiary (PhoenixCo).

The awards to the BEE partners have been accounted for as in-substance options as the BEE partners will only share in the upside, and not the downside, of their equity interest in PhoenixCo until the date the financing provided by Harmony is fully repaid. On this date the options will be exercised. The award of the option to the BEE partners is accounted for by the group as an equity-settled share-based payment arrangement. The in-substance options carry no

vesting conditions and the fair value of the options of US\$2.3 million has been expensed on the grant date, June 25, 2013 (included in Other Expenses net).

A subscription price paid by the BEE shareholders of US\$0.2 million was received and has been recorded in other reserves as an option premium.

Measurement

The share-based cost was calculated using the Monte Carlo simulation. The fair value of the option is the difference between the expected future enterprise value of PhoenixCo and the expected loan balances at redemption date, and the present value of the trickle dividend determined in accordance with the cash flow waterfall per the signed transaction and funding arrangements.

The following assumptions were applied at grant date:	2013
Business value (R million)	450
Exercise price (R million)	2
Risk-free interest rate	6.08%
Expected volatility *	37.33%
Expected dividend yield	8.04%
Vesting period (from grant date)	0 years
Equity value attributable to the BEE partners	25.00%
Expected redemption date	December 31, 2020

* The volatility is measured in relation to a comparable listed company's share price volatility.

35. Related parties

None of the directors or major shareholders of Harmony or, to the knowledge of Harmony, their families, had an interest, directly or indirectly, in any transaction from July 1, 2010 or in any proposed transaction that has affected or will materially affect Harmony or its subsidiaries, other than as stated below.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the group.

During 2013, the executive directors received remuneration of US\$2.4 million, comprising of US\$1.7 million for salaries, US\$0.04 million for retirement contributions, US\$0.4 million for bonuses and US\$0.3 million from the exercising of share options. The non-executive directors received US\$0.7 million in directors' fees. The aggregate of remuneration received by executive management was US\$4.3 million (including share options exercised).

During 2012, the executive directors received remuneration of US\$3.3 million, comprising of US\$1.8 million for salaries, US\$0.03 million for retirement contributions, US\$0.4 million for bonuses and US\$1.1 million from the exercising of share options. The non-executive directors received US\$0.8 million in directors' fees. The aggregate of remuneration received by executive management was US\$6.4 million (including share options exercised).

The following directors own shares in Harmony at year-end:

Name of director/prescribed officer	Number of shares	
	2013	2012
Graham Briggs ¹	14,347	
Frank Abbott ¹	73,900	
Ken Dicks ²	20,000	
Andre Wilkens	101,303	101,303
Jaco Boshoff ³	7,000	
Johannes van Heerden ⁴	6,500	

¹ Purchased September 3, 2012.

² Purchased in two tranches on September 5, 2012 and May 6, 2013.

³ *Purchased October 17, 2012.*

⁴ *Purchased in two tranches on September 17, 2012 and September 27, 2012.*

Subsequent to year-end, Frank Abbott purchased 65,600 shares on August 23, 2013.

African Rainbow Minerals Limited (ARM) currently holds 14.6% of Harmony's shares. Patrice Motsepe, Andre Wilkens, Joaquim Chissano and Frank Abbott are directors of ARM.

All production of the group's South African operations is sent to Rand Refinery in which Harmony holds a 10.38% interest, Refer to note 22.

During the financial year ended June 30, 2013 Harmony sold its 100% interest in Evander. Refer to note 14.

Figures in million	US dollar	
	2013	2012
Sales and services rendered to related parties		
Associates		40
Joint ventures	2	2
Total	2	42
Purchases and services acquired from related parties		
Associates		2
Outstanding balances due by related parties ¹		
Associates	2	2
Joint ventures	1	4
Total	3	6
Outstanding balances due to related parties ¹		
Associates ²	2	2

¹ Included under current receivables and current payables.

² Retained from the consideration for the Pamodzi FS acquisition pending the transfer of rehabilitation trust funds.

Refer to note 21 for detail on the items relating to the loans to associates and provisions raised against these loans.

The outstanding balances from the related parties are not secured and there are no special terms and conditions that apply.

36. Commitments and contingencies

Commitments and guarantees

Figures in million	US dollar	
	2013	2012
Capital expenditure commitments		
Contracts for capital expenditure	18	39
Share of joint venture s contract for capital expenditure	23	24
Authorized by the directors but not contracted for	155	275
Total capital commitments	196	338

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

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

Figures in million	US dollar	
	2013	2012
Within one year	1	
Between one year and five years		
Total commitments for operating leases	1	

Contractual obligations in respect of mineral tenement leases amount to US\$32.6 million (2012: US\$17.2 million). This includes US\$30.8 million (2012: US\$16.5 million) for the MMJV. For details on the group's finance leases, refer to note 16.

Figures in million	US dollar	
	2013	2012
Guarantees¹		
Guarantees and suretyships	2	4
Environmental guarantees ²	35	47
	37	51

¹ Guarantees and suretyships of US\$1.3 million and environmental guarantees of US\$4.1 million relating to the Evander group, which are in the process of being replaced by Pan African or cancelled, have been excluded.

² At June 30, 2013, US\$2.6 million (2012: US\$3.2 million) has been pledged as collateral for environmental guarantees in favour of certain financial institutions. Refer to note 18.

Contingent liabilities

Critical accounting estimates and judgements

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

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which the suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the group could be materially affected by the outcome of the litigation.

The following contingent liabilities have been identified:

a) On April 18, 2008, Harmony Gold Mining Company Limited was made aware that it had been 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 Depository Receipts (ADRs) and options with regard to certain of its business practices. Harmony retained legal counsel.

The company reached a mutually acceptable settlement with the plaintiff class and this settlement was found to be fair and reasonable and was approved by the United States District Court in November 2011. A single class member has filed an appeal of the District Court's order approving the settlement. That appeal resulted in the United States Court of Appeals for the Second Circuit affirming the decision of the District Court. The objecting plaintiff has asked the United States Supreme Court to review the case and this is pending. The settlement amount has been paid into escrow by the company's insurers and will be distributed to the plaintiffs once the appeal has been finalized.

b) On March 3, 2011, judgement was handed down in the Constitutional Court, in the case of Mr Thembekile Mankayi v AngloGold Ashanti Limited (AGA) regarding litigation in terms of the Occupational Diseases in Mines and Works Act (ODIMWA). The judgement allows Mr Mankayi's executor to proceed with the case in the High Court of South Africa. Should anyone bring similar claims against Harmony in future, those claimants would need to prove that silicosis was contracted while in the employment of the company and that it was contracted due to negligence on the company's part. The link between the cause (negligence by the company while in its employ) and the effect (the silicosis) will be an essential part of any case.

On August 23, 2012, Harmony and all its subsidiaries were served with court papers entailing an application by three of its former employees, requesting the South Gauteng High Court to certify a class action. In essence, the applicants want the court to declare them as representing a class of people for purposes of instituting an action for relief and to obtain directions as to what procedure to follow in pursuing the relief required against Harmony.

On January 8, 2013, Harmony and its subsidiaries, alongside other mining companies operating in South Africa (collectively the respondents) were served with another application to certify a class on behalf of classes of mine workers, former mine workers and their dependents who were previously employed by, or who are currently employed by the respondents and who allegedly contracted silicosis and/or other occupational lung diseases. Harmony has filed notices of its intention to oppose both

applications and has instructed its attorneys to defend the claims. Following the receipt of the aforesaid application, Harmony was advised that there was a potential overlap between the application of August 23, 2012 and the application of January 8, 2013. After deliberation between the respondents' attorneys and the applicants' attorneys, it was resolved that the applicants' attorneys will consolidate the two applications and serve an amended application which will be considered by the respondents. The respondents are awaiting a consolidated application of the two separate applications to be served.

On May 3, 2013, Harmony received a summons from Richard Spoor Attorneys on behalf of an employee. The plaintiff is claiming R25 million (US\$2.5 million) in damages plus interest from Harmony and another mining company. The plaintiff alleges to have contracted silicosis with progressive massive fibrosis during the course of his employment. Harmony's attorneys are still awaiting certain medical records in the preparation of the case.

At this stage, and in the absence of a court decision on this matter, it is uncertain as to whether the company will incur any costs related to silicosis claims in the near future. Due to the limited information available on any claims and potential claims and the uncertainty of the outcome of these claims, no estimation can be made for the possible obligation.

c) On December 1, 2008, Harmony issued 3,364,675 Harmony shares to Rio Tinto Limited (Rio Tinto) for the purchase of Rio Tinto's rights to the royalty agreement entered into prior to our acquisition of the Wafi deposits in PNG. The shares were valued at US\$23 million on the transaction date. An additional US\$10 million in cash will be payable when the decision to mine is made. Of this amount, Harmony is responsible for paying the first US\$6 million, with the balance of US\$4 million being borne equally by the joint venture partners.

d) The group may have a potential exposure to rehabilitate groundwater and radiation that may exist where the group has and/or continues to operate. The group has initiated analytical assessments to identify, quantify and mitigate impacts if and when (or as and where) they arise. Numerous scientific, technical and legal studies are underway to assist in determining the magnitude of the contamination and to find sustainable remediation solutions. The group has instituted processes to reduce future potential seepage and it has been demonstrated that Monitored Natural Attenuation (MNA) by the existing environment will contribute to improvement in some instances. The ultimate outcome of the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements. Should the group determine that any part of these contingencies require them being recorded and accounted for as liabilities, that is where they become estimable and probable, it could have material impact on the financial statements of the group.

e) Due to the interconnected nature of mining operations in South Africa, any proposed solution for potential flooding and potential decant risk posed by deep groundwater needs to be a combined one, supported by all the mines located in these goldfields. As a result, the Department of Mineral Resource and affected mining companies are involved in the development of a Regional Mine Closure Strategy. Harmony operations have conducted a number of specialist studies and the risk of surface decant due to rising groundwater levels has been obviated at the entire Free State region and Kalgold. Therefore there is no contingency arising from these operations. Additional studies have been commissioned at Doornkop and Kusasaletu. In view of the limitation of current information for accurate estimation of a liability, no reliable estimate can be made for these operations.

f) In terms of the sale agreements entered into with Rand Uranium, Harmony retained financial exposure relating to environmental disturbances and degradation caused by it before the effective date, in excess of US\$7.5 million of potential claims. Rand Uranium is therefore liable for all claims up to US\$7.5 million and retains legal liability. The likelihood of potential claims cannot be determined presently and no provision for any liability has been made in the financial statements.

37. Subsequent events

There have been no material transactions subsequent to year-end.

38. Segment report

Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The chief operating decision-maker has been identified as the executive committee. The group has one main economic product, being gold. In order to determine operating and reportable segments, management reviewed various factors, including geographical location as well as managerial structure. It was determined that an operating segment consists of a shaft or a group of shafts or open pit mine managed by a single general manager and management team.

After applying the quantitative thresholds from IFRS 8, the reportable segments were determined as: Kusasalethu, Doornkop, Phakisa, Tshepong, Masimong, Target 1, Bambanani, Joel, Unisel, Target 3, Hidden Valley and Evander (the operation including its surface sources have been classified as held for sale and discontinued operation). All other operating segments have been grouped together under all other surface operations.

When assessing profitability, the CODM considers the revenue and production costs of each segment. The net of these amounts is the operating profit or loss. Therefore, operating profit has been disclosed in the segment report as the measure of profit or loss. The CODM also considers capital expenditure when assessing the overall economic sustainability of each segment. The CODM, however, does not consider depreciation or impairment and therefore these amounts have not been disclosed in the segment report

Segment assets consist of mining assets, mining assets under construction and deferred stripping included under property, plant and equipment which can be attributed to the shaft or group of shafts. Current and non-current group assets that are not allocated at a shaft level, form part of the reconciliation to total assets.

A reconciliation of the segment totals to the consolidated financial statements has been included in note 39.

SEGMENT REPORT (US dollar)

	Production cost			Production profit/(loss)			Mining assets			Capital expenditure			Ounces produced*		
	2013	June 30, 2012	2011	2013	June 30, 2012	2011	2013	June 30, 2012	2011	2013	June 30, 2012	2011	2013	June 30, 2012	2011
	US\$ million			US\$ million			US\$ million			US\$ million			oz		
54	168	185	189	(31)	114	65	344	397	475	48	53	54	88,093	181,105	18
12	118	111	86	65	54	26	338	394	455	32	38	42	116,738	98,863	8
79	111	103	68	14	34	11	455	542	637	38	39	53	78,255	81,695	5
87	162	164	168	52	122	119	388	450	530	35	37	39	133,554	169,980	20
90	110	109	108	76	65	82	99	119	133	19	27	26	116,256	103,526	13
40	106	110	103	97	86	37	271	322	362	38	33	42	127,542	116,708	10
32	67	77	118	39	(6)	14	88	115	142	14	34	46	66,970	44,174	9
65	74	73	60	91	72	5	29	26	27	18	11	11	103,782	85,618	4
87	64	64	63	29	22	24	66	44	36	9	9	11	58,289	51,216	6
14	58	55	14	26	6		46	42	41	16	12	21	52,277	36,106	2
11			17			(6)			63						
48	117	115	121	55	68	27	26	28	23	28	20	21	110,534	108,412	10
19	1,155	1,166	1,115	513	637	404	2,150	2,479	2,924	295	313	366	1,052,290	1,077,403	1,111
40	137	110	103	(2)	40	37	394	682	646	57	38	42	85,007	88,800	10
40	137	110	103	(2)	40	37	394	682	646	57	38	42	85,007	88,800	10
59	1,292	1,276	1,218	511	677	441	2,544	3,161	3,570	352	351	408	1,137,297	1,166,203	1,211
22	63	99	95	39	82	27		121	140	16	23	28	62,855	108,317	8
22	63	99	95	39	82	27		121	140	16	23	28	62,855	108,317	8

81	1,355	1,375	1,313	550	759	468	2,544	3,282	3,710	368	374	436	1,200,152	1,274,520	1,300,000
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22)	(63)	(99)	(95)				1,686	1,981	2,170						
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59	1,292	1,276	1,218				4,230	5,263	5,880						
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Capital expenditure for international operations excludes expenditure spent on Wafi-Golpu of US\$61 million (2012: US\$40 million) and also excludes non-operational capital expenditure for 2011 relating to PNG of US\$8 million and exploration capitalized of US\$6 million

*Production statistics are unaudited

¹ Consists of shafts included in the Virginia segment which were placed on care and maintenance during 2011 with the exception of Unisel which has been separately disclosed.

39. Reconciliation of segment information to consolidated income statements and balance sheets

Figures in million	2013	US Dollar 2012	2011
Revenue from:			
Discontinued operations	102	181	122
Production costs from:			
Discontinued operations	(63)	99	95
Reconciliation of production profit to consolidated (loss)/profit before taxation and discontinued operations			
Total segment revenue	1,905	2,134	1,781
Total segment production costs	(1,355)	(1,375)	(1,313)
Production profit	550	759	468
Less discontinued operations	(39)	(82)	(27)
	511	677	441
Cost of sales items other than production costs	(539)	(285)	(315)
Amortization and depreciation of mining assets	(215)	(242)	(220)
Amortization and depreciation of other than mining assets	(5)	(5)	(10)
Rehabilitation credit/(expenditure)	2	2	(6)
Care and maintenance cost of restructured shafts	(8)	(11)	(17)
Employment termination and restructuring costs	(5)	(10)	(20)
Share-based payments	(30)	(11)	(18)
(Impairment)/reversal of impairment of assets	(274)	7	(39)
Other	(4)	(15)	15
Gross (loss)/profit	(28)	392	126
Corporate, administration and other expenditure	(53)	(45)	(46)
Social investment expenditure	(14)	(9)	(12)
Exploration expenditure	(76)	(64)	(46)
Profit on sale of property, plant and equipment	16	8	4
Other expenses - net	(40)	(6)	(3)
Operating (loss)/profit	(195)	276	23
Loss from associate			(7)
Reversal of impairment/(impairment) of investment in associate		7	(20)
Impairment of investments	(10)	(19)	
Net gain on financial instruments	20	11	18
Gain on farm-in option			38
Investment income	21	12	19
Finance costs	(29)	(37)	(38)
(Loss)/profit before taxation and discontinued operations	(193)	250	33

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

Figures in million	2013	US Dollar 2012	2011
Non-current assets			
Property, plant and equipment	743	721	897
Intangible assets	220	268	320
Restricted cash	4	4	5
Restricted investments	206	224	278
Investments in associates	11		
Deferred tax asset	10	59	170
Investments in financial assets	5	18	27
Inventories	6	7	25
Trade and other receivables		3	3
Current assets			
Inventories	143	121	124
Trade and other receivables	116	152	158
Income and mining taxes	13	14	21
Cash and cash equivalents	209	216	102
Assets of disposal groups classified as held for sale		174	40
	1,686	1,981	2,170