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

x **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 x 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 x

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 x 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 x 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 by the International Accounting Standards Board x Other ¨

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.

A-1

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 Stated 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.

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 Kusasalethu 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

S-1

Index to Financial Statements

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

Consolidated income statements

for the years ended June 30, 2013

		US dollar		
Figures in million	**Note**	**2013**	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
Attributable to:				
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

		US dollar		
Figures in million	**Note**	**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
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

		US dollar	
Figures in million	**Note**	**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

Figures in million (US dollar)	Number of ordinary shares issued	Share capital	Share premium	Retained earnings/ (accumulated loss)	Other reserves	Total
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.

F-6

Consolidated cash flow statements

for the years ended June 30, 2013

		US dollar		
Figures in million	**Note**	**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.

F-7

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)	*Presentation of Financial Statements* - presentation of items on Other Comprehensive Income.	July 1, 2012
IAS 12 (Amendment)	*Income Taxes* - 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)	*Financial instruments: Disclosure* - asset and liability offsetting	January 1, 2013
IAS 19	*Employee benefits*	January 1, 2013
IAS 32 (Amendment)	*Financial instruments: Presentation* - asset and liability offsetting	January 1, 2014

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

Pronouncement	Title	Effective date
IFRS 1 (Amendment)	*First time adoption of IFRS* - government loans	January 1, 2013
IFRS 10, IFRS 12 and IAS 27 (Amendments)	Amendments to *Consolidated Financial Statements, Disclosures of Interests in Other Entities and Separate Financial Statements* - investment entities	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	*Consolidated financial statements*	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	*Joint arrangements*	January 1, 2013
	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	*Disclosures of interests in other entities*	January 1, 2013

	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.

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.

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 an 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.

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).

<u>Commodity price sensitivity</u>

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.

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

F-16

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.

	US dollar	
Figures in million	**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:

	US dollar	
Figures in million	**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):

	US dollar	
Figures in million	**Current**	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

		US dollar	
Figures in million	**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:

		US dollar	
Figures in million	**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:

		US dollar	
Figures in million	**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.

	US dollar		
Figures in million	**2013**	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	US dollar **2013**	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	US dollar **2013**	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.

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.

		US dollar	
Figures in million	**2013**	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

		US dollar	
Figures in million	**2013**	**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.

The taxation expense for the year is as follows:

	US dollar		
Figures in million	**2013**	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:

	US dollar		
Figures in million	**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:

	US dollar	
Figures in million	**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:

	US dollar	
Figures in million	**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:

	US dollar	
Figures in million	**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:

	US dollar	
Figures in million	**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.

	US dollar	
Figures in million	**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:

	US dollar	
Figures in million	**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:

		US dollar	
Figures in million	**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

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.

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

16. Property, plant and equipment

	US dollar	
Figures in million	**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, commercially 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.

<u>Impairment</u>

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.

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 Year 1	**Medium term Year 2**	**Long term 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:

	US dollar	
Figures in million	**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:

	US dollar	
Figures in million	**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:

	US dollar	
Figures in million	**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	US dollar 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.

	US Dollar	
Figures in million	**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.

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

a) Goodwill

	US dollar	
Figures in million	**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

	US dollar	
Figures in million	**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.