

HARMONY GOLD MINING CO LTD

Form 6-K

February 03, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO

RULE 13a-16 OR 15d-16 UNDER THE SECURITIES

EXCHANGE ACT OF 1934

For 03 February 2014

Harmony Gold Mining Company

Limited

Randfontein Office Park

Corner Main Reef Road and Ward Avenue

Randfontein, 1759

South Africa

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

Yes No

Shareholder information

Issued ordinary share capital
at 31 December 2013

435 693 819

Issued ordinary share capital
at 30 September 2013

435 289 890

Market capitalisation

At 31 December 2013 (ZARm)

11 284

At 31 December 2013 (US\$m)

1 077

At 30 September 2013 (ZARm)

15 083

At 30 September 2013 (US\$m)

1 499

Harmony ordinary share and ADR prices

12-month high (1 January 2013 –
31 December 2013) for ordinary shares

R75.64

12-month low (1 January 2013 –
31 December 2013) for ordinary shares

R24.48

12-month high (1 January 2013 –
31 December 2013) for ADRs

US\$8.88

12-month low (1 January 2013 –
31 December 2013) for ADRs

US\$2.36

Free float

100%

ADR ratio

1:1

JSE Limited

HAR

Range for quarter (1 October 2013 –
31 December 2013 closing prices)

R24.48 – R36.14

Average daily volume for the quarter
(1 October 2013 – 31 December 2013)

1 180 825 shares

Range for quarter (1 July 2013 –
30 September 2013 closing prices)

R32.74 – R42.47

Average daily volume for the quarter
(1 July 2013 – 30 September 2013)

1 680 746 shares

***New York Stock Exchange including
other US trading platforms***

HMY

Range for quarter (1 October 2013 –
31 December 2013 closing prices)
US\$2.36 – US\$3.67

Average daily volume for the quarter
(1 October 2013 – 31 December 2013)
2 722 889

Range for quarter (1 July 2013 –
30 September 2013 closing prices)
US\$3.30 – US\$4.33

Average daily volume for the quarter
(1 July 2013 – 30 September 2013)
3 824 973

Investors' calendar

2014

Q3 FY14 presentation
(webcast and conference calls only)
7 May

Q4 FY14 and year-end live presentation
in Johannesburg
14 August

Q1 FY15 presentation
(webcast and conference calls only)
5 November

Annual General Meeting
21 November

Q2 FY14

Harmony Gold Mining Company Limited

("Harmony" or "Company")

Incorporated in the Republic of South Africa

Registration number 1950/038232/06

JSE share code: HAR

NYSE share code: HMY

ISIN: ZAE000015228

Results for the second quarter FY14 and
six months ended 31 December 2013

KEY FEATURES

Quarter-on-quarter

Safety improved quarter-on-quarter

Gold production remained steady at 9 515kg (305 913/oz)

- increase in underground recovered grade of 7% to 4.85g/t

- Hidden Valley back on track

Reduced overall costs quarter-on-quarter

- cash operating costs decreased by 5% to R308 665/kg (US\$949/oz)

- reduced all-in sustaining cost from R404 694/kg to R397 503/kg
(US\$1 264/oz to US\$1 222/oz)

- restructured by reducing low grade mining

Operating profit¹ decreased from R1 037 million (US\$104 million)

to R986 million (US\$97 million)

Headline loss per share of 21 SA cents (US\$2 cents)

All figures represent continuing operations unless stated otherwise

1 Operating profit is comparable to the term production profit in the segment report in the financial statements and not to the

operating profit line in the income statement

RESULTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2013

Quarter

Dec

2013

Quarter

Sep

2013

Q-on-Q

%

Variance

6 months

ended

Dec

2013

6 months

ended

Dec

2012*

%

Variance

Gold produced

– kg

9 515

9 635

(1)

19 150

19 087

–

– oz

305 913

309 773

(1)

615 686

613 658

–

Cash operating

costs

– R/kg

308 665

324 272

5

316 517

301 393
(5)
– US\$/oz
949
1 013
6
981
1 108
11
Gold sold
– kg
9 798
9 353
5
19 151
19 318
(1)
– oz
315 014
300 703
5
615 717
621 089
(1)
Underground
grade
– g/t
4.85
4.55
7
4.69
4.64
1
All-in sustaining
costs
– R/kg
397 503
404 694
2
401 021
396 968
(1)
– US\$/oz
1 222
1 264
3
1 242
1 459
15
Gold price
received

– R/kg
415 532
429 566
(3)
422 386
460 244
(8)
– US\$/oz
1 277
1 342
(5)
1 309
1 692
(23)
Operating
profit*1
– Rm
986
1 037
(5)
2 022
3 057
(34)
–US\$m
97
104
(7)
201
362
(44)
Basic
(loss)/earnings
per share*2
– SAc/s
(21)
3
>(100)
(18)
289
>(100)
– USc/s
(2)
–
(100)
(2)
34
>(100)
Headline
(loss)/earnings*2
– Rm
(91)

20
>(100)
(71)
1 205
>(100)
– US\$m
(10)
2
>(100)
(7)
142
>(100)
Headline
(loss)/earnings
per share*²
– SAc/s
(21)
5
>(100)
(16)
280
>(100)
– USc/s
(2)
0.5
>(100)
(2)
33
>(100)
Exchange rate
– R/US\$
10.12
9.96
2
10.04
8.46
19

** Comparative figures in these line items for the six months ended December 2012 have been restated as a result of the adoption of*

IFRIC 20 Stripping costs in the production phase of a surface mine.

¹ Operating profit is comparable to the term production profit in the segment report in the financial statements and not to the operating profit line in the income statement.

² The six months ended December 2012 include discontinued operations.

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CONTACT DETAILS

Corporate Office

Randfontein Office Park
PO Box 2, Randfontein, 1760, South Africa
Corner Main Reef Road/Ward Avenue
Randfontein, 1759, South Africa
Telephone: +27 (0)11 411 2000
Website: www.harmony.co.za

Directors

P T Motsepe* *Chairman*
M Motloba*[^] *Deputy Chairman*
G P Briggs *Chief Executive Officer*
F Abbott *Financial Director*
H E Mashego *Executive Director*
F F T De Buck*[^] *Lead independent director*
J A Chissano*

1

[^], K V Dicks*[^], Dr D S Lushaba*[^],
C Markus*[^], M Msimang*[^], K T Nondumo*[^],
V P Pillay *[^], J Wetton*[^], A J Wilkens*

* Non-executive

[^] Independent

1 Mozambican

Investor relations team

Email: HarmonyIR@harmony.co.za

Henrika Ninham

Investor Relations Manager

Tel: +27 (0)11 411 2314

Mobile: +27 (0)82 759 1775

Email: henrika@harmony.co.za

Marian van der Walt

Executive: Corporate and Investor Relations

Tel: +27 (0)11 411 2037

Mobile: +27 (0)82 888 1242

Email: marian@harmony.co.za

Company Secretary

Riana Bisschoff

Telephone: +27 (0)11 411 6020

Mobile: +27 (0)83 629 4706

E-mail: riana.bisschoff@harmony.co.za

South African Share Transfer Secretaries

Link Market Services South Africa (Proprietary) Limited

(Registration number 2000/007239/07)

13th Floor, Rennie House

19 Ameshoff Street

Braamfontein, 2001

PO Box 4844, Johannesburg, 2000, South Africa

Telephone: +27 (0)86 154 6572

Fax: +27 (0)86 674 4381

ADR Depositary

Deutsche Bank Trust Company Americas
c/o American Stock Transfer and Trust Company
Peck Slip Station
PO Box 2050, New York, NY 10272-2050
Email queries: db@amstock.com
Toll free: +1-800-937-5449
Intl: +1-718-921-8137
Fax: +1-718-921-8334

Sponsor

J.P. Morgan Equities South Africa (Pty) Ltd
1 Fricker Road, corner Hurlingham Road
Illovo
Johannesburg, 2196
Private Bag X9936, Sandton, 2146, South Africa
Telephone: +27 (0)11 507 0300
Fax: +27 (0)11 507 0503

Trading Symbols

JSE Limited: HAR
New York Stock Exchange, Inc: HMY
Euronext, Brussels: HMY
Berlin Stock Exchange: HAM1

Registration number

1950/038232/06

Incorporated in the Republic of South Africa

ISIN

ZAE000015228

Harmony's Integrated Annual Report,
Notice of Annual General Meeting and its
Annual Report filed on a Form 20F with the United States'
Securities and Exchange Commission for the year ended
30 June 2013 were released on 25 October 2013.

www.harmony.co.za/investors

3**FORWARD-LOOKING STATEMENTS**

This quarterly report contains forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to Harmony's financial condition, results of operations, business strategies, operating efficiencies, competitive positions, growth opportunities for existing services, plans and objectives of management, markets for stock and other matters. Statements in this quarter that are not historical facts are "forward-looking statements" for the purpose of the safe harbour provided by Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and Section 27A of the U.S. Securities Act of 1933, as amended. Forward-looking statements are statements that are not historical facts. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words "expect", "anticipates", "believes", "intends", "estimates" and similar expressions. These statements are only predictions. All forward-looking statements involve a number of risks, uncertainties and other factors and we cannot assure you that such statements will prove to be correct. Risks, uncertainties and other factors could cause actual events or results to differ from those expressed or implied by the forward-looking statements. These forward-looking statements, including, among others, those relating to the future business prospects, revenues and income of Harmony, wherever they may occur in this quarterly report and the exhibits to this quarterly report, are necessarily estimates reflecting the best judgement of the senior management of Harmony and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. As a consequence, these forward-looking statements should be considered in light of various important factors, including those set forth in this quarterly report. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward-looking statements include, without limitation: overall economic and business conditions in the countries in which we operate; the ability to achieve anticipated efficiencies and other cost savings in connection with past and future acquisitions; increases or decreases in the market price of gold; the occurrence of hazards associated with underground and surface gold mining; the occurrence of labour disruptions; availability, terms and deployment of capital; changes in government regulations, particularly mining rights and environmental regulations; fluctuations in exchange rates; currency devaluations and other macro-economic monetary policies; and socio-economic instability in the countries in which we operate.

Competent person's declaration

Harmony reports in terms of the South African Code for the Reporting of Exploration results, Mineral Resources and Ore Reserves (SAMREC). Harmony employs an ore reserve manager at each of its operations who takes responsibility for reporting mineral resources and mineral reserves at his operation.

The mineral resources and mineral reserves in this report are based on information compiled by the following competent persons:

Resources and Reserves South Africa: Jaco Boshoff, Pr. Sci. Nat., who has 18 years' relevant experience and is registered with the South African Council for Natural Scientific Professions (SACNASP).

Resources and Reserves Papua New Guinea: Gregory Job, BSc, MSc, who has 25 years relevant experience and is a member of the Australian Institute of Mining and Metallurgy (AusIMM).

Mr Boshoff and Mr Job are full-time employees of Harmony Gold Mining Company Limited. These competent persons consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

Mineral Resource and Reserve information as at 30 June 2013 has not changed.

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**Results for the second quarter FY14
and six months ended 31 December 2013**

Message from the chief executive officer

Harmony has been in operation for 63 years – and we are positioned to remain sustainable for many years to come. We manage costs and production to ensure profitability at all gold prices. That is what our approach to management is all about. At the same token, changes to our operations and operating parameters are not affected at the expense of safety. Safety is a core value.

We focus on profitable ounces and on operating margins. We reward our mining teams to the extent that they contribute to improving productivity and profitability. We hold our people accountable for the company's safe and profitable operations.

Harmony is sustainable and is thriving with gold in its current price range of US\$1 200/oz to US\$1 250/oz – 20% down on year-ago levels. We are confident that we can continue to manage our operations so as to remain profitable even should the gold price come under further pressure. In fact, five of our mines are very profitable and are thriving at an all-in cost of below US\$1 000/oz. At present Target 1 (US\$854/oz), Bambanani (US\$742/oz), Joel (US\$921/oz), Steyn 2 (US\$811/oz) and Phoenix (US\$861/oz) are each operating at an all-in sustaining costs of less than US\$1 000/oz.

Our group average all-in sustaining cost is less than US\$1 250/oz or lower than the R400 000/kg on which our current near-term strategic planning is based. By this financial year's end (June 2014) we are planning on having reduced our costs to a sustainable average of between US\$1 100/oz and US\$1 150/oz or R380 000/kg. Our core competency is on mining profitably and managing our production and costs. We are nimble enough to respond and adjust to changes.

We have restructured and right-sized Hidden Valley in Papua New Guinea (PNG) so that its costs are now less than US\$1 200/oz. We are continuing to refine our Golpu gold and copper resource knowledge in PNG.

Costs at Kalgold and Unisel are already below US\$1 200/oz, and at Doornkop we have eliminated the unprofitable lowest grade reserves (the Kimberley reef). Target 3 and Masimong will follow suit.

At Kusasaletu and Tshepong we have introduced management and technical changes to increase production and consequently, lower unit costs. Phakisa is on the same road, though it is spending on capital during its production build-up phase.

We have already limited our spending on exploration, corporate overheads, support services, electricity and capital. In the process, Harmony has become South Africa's most productive deep level miner measured in terms of R/tonne costs, which is where we intend to stay. Harmony's strength has always been its ability to adjust quickly and efficiently to adverse conditions. Harmony has positioned itself to thrive at current prices and provide investors with handsome returns when market conditions improve. We will continue to be able to react optimally to any further adverse market conditions.

1. SAFETY

It is with regret that I report that three employees lost their lives as a result of mine accidents during the quarter, bringing the total amount of fatalities for financial year 2014 to seven. On behalf of management and the Board, I wish to express our sincere condolences to the families and colleagues of Gcinokuhle Vincent Ngqulunga (driller at Phakisa), Sehla Mchithakau (driller at Tshepong) and Vincent Tsoeute (driller at Joel).

The safety performance at Harmony's South African operations improved quarter-on-quarter. Management changes that were already effected at operations and ongoing safety risk training will certainly contribute to an improvement in safety at those operations in future. Some operations continue to do well in safety, such as Target 3, Bambanani, Steyn 2, Unisel, Tshepong and Target 1, who reached 1 million and more fatal free shift milestones during the quarter.

2. OPERATIONAL AND FINANCIAL RESULTS

Gold production remained steady quarter-on-quarter, with a 7% increase in grade. Gold production for the December 2013 quarter decreased slightly by 1% (120kg) to 9 515kg in comparison to 9 635kg in the September 2013 quarter. Underground recovered grade improved by 7% to 4.85g/t for a third consecutive quarter.

Production at Hidden Valley showed a marked improvement following the restructuring at the mine over the last couple of quarters. Closing the Kimberley Reef at Doornkop resulted in a 13% increase in recovered grade, with Target 1, Bambanani and Unisel performing very well.

Operating profit for the December 2013 quarter was 5% lower than in the previous quarter at R986 million, due to a 3% decrease in the gold price received as well as gold production being stable quarter-on-quarter.

The rand gold price received decreased by 3% from R429 566/kg in the September 2013 quarter to R415 532/kg in the quarter under review.

The US dollar gold price decreased by 5% from US\$1 342/oz in the September 2013 quarter to US\$1 277/oz. The rand weakened by 2% against the US dollar in the December 2013 quarter to R10.12/US\$ from R9.96/US\$ in the September 2013 quarter.

Cash operating costs decreased by 6% or R187 million in the December 2013 quarter.

Capital expenditure for the December 2013 quarter remained fairly constant at R640 million (R622 million in the September 2013 quarter).

South African operations increased expenditure by 8% or R48 million, whilst Hidden Valley recorded a 61% (R29 million) decrease in capital to R19 million.

Our focus on driving our all-in-sustaining cost lower has resulted in an all-in sustaining cost of R397 503/kg for the December 2013 quarter, a 2% improvement compared to the R404 694/kg recorded in the September 2013 quarter and a 15% improvement over the last three quarters.

3. EMPLOYEE RELATIONS

The Association of Mineworkers and Construction Union (AMCU) sought to proceed with strike action on a number of gold mining operations with effect from 20 January 2014 in relation to the wage agreement that was finalised in September 2013 in the gold sector between the

employers and the National Union of Mineworkers, UASA and Solidarity and which was applied to all employees in the represented bargaining units. Together, these three unions represented 72% of employees in the sector. The agreed increases and improved benefits were backdated to 1 July 2013 and all employees, irrespective of union affiliation, have been in receipt of these since September 2013.

On 30 January 2014 South Africa's Labour Court ruled that a strike threatened by the AMCU at our Kususaletu and Masimong mines would be unprotected, and that employees should continue to proceed to work. The ruling ruled that AMCU must return to court on 14 March 2014 to explain why this interim interdict that was applied for by the Chamber of Mines should not be made permanent.

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We welcome this interim ruling and remain firm in the company's belief that the wage agreement is fair and valid. Harmony and the unions can get this industry working. By actively contributing to the success of the company, employees can and will share in its fortunes.

4. WAFI-GOLPU

On 6 December 2013 Harmony and Newcrest announced plans to complete a feasibility study to evaluate an underground exploration programme for the Wafi-Golpu Project in PNG.

This next phase of work requires a feasibility study on underground exploration access and associated underground staging platforms to complete deep underground drilling and bulk sampling of the ore body. Underground access to the orebody through an exploration shaft would generate essential ore body knowledge required to support a future development decision. Geotechnical drilling to identify a suitable exploration shaft location has commenced.

The Johannesburg office of the engineering consulting firm WorleyParsons TWP has been engaged to prepare the feasibility study for the proposed underground exploration access for consideration and approval by the joint venture. Their engagement also includes a review of an associated lower capital expenditure development option for the Golpu deposit to underpin the commercial decision for underground access.

The joint venture anticipates a final investment decision for the proposed underground access during the second half of calendar 2014, subject to receipt of necessary regulatory approvals.

The joint venture also aims to finalise an agreement to provide a framework for the underground exploration phase, ongoing technical and economic studies and, ultimately, the future development and operation of the project.

These planning and study activities are accommodated within the 2014 exploration budget for the project. In parallel to these planning and study activities, the joint venture will continue with investment in the community in the Wafi-Golpu project area.

5. ENVIRONMENTAL MANAGEMENT

Harmony demonstrated an improved performance in the Carbon Disclosure Project year on year since 2010 in both the disclosure and performance leadership indices. This year we maintained a score of 98% (holding a joint third position) Gold rating on the Disclosure Index and an A-Band Platinum rating on the Performance and Leadership Index. Harmony and Anglo American are the only two mining companies of the JSE top 100 that achieved A-Band performance. Of the JSE top 100, only eight companies achieved A-Band ratings.

Graham Briggs

Chief executive officer

Financial overview

Net (loss)/profit

The net loss for the December 2013 quarter was R91 million, compared to a net profit of R13 million in the September 2013 quarter, mainly due to the foreign exchange translation loss recorded on the US\$-denominated loan and gold stock adjustments as a result of more

gold sold than produced during the December 2013 quarter.

Other (expenses)/income – net

Included in other expenses in the December 2013 quarter is a loss of R111 million for the foreign exchange movement on the US\$-denominated syndicated loan, resulting from the Rand weakening from US\$/R10.05 to US\$/R10.46 at 31 December 2013.

Non-current assets classified as held for sale

During the December 2013 quarter, Sibanye Gold Limited (Sibanye) made a cash offer to purchase the entire issued ordinary share capital of Witwatersrand Consolidated Gold Resources Limited (Wits Gold). The transaction is subject to regulatory approvals and is expected to be completed within 12 months. The group's investment in Wits Gold has subsequently been classified as a non-current asset held for sale.

Borrowings

During the December 2013 quarter, the Nedbank R850 million facility was refinanced with a new three year R1.3 billion Nedbank facility on substantially the same terms as the previous facility. The new revolving credit facility matures in December 2016. The outstanding amount on the Nedbank Term Loan of R458 million was settled by drawing against the new facility. The covenants on both the US\$ denominated loan and Rand facilities were renegotiated and are as follows:

- The group's interest cover ratio shall not be less than five times (EBITDA/Total interest);
- Current ratio shall not be less than one (current assets/current liabilities);
- Cash flow from operating activities shall be above R100 million for the six months prior to the evaluation date;
- Total net debt shall not exceed R3 billion plus the rand equivalent of US\$300 million;
- Tangible net worth to net debt ratio shall not be less than six times.

Loss/earnings per share

The earnings per share of 3 SA cents decreased to a loss per share of 21 SA cents in the December 2013 quarter.

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**Results for the second quarter FY14
and six months ended 31 December 2013**

OPERATIONAL RESULTS

(Rand/Metric) (US\$/Imperial)

South Africa

Hidden

Valley*

Total

continuing

operations

Underground production

Surface production

Total

SouthAfrica

Three

months

ended

Kusasa-

lethu

Doornkop

Phakisa

Tshepong

Masimong

Target 1

Bamba-

nani

Joel

Unisel

Target 3

Steyn 2

Total

under-

ground

Phoenix

Dumps

Kalgold*

Total

surface

Ore milled

- t'000

Dec-13

302

238

137

219

161

193

54

149

107
75
12
1 647
1 482
755
364
2 601
4 248
506
4 754
Sep-13
329
236
156
249
189
191
51
159
108
82
12
1 762
1 544
873
364
2 781
4 543
503
5 046
Gold produced
– kg
Dec-13
1 140
872
706
962
684
1 241
697
674
512
350
147
7 985
217
226
315
758
8 743

772
9 515
Sep-13
1 272
765
755
1 049
758
1 081
623
697
476
392
146
8 014
225
297
324
846
8 860
775
9 635
Gold produced
– oz
Dec-13
36 652
28 035
22 698
30 929
21 991
39 899
22 409
21 670
16 461
11 253
4 726
256 723
6 977
7 266
10 127
24 370
281 093
24 820
305 913
Sep-13
40 896
24 595
24 274
33 726
24 370
34 755

20 030
22 409
15 304
12 603
4 694
257 656
7 234
9 549
10 417
27 200
284 856
24 917
309 773
**Yield –
g/tonne
Dec-13**
3.77
3.66
5.15
4.39
4.25
6.43
12.91
4.52
4.79
4.67
12.25
4.85
0.15
0.30
0.87
0.29
2.06
1.53
2.00
Sep-13
3.87
3.24
4.84
4.21
4.01
5.66
12.22
4.38
4.41
4.78
12.17
4.55
0.15
0.34
0.89

0.30
1.95
1.54
1.91

Cash operating costs

- R/kg

Dec-13

389 854
320 533
374 572
352 244
353 671
200 373
199 795
261 521
294 779
383 566
221 871
306 967
279 221
357 916
318 184
318 876
308 000
316 206
308 665
Sep-13
378 360
372 256
359 825
337 704
339 471
240 274
220 342
258 561
320 525
373 446
233 966
319 395
272 796
344 552
325 694
318 246
319 286
381 274
324 272

Cash operating costs

- \$/oz

Dec-13

1 198
985

1 151

1 083

1 087

616

614

804

906

1 179

682

943

858

1 100

978

980

947

972

949

Sep-13

1 182

1 163

1 124

1 055

1 060

750

688

808

1 001

1 166

731

998

852

1 076

1 017

994

997

1 191

1 013

Cash operating costs

– R/tonne

Dec-13

1 472

1 174

1 930

1 547

1 503

1 288

2 579

1 183

1 411

1 790

2 718

1 488

41

107

275

93

634

482

618

Sep-13

1 463

1 207

1 741

1 423

1 361

1 360

2 692

1 133

1 413

1 785

2 847

1 453

40

117

290

97

623

587

619

Gold sold

- kg

Dec-13

1 184

888

740

1 009

717

1 384

730

681

537

390

154

8 414

180

224

269

673

9 087

711

9 798

Sep-13

1 098
796
742
1 031
745
986
613
693
467
358
144
7 673
221
288
340
849
8 522
831
9 353
Gold sold
- oz
Dec-13
38 066
28 550
23 792
32 440
23 052
44 497
23 470
21 895
17 265
12 539
4 951
270 517
5 787
7 202
8 649
21 638
292 155
22 859
315 014
Sep-13
35 301
25 592
23 856
33 147
23 952
31 701
19 708
22 280
15 014

11 510

4 630

246 691

7 105

9 259

10 931

27 295

273 986

26 717

300 703

Revenue (R'000)

Dec-13

494 357

364 818

306 991

418 452

297 349

575 876

302 668

283 124

222 669

162 260

63 875

3 492 439

75 268

96 949

113 108

285 325

3 777 764

293 622

4 071 386

Sep-13

471 091

342 177

318 272

442 614

319 160

423 239

263 048

297 079

200 535

153 520

61 532

3 292 267

95 253

124 269

146 634

366 156

3 658 423

359 304

4 017 727

Cash operating costs

(R'000)

Dec-13

444 434

279 505

264 448

338 859

241 911

248 663

139 257

176 265

150 927

134 248

32 615

2 451 132

60 591

80 889

100 228

241 708

2 692 840

244 111

2 936 951

Sep-13

481 274

284 776

271 668

354 251

257 319

259 736

137 273

180 217

152 570

146 391

34 159

2 559 634

61 379

102 332

105 525

269 236

2 828 870

295 487

3 124 357

Inventory movement

(R'000)

Dec-13

28 010

12 659

16 146

22 591

16 418

51 668

12 367

(6 288)

9 603

28 051

3 043

194 268

(11 068)

143

(13 675)

(24 600)

169 668

(20 733)

148 935

Sep-13

(86 317)

3 625

(6 345)

(8 697)

476

(34 582)

(1 659)

(1 589)

(2 391)

(19 548)

(1 020)

(158 047)

(317)

(4 017)

2 559

(1 775)

(159 822)

16 283

(143 539)

Operating costs

(R'000)

Dec-13

472 444

292 164

280 594

361 450

258 329

300 331

151 624

169 977

160 530

162 299

35 658

2 645 400

49 523

81 032

86 553

217 108
2 862 508
223 378
3 085 886

Sep-13
394 957
288 401
265 323
345 554
257 795
225 154
135 614
178 628
150 179
126 843
33 139
2 401 587
61 062
98 315
108 084
267 461
2 669 048
311 770
2 980 818

Operating profit
(R'000)

Dec-13
21 913
72 654
26 397
57 002
39 020
275 545
151 044
113 147
62 139
(39)
28 217
847 039
25 745
15 917
26 555
68 217
915 256
70 244
985 500
Sep-13
76 134
53 776
52 949
97 060

61 365
198 085
127 434
118 451
50 356
26 677
28 393
890 680
34 191
25 954
38 550
98 695
989 375
47 534
1 036 909

Operating profit

(\$'000)

(R'000)

Dec-13

2 164

7 178

2 609

5 632

3 856

27 227

14 924

11 180

6 140

(4)

2 788

83 694

2 544

1 572

2 623

6 739

90 433

6 941

97 374

Sep-13

7 644

5 400

5 317

9 746

6 161

19 890

12 797

11 894

5 057

2 679

2 850

89 435

3 434

2 606

3 871

9 911

99 346

4 772

104 118

Capital expenditure

(R'000)

Dec-13

130 309

63 513

98 511

78 740

40 571

64 190

29 220

37 936

24 652

36 768

641

605 051

931

2 463

12 607

16 001

621 052

19 082

640 134

Sep-13

120 048

60 100

90 762

67 598

37 819

61 509

31 922

42 056

17 228

35 411

562

565 015

—

129

8 023

8 152

573 167

48 478

621 645

Capital expenditure

(\$'000)

Dec-13

12 876

6 276

9 734

7 780

4 009

6 343

2 887

3 748

2 436

3 633

63

59 785

92

243

1 246

1 581

61 366

1 885

63 251

Sep-13

12 055

6 035

9 114

6 788

3 798

6 176

3 205

4 223

1 730

3 556

56

56 736

—

13

806

819

57 555

4 868

62 423

Adjusted operating costs

– R/kg

Dec-13

408 698

346 101

389 497

367 910

371 109

222 422

216 640

258 728

307 717
422 833
240 307
323 996
275 126
361 752
330 343
326 029
324 163
316 287
323 591
Sep-13
375 072
375 492
364 217
341 375
362 285
232 532
226 822
263 371
329 937
359 871
235 119
321 965
276 299
341 372
321 027
316 285
321 399
376 717
326 314
Adjusted operating costs
– \$/oz
Dec-13
1 256
1 064
1 197
1 131
1 141
684
666
795
946
1 299
739
996
846
1 112
1 015
1 002
996

969

994

Sep-13

1 171

1 173

1 138

1 066

1 132

726

708

823

1 031

1 124

734

1 006

863

1 066

1 003

988

1 004

1 177

1 019

All-in sustaining costs

- R/kg

Dec-13

533 624

416 838

503 058

458 501

447 878

278 028

241 303

299 632

373 246

526 404

263 910

400 445

280 299

386 310

393 782

360 943

397 713

394 820

397 503

Sep-13

499 528

453 515

497 604

418 042

428 681

306 233

248 992
299 968
380 985
470 106
253 014
400 649
276 299
352 628
359 453
335 492
393 978
514 593
404 694

All-in sustaining costs

– \$/oz

Dec-13

1 640

1 281

1 546

1 409

1 376

854

742

921

1 147

1 618

811

1 231

861

1 187

1 210

1 109

1 222

1 209

1 222

Sep-13

1 560

1 416

1 554

1 306

1 339

956

778

937

1 190

1 468

790

1 251

863

1 101

1 123

1 048

1 230

1 607

1 264

** Comparative figures for these operations have been restated as a result of the adoption of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.*

Refer to note 2 of the Financial Statements.

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**Results for the second quarter FY14
and six months ended 31 December 2013**

Commentary on operational results

Quarter-on-quarter

Harmony increased its underground recovered grade by 7% to 4.85g/t, representing a third consecutive quarter of increased grade.

Harmony's production for the second quarter of financial year 2014 compared well with the previous quarter, with a 1% decrease to 9 515kg.

Cash operating costs decreased by 5% to R308 665/kg mainly due to the decrease in the electricity price tariffs, compared to the previous quarter which included winter tariffs.

All-in sustaining costs decreased by 2% quarter-on-quarter from R404 694/kg to R397 503/kg mainly due to a 5% increase in gold sold during the quarter. Production delivery against a lower operating cost base remains the key focus at all of our operations during the next quarter.

SOUTH AFRICAN OPERATIONS

Kusasaletu

Kusasaletu's results were adversely affected by the spillage and flooding of the return ventilation shaft and sub-shaft bottoms which hampered rock hoisting during the quarter.

During the March 2014 quarter, management will focus on increasing the availability of the engineering equipment in order to reduce production downtime.

Doornkop

Doornkop had a good quarter, with a 14% increase in production mainly due to a 13% increase in grade. Cash operating cost improved by 14% to R320 533/kg while the all-in sustaining costs improved by 8% to R 416 838/kg.

The Kimberley Reef mine was always earmarked for closure as the new South Reef mine increased production at a higher recovered grade.

Mechanized mining methods are used on the Kimberley Reef horizon (mining high volumes at a much lower grade), which is extremely sensitive to gold price fluctuations and in the current gold price environment, the end of its economic life was brought closer.

Closing the Kimberley Reef will have a positive effect on both the costs and grade of Doornkop. Production at the higher-grade South Reef project is ramping up to scheduled full production in financial year 2016. Focus during the next quarter will be to achieve targets relating to tonnes and grade, as well as to conclude the Kimberley Reef's section 189 process.

Phakisa

Phakisa's 6% increase in recovered grade quarter-on-quarter (to 5.15g/t) partly countered the effect of a 12% decrease in tonnes milled, resulting in gold production of 706kg of gold during the quarter.

All-in sustaining costs remained stable at R503 058/kg. During the March 2014 quarter, on-going rehabilitation work to the Freddies.

3 ventilation shaft will continue. The scope of the rehabilitation work increased after another smaller cavity was identified during the re-sink

and re-lining process.

Tshepong

Tshepong's gold production decreased due to a section 54 stoppage after a fatality occurred. The decrease of 12% in tonnes milled, offset by a 4% increase in recovered grade (at 4.39g/t) resulted in an 8% decrease in gold production to 962kg.

Cash operating costs increased by 4% quarter-on-quarter while the all-in sustaining costs increased by 10% to R458 501/kg, as a result of lower volumes and higher capital expenditure during the quarter. Tshepong's focus during the next quarter will be on creating stoping face length in the higher grade areas of the mine and maintaining reef meter development.

Masimong

Masimong had another challenging quarter with gold production being 10% less at 684kg, due to a 15% decrease in volumes quarter-on-quarter. General underperformance and a fatality during the December 2013 quarter had a negative impact on production.

However, recovered grade increased by 6% quarter-on-quarter to 4.25g/t.

The decrease in gold production resulted in a 4% increase in cash operating cost at R353 671/kg and together with higher capital expenditure quarter-on-quarter, a 4% increase in all-in sustaining costs from R428 681/kg to R447 878/kg.

The focus in the next quarter will be to address the underperformance to ensure a turnaround at the mine. Actions include: restructuring the shaft, equipping and mining high grade pillars that were previously left un-mined and reduce maintenance capital to an absolute minimum.

Target 1

Target 1 had another excellent quarter with a 14% increase in recovered grade and a 15% increase in gold production.

The mine's sustained operational improvements resulted in a lower all-in sustaining cost of R278 028/kg and a 17% reduction in cash operating cost to R200 373/kg.

Bambanani

Gold production increased by 12% quarter-on-quarter, due to a 6% increase in both volumes and recovered grade at 12.91g/t.

Bambanani has the lowest all-in sustaining cost in the company at R241 303/kg, as well as the best cash operating cost at R199 795/kg.

During the March 2014 quarter Bambanani will continue its good performance, through a further increase in volume.

Joel

Stoppages in December 2013 resulted in a 6% decrease in tonnes milled at Joel. Recovered grade increased by 3% to 4.52g/t, resulting in a 3% decrease in gold to 674kg.

Quarter-on-quarter cash operating cost increased slightly to R261 521/kg and all-in sustaining costs remained stable at R299 632/kg.

Unisel

Unisel had a good production quarter due to a 9% increase in recovered grade (from 4.41g/t to 4.79g/t), resulting in a 8% increase in gold production to 512kg.

Cash operating costs improved by 8% to R294 779/kg quarter-on-quarter and all-in sustaining costs decreased from R380 985/kg to R373 246/kg.

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Target 3

Target 3 had a very challenging quarter. Tonnes decrease by 9% (from 82 000t to 75 000t), the recovered grade decreased by 2% to 4.67g/t, which resulted in an 11% decrease in gold production to 350kg.

Due to the underperformance in gold output the cash operating cost also increased by 3% to R383 566/kg.

All-in sustaining cost increased by 12% to R526 404/kg.

A review of Target 3's performance was done in January to assess the underperformance. The focus will be on opening up the Basal Reef.

Steyn 2

Tonnes milled remained steady quarter-on-quarter at 12 000t while the recovered grade increased by 1% from 12.17g/t to 12.25g/t, resulting in gold production remaining steady.

Cash operating costs improved by 5% quarter-on-quarter to R221 871/kg and all-in sustaining costs increased from R253 014/kg to R263 910/kg, due to higher capital spent quarter-on-quarter.

Phoenix (tailings)

Recovered grade remained stable at 0.15g/t while 4% less tonnes were milled at Phoenix during the quarter, which resulted in a 4% decrease in gold production to 217kg.

The decrease in gold output resulted in a 2% increase in cash operating costs to R279 221/kg and a slight increase in all-in sustaining costs from R276 299/kg to R280 299/kg in the quarter.

During the March 2014 quarter, focus will remain on optimising efficiency, recovery and cost control.

Surface dumps

Quarter-on-quarter gold production decreased by 24% due to a 14% decrease in tonnes milled. Grade was 12% lower at 0.30g/t.

The decrease in gold output resulted in a 4% increase in cash operating costs to R357 916/kg and a 10% increase quarter-on-quarter in all-in sustaining costs at R386 310/kg.

Kalgold

Kalgold's gold production decreased by 3% quarter-on-quarter to 315kg, as tonnes were in line with the previous quarter while recovered grade was 2% lower at 0.87g/t for the December 2013 quarter.

Cash operating cost decreased by 2% to R318 184/kg while all-in sustaining costs increased by 10% to R393 782/kg due to an increase in the total capital expenditure on the new oxygen plant, costs incurred on the new residue tank and other plant refurbishment projects.

During the quarter, a decision was taken to postpone the scheduled replacements of A and B mills to the next financial year in line with the capital reduction initiative throughout the Company.

INTERNATIONAL OPERATIONS

Hidden Valley

(held in Morobe Mining Joint Ventures – 50% of attributable production reflected)

Hidden Valley's tonnes milled and recovered grade at 1.53g/t was in line with the previous quarter and resulted in gold production of 772kg during the December 2013 quarter. Silver production at 272 710oz was 8%, higher than the previous quarter

Cash operating costs improved by 17% to R316 206/kg, while all-in sustaining costs decreased by 23% to R394 820/kg during the quarter, due to lower production stripping, increased silver by-product credits, lower sustaining capital expenditure and continued cost reduction efforts.

The operating performance of the overland conveyor improved during the quarter and minor configuration changes to the crusher were completed.

Exploration highlights

INTERNATIONAL (PAPUA NEW GUINEA)

Morobe Mining Joint Venture (MMJV) (50% Harmony)

Wafi-Golpu

In addition to what is said in the message from the chief executive officer on page 5:

Harmony and its joint venture partner, Newcrest Mining Limited, plan to undertake a feasibility study to evaluate an underground exploration program for the Wafi-Golpu Project. The underground exploration program is proposed to include an exploration shaft to facilitate deep drilling and bulk sampling of the orebody to generate essential orebody knowledge required to support a future development decision.

Geotechnical drilling to identify a suitable exploration shaft location is in progress.

A final investment decision for the proposed underground exploration program is expected during the second half of calendar 2014, subject to receipt of necessary government and regulatory approvals. Work is continuing on a substantially lower capital expenditure development option for Wafi-Golpu and drilling activity has been scaled down from four rigs to only one drill assigned to resource definition continuing into the third quarter.

Drilling during the quarter delivered the following results (also refer to the projection view schematic below):

North-south resource definition hole confirms continuity of porphyry and high grade mineralisation

- 943.49m @ 1.28g/t Au and 1.44% Cu from 996m (WR499)2
- Including 560m @ 1.88g/t Au and 2.13% Cu from 1252m

New zone of higher grade gold mineralisation identified between Golpu and Wafi

- 54m @ 3.61g/t Au from 146m (WR502)

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**Results for the second quarter FY14
and six months ended 31 December 2013**

Figure 1: Projection view of Wafi-Golpu

1 Resource estimates quoted on 100% basis – refer Harmony's Mineral Resources & Reserves statement as at 30 June 2013

2 Partial result reported

Figure 2: Harmony PNG Exploration project locations and Q2 work summary

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**Results for the
second quarter FY14 and
six months ended
31 December 2013
(Rand)**

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**Results for the second quarter FY14
and six months ended 31 December 2013**

CONDENSED CONSOLIDATED INCOME STATEMENTS

(Rand)

Quarter ended

Six months ended

Year ended

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

Figures in million

Note

(Restated)*

(Restated)*

(Restated)*

Continuing operations

Revenue

4 071

4 018

4 613

8 089

8 891

15 902

Cost of sales

3

(3 817)

(3 735)

(3 508)

(7 552)

(7 018)

(16 448)

Production costs

(3 086)

(2 981)

(2 956)

(6 067)

(5 834)

(11 321)
Amortisation and depreciation
(565)
(577)
(509)
(1 142)
(1 002)
(2 001)
Impairment of assets
-
-
-
-
(2 733)
Other items
(166)
(177)
(43)
(343)
(182)
(393)
Gross profit/(loss)
254
283
1 105
537
1 873
(546)
Corporate, administration and other
expenditure
(102)
(108)
(111)
(210)
(217)
(465)
Social investment expenditure
(21)
(38)
(25)
(59)
(45)
(127)
Exploration expenditure
(112)
(142)
(160)
(254)
(296)
(673)

Profit on sale of property,
plant and equipment

—

—

69

—

124

139

Other (expenses)/income – net

6

(140)

1

(47)

(139)

(44)

(350)

Operating (loss)/profit

(121)

(4)

831

(125)

1 395

(2 022)

Profit from associates

4

3

—

7

—

—

Impairment of investments

—

(7)

—

(7)

(48)

(88)

Net gain on financial instruments

39

74

92

113

166

173

Investment income

50

45

38

95

71

185

Finance cost

(57)

(60)

(75)

(117)

(133)

(256)

(Loss)/profit before taxation

(85)

51

886

(34)

1 451

(2 008)

Taxation

(6)

(38)

(221)

(44)

(373)

(655)

Normal taxation

—

(49)

(115)

(49)

(226)

(271)

Deferred taxation

(6)

11

(106)

5

(147)

(384)

Net (loss)/profit from continuing

operations

(91)

13

665

(78)

1 078

(2 663)

Discontinued operations

Profit from discontinued operations

—

—

82

—

171

314

Net (loss)/profit for the period

(91)

13

747

(78)

1 249

(2 349)

Attributable to:

Owners of the parent

(91)

13

747

(78)

1 249

(2 349)

**(Loss)/earnings per ordinary
share (cents)**

4

(Loss)/earnings from continuing
operations

(21)

3

154

(18)

249

(616)

Earnings from discontinued
operations

–

–

19

–

40

73

Total (loss)/earnings

(21)

3

173

(18)

289

(543)

**Diluted (loss)/earnings per
ordinary share (cents)**

4

(Loss)/earnings from continuing
operations

(21)

3

154

(18)

249

(616)

Earnings from discontinued
operations

—

—

19

—

40

73

Total diluted (loss)/earnings

(21)

3

173

(18)

289

(543)

** The audited June 2013 annual results, interim December 2012 and unaudited December 2012 quarter results have been restated due to a change in accounting policy. Refer to note 2 for details.*

The restatements to the comparative information have not been audited.

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

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The condensed consolidated financial statements for the six months ended 31 December 2013 have been prepared by Harmony Gold Mining Company Limited's corporate reporting team headed by Mr Herman Perry. This process was supervised by the financial director, Mr Frank Abbott and approved by the board of Harmony Gold Mining Company Limited. The condensed consolidated financial statements for the six months ended 31 December 2013 were reviewed by the group's external auditors, PricewaterhouseCoopers Incorporated (see note 13).

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Rand)

Quarter ended

Six months ended

Year ended

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

Figures in million

(Restated)*

(Restated)*

(Restated)*

Net (loss)/profit for the period

(91)

13

747

(78)

1 249

(2 349)

Other comprehensive income/(loss)

for the period, net of income tax

378

(695)

195

(317)

220

737

Foreign exchange translation

370

(694)

172

(324)
 197
 742
 Movements on investments
 8
 (1)
 23
 7
 23
 (5)
**Total comprehensive
 income/(loss) for the period**
287

(682)
942
(395)
1 469
(1 612)

Attributable to:

Owners of the parent

287
 (682)
 942
 (395)
 1 469
 (1 612)

** The audited June 2013 annual results, interim December 2012 and unaudited December 2012 quarter results have been restated due to a change in accounting policy. Refer to note 2 for details.*

The restatements to the comparative information have not been audited.

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

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Rand)

for the six months ended 31 December 2013

Figures in million

Note

Share capital

Other

reserves

Retained

earnings

Total

Balance – 30 June 2013 as previously reported

28 325

3 464

522

32 311

Restatement for IFRIC 20

2

–

(22)
 (74)
 (96)
 Restated balance – 30 June 2013
 28 325
 3 442
 448
 32 215
 Share-based payments
 –
 145
 –
 145
 Net loss for the period
 –
 –
 (78)
 (78)
 Other comprehensive loss for the period
 –
 (317)
 –
 (317)
Balance – 31 December 2013
28 325
3 270
370
31 965
 Balance – 30 June 2012 as previously reported
 28 331
 2 444
 3 307
 34 082
 Restatement for IFRIC 20
 2
 –
 (15)
 (94)
 (109)
 Restated balance – 30 June 2012
 28 331
 2 429
 3 213
 33 973
 Share-based payments
 –
 130
 –
 130
 Net profit for the period
 –

–
1 249
1 249
Other comprehensive income for the period
–
220
–
220
Dividends paid
1
–
–
(218)
(218)
Balance – 31 December 2012
28 331
2 779
4 244
35 354

1
Dividend of 50 SA cents declared on 13 August 2012.

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

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**Results for the second quarter FY14
and six months ended 31 December 2013**

CONDENSED CONSOLIDATED BALANCE SHEETS

(Rand)

At

At

At

At

31 December

30 September

30 June

31 December

2013

2013

2013

2012

(Unaudited)

(Audited)

Figures in million

Note

(Restated)*

(Restated)*

ASSETS

Non-current assets

Property, plant and equipment

32 663

32 195

32 732

33 931

Intangible assets

2 193

2 191

2 191

2 192

Restricted cash

38

38

37

37

Restricted investments

2 180

2 143

2 054

2 020

Deferred tax assets

91

93

104

554

Investments in associates

	115
	112
	109
	—
Investments in financial assets	
	4
	42
	49
	159
Inventories	
	57
	57
	57
	57
Trade and other receivables	
	—
	—
	—
	13
Total non-current assets	
	37 341
	36 871
	37 333
	38 963
Current assets	
Inventories	
	1 423
	1 482
	1 417
	1 066
Trade and other receivables	
	1 149
	1 238
	1 162
	1 292
Income and mining taxes	
	106
	103
	132
	—
Restricted cash	
	15
	—
	—
	—
Cash and cash equivalents	
	2 323
	2 288
	2 089
	2 511
	5 016

5 111
4 800
4 869
Non-current assets and assets of disposal groups classified as held for sale
5
46
—
—
1 822
Total current assets
5 062
5 111
4 800
6 691
Total assets
42 403
41 982
42 133
45 654
EQUITY AND LIABILITIES
Share capital and reserves
Share capital
28 325
28 325
28 325
28 331
Other reserves
3 270
2 790
3 442
2 779
Retained earnings
370
461
448
4 244
Total equity
31 965
31 576
32 215
35 354
Non-current liabilities
Deferred tax liabilities
3 000
2 998
3 021
3 270
Provision for environmental rehabilitation
2 016
1 990

1 997
1 912
Retirement benefit obligation
201
198
194
184
Other provisions
71
63
55
40
Borrowings
6
3 280
2 868
2 252
2 072
Total non-current liabilities
8 568
8 117
7 519
7 478
Current liabilities
Borrowings
6
—
291
286
301
Income and mining taxes
—
24
4
16
Trade and other payables
1 870
1 974
2 109
2 050
1 870
2 289
2 399
2 367
Liabilities of disposal groups classified as held for sale
—
—
—
455
Total current liabilities
1 870

2 289

2 399

2 822

Total equity and liabilities

42 403

41 982

42 133

45 654

** The audited June 2013 annual results and interim December 2012 results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.*

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

15

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(Rand)

Quarter ended

Six months ended

Year ended

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

Cash flow from operating activities

Cash generated by operations

700

238

1 392

938

2 729

3154

Interest and dividends received

32

26

30

58

56

138

Interest paid

(21)

(29)

(29)

(50)

(58)

(125)

Income and mining taxes paid

(28)

—

(221)

(28)

(113)

(312)

Cash generated by operating activities

683

235

1 172

918

2 614

2 855

Cash flow from investing activities

Cash transferred to disposal group

—

—

(90)

—

(252)

—

Proceeds on disposal of investment in subsidiary

—

—

—

—

—

1 264

Proceeds on disposal of Merriespruit South

—

—

61

—

61

—

Purchase of investments

—

—

—

—

—

(86)

Other investing activities

(1)

(9)

(45)

(10)

(45)

(4)

Net additions to property, plant and equipment

1

(624)

(618)

(1 047)

(1 242)

(1 940)

(3 652)

Cash utilised by investing activities

(625)

(627)

(1 121)

(1 252)

(2 176)

(2 478)

Cash flow from financing activities

Borrowings raised

–

612

348

612

678

678

Borrowings repaid

(3)

(3)

(164)

(6)

(173)

(333)

Ordinary shares issued – net of expenses

–

–

–

–

–

1

Option premium on BEE transaction

–

–

–

–

–

2

Dividends paid

–

–

–

–

(218)

(435)

Cash generated/(utilised) by financing activities

(3)

609

184

606
287
(87)
Foreign currency translation adjustments
(20)
(18)
10
(38)
13
26
Net increase in cash and cash equivalents
35
199
245
234
738
316
Cash and cash equivalents – beginning of period
2 288
2 089
2 266
2 089
1 773
1 773
Cash and cash equivalents – end of period
2 323
2 288
2 511
2 323
2 511
2 089

1

Includes capital expenditure for Wafi-Golpu and other International projects of R0 million in the December 2013 quarter (September 2013: R0 million)(June 2013: R133 million) (December 2012: R7 million) and R537 million in the 12 months ended 30 June 2013.

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

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**Results for the second quarter FY14
and six months ended 31 December 2013**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the period ended 31 December 2013 (Rand)

1.

Accounting policies

Basis of accounting

The condensed consolidated financial statements for the six months ended 31 December 2013 have been prepared in accordance with IAS 34,

Interim Financial Reporting, JSE Listings Requirements, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and

in the manner required by the Companies Act of South Africa. They should be read in conjunction with the annual financial statements for

the year ended 30 June 2013, which have been prepared in accordance with International Financial Reporting Standards as issued by the

International Accounting Standards Board (IFRS). The accounting policies are consistent with those described in the annual financial statements,

except for the adoption of applicable revised and/or new standards issued by the International Accounting Standards Board.

The following accounting standards, amendments to standards and new interpretations have been adopted with effect from 1 July 2013.

IFRS 7

Amendment – Disclosures – Offsetting Financial Assets and Financial Liabilities

IFRS 10

Consolidated Financial Statements

IFRS 11

Joint Arrangements

IFRS 12

Disclosure of Interests in Other Entities

IFRS 13

Fair Value Measurement

IFRSs

Annual Improvements 2009 – 2011

IAS 19

Employee Benefits (Revised 2011)

IAS 27

Separate Financial Statements (Revised 2011)

IAS 28

Investments in Associates and Joint Ventures (Revised 2011)

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

New standards and amendments which have an impact on the condensed consolidated financial statements of the group are described below:

IAS 19 includes a number of amendments to the accounting for defined benefit plans, including actuarial gains and losses that are now

recognised in other comprehensive income (OCI). Actuarial gains and losses recognised in OCI will not be recycled to profit or loss. The impact

for the group was immaterial.

IFRS 11 requires joint operations to be accounted at the group's interest in the assets, liabilities, revenue and expenses of the joint operation.

Harmony previously accounted for joint operations using the proportional consolidation method. The change in

accounting policy has not had an impact on any previously reported numbers.

IFRIC 20 clarifies the requirements for accounting for costs of stripping activity in the production phase of surface mining. Stripping assets that cannot be attributed to an identifiable component of the orebody will be written off to retained earnings on adoptions of IFRIC 20. Refer to note 2 for further details.

2.

Change in accounting policies

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine (“IFRIC 20”) which became effective on 1 January 2013, clarifies the

requirements for accounting for the costs of stripping activity in the production phase of surface mining when two benefits accrue: (i) usable

ore that can be used to produce inventory; and (ii) improved access to further quantities of material that will be mined in future periods.

Harmony has applied IFRIC 20 on a prospective basis from 1 July 2011 in compliance with the transitional requirements of IFRIC 20.

Harmony previously accounted for stripping costs incurred during the production phase to remove waste material by deferring these costs,

which were then charged to production costs on the basis of the average life-of-mine stripping ratio.

A stripping activity asset shall be recognised if all of the following are met:

(i) it is probable that the future economic benefit (improved access to the orebody) associated with the stripping activity will flow to the entity;

(ii) the entity can identify the component of the orebody for which access has been improved; and

(iii) the cost relating to the stripping activity associated with that component can be measure reliably.

The stripping asset shall be depreciated over the expected useful life of the identified component of the orebody based on the units of

production method.

Where there were no identifiable components of the orebody to which the predecessor asset relates, the asset was written off to retained

earnings at the beginning of the earliest period presented. An amount of R54 million was written off to retained earnings.

The comparative periods presented have been restated. The restatement had no effect on the condensed consolidated cash flow statements.

The results for the six months ended 31 December 2013, year ended 30 June 2013 and the financial position at those dates have been reviewed

and audited respectively, but the restatement of the results and balances affected by IFRIC 20 have not been audited.

17

Reconciliation of the effect of the change in accounting standard:

Condensed consolidated income statements

Quarter ended

Six months ended

Year ended

31 December

31 December

30 June

2012

2012

2013

(Unaudited)

(Audited)

Cost of sales

Production costs

As previously reported

(2 980)

(5 850)

(11 400)

IFRIC 20 adjustment

24

16

79

Restated

(2 956)

(5 834)

(11 321)

Amortisation and depreciation

As previously reported

(501)

(982)

(1 942)

IFRIC 20 adjustment

(8)

(20)

(59)

Restated

(509)

(1 002)

(2 001)

Increase/decrease in net profit/loss for the period*

16

(4)

20

** There is no material taxation effect on these items.*

Condensed consolidated statements of comprehensive income

Quarter ended

Six months ended

Year ended

31 December

31 December

30 June

2012

2012

2013

(Unaudited)

(Audited)

Increase/decrease in net profit/loss for the period*

16

(4)

20

Other comprehensive income for the period net of income tax

Foreign exchange translation

As previously reported

174

200

749

IFRIC 20 adjustment

(2)

(3)

(7)

Restated

172

197

742

Increase/decrease in total comprehensive income/loss for the period

14

(7)

13

** There is no material taxation effect on these items.*

Condensed consolidated balance sheets

At

At

30 June

31 December

2013

2012

Figures in million

(Audited)

Non-current assets

Property, plant and equipment

As previously reported

32 820

34 028

IFRIC 20 adjustment

(88)

(97)

Restated

32 732

33 931

Current assets

Inventories

As previously reported

1 425

1 085

IFRIC 20 adjustment

(8)

(19)

Restated

1 417

1 066

Share capital and reserves

Other reserves

As previously reported

3 464

2 797

IFRIC 20 adjustment

1

(22)

(18)

Restated

3 442

2 779

Retained earnings

As previously reported

522

4 342

IFRIC 20 adjustment

(74)

(98)

Restated

448

4 244

Decrease in total equity

(96)

(116)

1

Translation effect of the IFRIC 20 adjustments on foreign operations (Hidden Valley).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the period ended 31 December 2013 (Rand)

18

**Results for the second quarter FY14
and six months ended 31 December 2013**

Earnings/(loss) and headline earnings per share

Quarter ended

Six months ended

Year ended

31 December

31 December

30 June

2012

2012

2013

(Unaudited)

(Audited)

Total basic and diluted earnings/(loss) per share (cents)

As previously reported

169

290

(548)

IFRIC 20 adjustment

4

(1)

5

Restated

173

289

(543)

Total headline earnings

Figures in million

As previously reported

680

1 209

204

IFRIC 20 adjustment

16

(4)

20

Restated

696

1 205

224

Headline earnings per share (cents)

As previously reported

158

281

47

IFRIC 20 adjustment

4

(1)

5

Restated

162

280

52

Diluted headline earnings (cents)

As previously reported

157

280

47

IFRIC 20 adjustment

4

(1)

5

Restated

161

279

52

3.

Cost of sales

Quarter ended

Six months ended

Year ended

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

Figures in million

(Restated)*

(Restated)*

(Restated)*

Production costs – excluding royalty

3 047

2 943

2 888

5 990

5 710

11 104

Royalty expense

39

38
 68
 77
 124
 217
 Amortisation and depreciation
 565
 577
 509
 1 142
 1 002
 2 001
 Impairment of assets
 –
 –
 –
 –
 –
 2 733
 Rehabilitation (credit)/expenditure
 1
 (15)
 15
 (1)
 –
 6
 (24)
 Care and maintenance cost of
 restructured shafts
 18
 17
 16
 35
 36
 68
 Employment termination and
 restructuring costs
 2
 50
 94
 –
 144
 7
 46
 Share-based payments
 3
 113
 51
 21
 164
 126

266
Other
—
—
7
—
7
37
Total cost of sales
3 817
3 735
3 508
7 552
7 018
16 448

** The audited June 2013 annual results, interim December 2012 and unaudited December 2012 quarter results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.*

1. A credit of R24 million arose in the December 2013 quarter as a result of work performed in the Free State, resulting in a reduction in the rehabilitation liability.

2. Included in the September and December 2013 quarters are amounts relating to the restructuring at Hidden Valley and the voluntary retrenchment packages offered in South Africa.

3. This includes the cost relating to the Employee Share Ownership Plan (ESOP) awards that were granted in August 2012. The December 2013 quarter includes costs related to the acceleration of vesting for employees who took voluntary retrenchment.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the period ended 31 December 2013 (Rand)

19

4.

Earnings/(loss) and net asset value per share

Quarter ended

Six months ended

Year ended

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

(Unaudited)

(Unaudited)

(Unaudited)

(Audited)

(Restated)*

(Restated)*

(Restated)*

Weighted average number

of shares (million)

432.9

432.6

431.6

432.8

431.6

431.9

Weighted average number of diluted

shares (million)

433.4

433.0

432.6

433.8

432.6

432.7

Total (loss)/earnings per share

(cents):

Basic (loss)/earnings

(21)

3

173

(18)

289

(543)

Diluted (loss)/earnings

(21)
3
173
(18)
289
(543)
Headline (loss)/earnings
(21)
5
162
(16)
280
52
– from continuing operations
(21)
5
143
(16)
240
3
– from discontinued operations
–
–
19
–
40
49
Diluted headline (loss)/earnings
(21)
5
161
(16)
279
52
– from continuing operations
(21)
5
142
(16)
239
3
– from discontinued operations
–
–
19
–
40
49

Figures in million

**Reconciliation of headline
(loss)/earnings:**

Continuing operations

Net (loss)/profit

(91)

13

665

(78)

1 078

(2 663)

Adjusted for:

Impairment of investments

1

—

7

—

7

—

88

Impairment of assets

—

—

—

—

48

2 733

Taxation effect on impairment of assets

—

—

—

—

—

(38)

Profit on sale of property,
plant and equipment

—

—

(69)

—

(124)

(139)

Taxation effect of profit on sale of
property, plant and equipment

—

—

18

—

32

31

Headline (loss)/earnings

(91)

20

614

(71)
1 034
12
Discontinued operations
Net profit
—
—
82
—
171
314
Adjusted for:
Profit on sale of investment in
subsidiary
1
—
—
—
—
—
(102)
Headline earnings
—
—
82
—
171
212
Total headline (loss)/earnings
(91)
20
696
(71)
1 205
224
1
There is no taxation effect on these items.
Net asset value per share
At
At
At
At
31 December
30 September
30 June
31 December
2013
2013
2013
2012
(Unaudited)

(Audited)

(Restated)*

(Restated)*

Number of shares in issue

435 693 819

435 289 890

435 289 890

435 257 691

Net asset value per share (cents)

7 337

7 254

7 405

8 123

** The audited June 2013 annual results, interim December 2012 and unaudited December 2012 quarter results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the period ended 31 December 2013 (Rand)

20

**Results for the second quarter FY14
and six months ended 31 December 2013**

5.

Non-current assets and assets of disposal groups classified as held for sale

During the December 2013 quarter, a cash offer for Witwatersrand Consolidated Gold Resources Limited's (Wits Gold) entire share capital was made to all Wits Gold shareholders by Sibanye Gold Limited. Harmony has accepted the offer. Following this, R46 million which represents Harmony's fair value stake in Wits Gold has been classified as a non-current asset held for sale (formerly classified as Investment in financial assets) under IFRS 5. A regulatory process is being followed and the sale is expected to be completed within the next 12 months.

6.

Borrowings

Two draw downs of US\$30 million each were made from the US\$300 million syndicated revolving credit facility during the September 2013 quarter. During the December 2013 quarter there were no draw downs and the drawn level remains at US\$270 million. The weakening of the Rand against the US\$ resulted in a foreign exchange translation loss of R111 million being recorded, increasing the borrowings balance and Other expenses-net. The facility is repayable by September 2015. Harmony refinanced its Nedbank revolving credit facility and entered into a new agreement for R1.3 billion revolving credit facility during the December 2013 quarter. The interest rate is equivalent to JIBAR + 350 basis points and is repayable by December 2016.

At the same time management also agreed an amended set of financial covenants with the lender group, to give the group more long-term financial flexibility. Two of the covenants were re-negotiated as follows:

- The interest cover measure has been changed from EBIT to EBITDA

1

and the ratio of cover has changed from two times to five times.

- The ratio of Market Capitalisation to Net Debt has been replaced by the ratio of Tangible Net Worth

2

to Net Debt. The ratio remained the same at six times.

1

EBITDA as defined in the agreement excludes unusual items such as impairment and restructuring cost.

2

Tangible Net Worth is defined as total equity less intangible assets.

The covenants applicable to all Harmony debt facilities are accordingly as follows:

- The group's interest cover ratio shall not be less than five (EBITDA/Total interest).
- Current ratio shall not be less than one (current assets/current liabilities).
- Cash flow from operating activities shall be above R100 million for the six months prior to the evaluation date.
- Total net debt shall not exceed R3 billion plus the rand equivalent of US\$300 million.
- Tangible Net Worth to facilities outstanding ratio shall not be less than six times.

7.

Financial risk management activities

Fair value determination

The following table presents the group's assets and liabilities that are measured at fair value by level within the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets;

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

or indirectly (that is derived from prices);

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

At

At

At

At

31 December

30 September

30 June

31 December

2013

2013

2013

2012

Figures in million

(Unaudited)

(Audited)

Available-for-sale financial assets

1

*

Level 1

46

37

44

96

Level 2

—

—

—

—

Level 3

4

5

5

63

Fair value through profit and loss

2

*

Level 1

—

—

—

—

Level 2

934

1 116

1 041

1 135

Level 3

—
—
—
—

1

Level 1 fair values are directly derived from actively traded shares on the JSE.

Level 3 fair values have been valued by the directors by performing independent valuations on an annual basis to ensure that significant prolonged decline in the value of the investments has not occurred. The December 2012 balance includes the interest in Rand Refinery. At the end of the 2013 financial year, the investment in Rand Refinery was reclassified as an investment in associate on obtaining significant influence.

2

The majority of the 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.

** Includes non-current assets or disposal groups held for sale where applicable.*

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

for the period ended 31 December 2013 (Rand)

21

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
CONTINUED

for the period ended 31 December 2013 (Rand)

8.

Commitments and contingencies

At

At

At

At

31 December

30 September

30 June

31 December

2013

2013

2013

2012

Figures in million

(Unaudited)

(Audited)

Capital expenditure commitments:

Contracts for capital expenditure

322

351

416

576

Authorised by the directors but not contracted for

1 152

1 835

1 545

1 572

1 474

2 186

1 961

2 148

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

Contingent liability

For a detailed disclosure on contingent liabilities refer to Harmony's integrated annual report for the financial year ended 30 June 2013, available on the group's website (www.harmony.co.za). There were no significant changes in contingencies since 30 June 2013.

9.

Related parties

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including any director (whether executive or otherwise) of the group. During the September 2013 quarter, Frank Abbott purchased 65 600 shares.

10. Subsequent events

There were no subsequent events to report.

11. Segment report

The segment report follows on page 23.

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

Six months ended

31 December

31 December

2013

2012

Figures in million

(Restated)*

The "Reconciliation of segment information to consolidated financial statements" line item in the segment report is broken down in the following elements, to give a better understanding of the differences between the financial statements and segment report:

Reconciliation of production profit to gross profit

Total segment revenue

8 089

9 542

Total segment production costs

(6 067)

(6 215)

Production profit per segment report

2 022

3 327

Discontinued operations

—

(270)

Production profit from continuing operations

2 022

3 057

Cost of sales items, other than production costs and royalty expense

(1 485)

(1 184)

Gross profit as per income statements

1

537

1 873

1

The reconciliation was done up to the first recognisable line item on the income statement. The reconciliation will follow the income statement after that.

22

**Results for the second quarter FY14
and six months ended 31 December 2013**

31 December

31 December

2013

2012

Figures in million

(Restated)*

Reconciliation of total segment mining assets to consolidated property, plant and equipment

Property, plant and equipment not allocated to a segment Mining assets

1 133

942

Undeveloped property

5 139

5 139

Other non-mining assets

89

62

Wafi-Golpu assets

1 069

804

Less: Non-current assets previously classified as held for sale

—

(1 233)

7 430

5 714

** The interim December 2012 results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.*

13. Review report

These condensed consolidated financial statements for the six months ended 31 December 2013 on pages 12 to 23 have been reviewed by PricewaterhouseCoopers Inc., who expressed an unmodified conclusion thereon. A copy of the auditor's report on the condensed consolidated financial statements is available for inspection at the company's registered office, together with the financial statements identified in the auditor's report.

23

Segment report

(Rand/Metric)

for the six months ended 31 December 2013

Revenue

Production cost*

Production

profit*

Mining assets

*

Capital

expenditure

@

Kilograms

produced

#

Tonnes milled

#

31 December

31 December

31 December

31 December

31 December

31 December

31 December

2013

2012

2013

2012

2013

2012

2013

2012

2013

2012

2013

2012

2013

2012

R million

R million

R million

R million

R million

kg

t'000

Continuing operations

South Africa

Underground

Kusasaletu

965
976
867
840
98
136
3 502
3 329
250
217
2 412
2 003
631
466
Doornkop
707
886
581
542
126
344
3 380
3 330
124
151
1 637
1 875
474
517
Phakisa
625
638
546
491
79
147
4 530
4 593
189
158
1 461
1 367
293
270
Tshepong
861
1 077
707
751
154
326

3 986
3 484
146
149
2 011
2 310
468
567
Masimong
617
925
516
519
101
406
1 021
998
78
80
1 442
1 978
350
477
Target 1
999
979
525
465
474
514
2 690
2 703
126
188
2 322
2 157
384
356
Bambanani
(a)
691
426
356
306
335
120
881
1 004
62
70
1 613

911
129
98
Joel
580
821
349
343
231
478
354
260
80
79
1 371
1 750
308
321
Unisel
423
453
311
299
112
154
347
665
42
35
988
962
215
233
Target 3
316
364
289
262
27
102
508
398
72
68
742
798
157
169
Surface
All other surface operations
652

730
485
493
167
237
472
365
25
200
1 604
1 645
5 382
4 800
Total South Africa
7 436
8 275
5 532
5 311
1 904
2 964
21 671
21 129
1 194
1 395
17 603
17 756
8 791
8 274
International
Hidden Valley
653
616
535
523
118
93
3 562
5 855
68
236
1 547
1 331
1 009
947
Total international
653
616
535
523
118
93

3 562

5 855

68

236

1 547

1 331

1 009

947

**Total continuing
operations**

8 089

8 891

6 067

5 834

2 022

3 057

25 233

26 984

1 262

1 631

19 150

19 087

9 800

9 221

Discontinued operations

Evander

—

651

—

381

—

270

—

1 233

—

109

—

1 480

—

300

**Total discontinued
operations**

—

651

—

381

—

270

—

1 233

—

109	
–	
1 480	
–	
300	
Total operations	
8 089	
9 542	
6 067	
6 215	
2 022	
3 327	
25 233	
28 217	
1 262	
1 740	
19 150	
20 567	
9 800	
9 521	
Reconciliation of the segment information to the consolidated financial statements (refer to note 12)	
–	
(651)	
–	
(381)	
7 430	
5 714	
8 089	
8 891	
6 067	
5 834	
32 663	
33 931	
<i>* The interim December 2012 results have been restated due to a change in accounting policy. Refer to note 2 for details. The restatements to the comparative information have not been audited.</i>	
#	
<i>Production statistics are unaudited.</i>	
@	
<i>Capital expenditure for international operations excludes expenditure spend on Wafi-Golpu of R0 million (2012: R255 million).</i>	
<i>(a) Includes Steyn 2.</i>	

24

25

**Results for the second quarter FY14
and six months ended 31 December 2013**

Operating results

(US\$/Imperial)

South Africa

Hidden Valley*

Total

Harmony

Underground production

Surface production

Total

South Africa

Three

months

ended

Kusasa-

lethu

Doornkop

Phakisa

Tshepong

Masimong

Target 1

Bamba-

nani

Joel

Unisel

Target 3

Steyn 2

Total

under-

ground

Phoenix

Dumps

Kalgold*

Total

surface

Ore milled

- t'000

Dec-13

333

262

151

241

178

213

60

164

118

83

13
1 816
1 634
833
401
2 868
4 684
558
5 242
Sep-13
363
260
172
275
208
211
56
175
119
90
13
1 942
1 703
963
401
3 067
5 009
555
5 564
Gold produced
- oz
Dec-13
36 652
28 035
22 698
30 929
21 991
39 899
22 409
21 670
16 461
11 253
4 726
256 723
6 977
7 266
10 127
24 370
281 093
24 820
305 913

Sep-13
40 896
24 595
24 274
33 726
24 370
34 755
20 030
22 409
15 304
12 603
4 694
257 656
7 234
9 549
10 417
27 200
284 856
24 917
309 773
**Yield –
oz/t**
Dec-13
0.110
0.107
0.150
0.128
0.124
0.187
0.373
0.132
0.140
0.136
0.364
0.141
0.004
0.009
0.025
0.008
0.060
0.044
0.058
Sep-13
0.113
0.095
0.141
0.123
0.117
0.165
0.358
0.128

0.129
0.140
0.361
0.133
0.004
0.010
0.026
0.009
0.057
0.045
0.056

Cash operating costs

– \$/oz

Dec-13

1 198

985

1 151

1 083

1 087

616

614

804

906

1 179

682

943

858

1 100

978

980

947

972

949

Sep-13

1 182

1 163

1 124

1 055

1 060

750

688

808

1 001

1 166

731

998

852

1 076

1 017

994

997

1 191

1 013

Cash operating costs

– \$/t

Dec-13

132

105

173

139

134

115

229

106

126

160

248

133

4

10

25

8

57

43

55

Sep-13

133

110

159

129

124

124

246

103

129

163

264

132

4

11

26

9

57

53

56

Gold sold

– oz

Dec-13

38 066

28 550

23 792

32 440

23 052
44 497
23 470
21 895
17 265
12 539
4 951
270 517
5 787
7 202
8 649
21 638
292 155
22 859
315 014
Sep-13
35 301
25 592
23 856
33 147
23 952
31 701
19 708
22 280
15 014
11 510
4 630
246 691
7 105
9 259
10 931
27 295
273 986
26 717
300 703
Revenue (\$'000)
Dec-13
48 847
36 047
30 334
41 347
29 381
56 902
29 906
27 975
22 002
16 033
6 311
345 085
7 437
9 579

11 176
28 192
373 277
29 013
402 290
Sep-13
47 304
34 360
31 959
44 445
32 048
42 499
26 414
29 831
20 137
15 416
6 179
330 592
9 565
12 478
14 724
36 767
367 359
36 079
403 438
Cash operating costs
(\$'000)
Dec-13
43 915
27 618
26 130
33 483
23 903
24 570
13 760
17 416
14 913
13 265
3 222
242 195
5 987
7 993
9 904
23 884
266 079
24 121
290 200
Sep-13
48 327
28 596
27 279

35 572
25 839
26 082
13 784
18 097
15 320
14 700
3 431
257 027
6 163
10 275
10 596
27 034
284 061
29 671
313 732
Inventory movement
(\$'000)
Dec-13
2 768
1 251
1 595
2 232
1 622
5 105
1 222
(621)
949
2 772
301
19 196
(1 094)
14
(1 351)
(2 431)
16 765
(2 049)
14 716
Sep-13
(8 667)
364
(637)
(873)
48
(3 473)
(167)
(160)
(240)
(1 963)
(102)
(15 870)

(32)
(403)
257
(178)
(16 048)
1 635
(14 413)
Operating costs
(\$'000)
Dec-13
46 683
28 869
27 725
35 715
25 525
29 675
14 982
16 795
15 862
16 037
3 523
261 391
4 893
8 007
8 553
21 453
282 844
22 072
304 916
Sep-13
39 660
28 960
26 642
34 699
25 887
22 609
13 617
17 937
15 080
12 737
3 329
241 157
6 131
9 872
10 853
26 856
268 013
31 307
299 320
Operating profit
(\$'000)

Dec-13

2 164

7 178

2 609

5 632

3 856

27 227

14 924

11 180

6 140

(4)

2 788

83 694

2 544

1 572

2 623

6 739

90 433

6 941

97 374

Sep-13

7 644

5 400

5 317

9 746

6 161

19 890

12 797

11 894

5 057

2 679

2 850

89 435

3 434

2 606

3 871

9 911

99 346

4 772

104 118

Capital expenditure

(\$'000)

Dec-13

12 876

6 276

9 734

7 780

4 009

6 343

2 887

3 748

2 436
3 633
63
59 785
92
243
1 246
1 581
61 366
1 885
63 251
Sep-13
12 055
6 035
9 114
6 788
3 798
6 176
3 205
4 223
1 730
3 556
56
56 736
—
13
806
819
57 555
4 868
62 423
Adjusted operating costs
— \$/oz
Dec-13
1 256
1 064
1 197
1 131
1 141
684
666
795
946
1 299
739
996
846
1 112
1 015
1 002
996

969

994

Sep-13

1 171

1 173

1 138

1 066

1 132

726

708

823

1 031

1 124

734

1 006

863

1 066

1 003

988

1 004

1 177

1 019

All-in sustaining costs

– \$/oz

Dec-13

1 640

1 281

1 546

1 409

1 376

854

742

921

1 147

1 618

811

1 231

861

1 187

1 210

1 109

1 222

1 209

1 222

Sep-13

1 560

1 416

1 554

1 306

1 339

956

778

937

1 190

1 468

790

1 251

863

1 101

1 123

1 048

1 230

1 607

1 264

* Comparative figures for these operations have been restated as a result of the adoption of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine.

Refer to note 2 of the Rand Financial Statements.

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**Results for the second quarter FY14
and six months ended 31 December 2013**

CONDENSED CONSOLIDATED INCOME STATEMENTS

(US\$) (Unaudited)

(Convenience translation)

Quarter ended

Six months ended

Year ended

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

Figures in million

(Restated)*

(Restated)*

(Restated)*

Continuing operations

Revenue

402

403

532

805

1 051

1 803

Cost of sales

(377)

(375)

(405)

(752)

(829)

(1 829)

Production costs

(305)

(299)

(341)

(604)

(689)

(1 283)

Amortisation and depreciation

(56)

(58)

(59)

(114)

(118)

(227)

Impairment of assets

–

–

–

–

–

(274)

Other items

(16)

(18)

(5)

(34)

(22)

(45)

Gross profit/(loss)

25

28

127

53

222

(26)

Corporate, administration and
other expenditure

(10)

(11)

(13)

(21)

(26)

(53)

Social investment expenditure

(2)

(4)

(3)

(6)

(5)

(14)

Exploration expenditure

(11)

(14)

(18)

(25)

(35)

(76)

Profit on sale of property, plant and
equipment

–

–

8

-	
15	
16	
Other (expenses)/income – net	
(14)	
-	
(5)	
(14)	
(5)	
(40)	
Operating (loss)/profit	
(12)	
(1)	
96	
(13)	
166	
(193)	
Profit from associates	
-	
-	
-	
1	
-	
-	
Impairment of investments	
-	
(1)	
-	
(1)	
(6)	
(10)	
Net gain on financial instruments	
4	
8	
11	
12	
20	
20	
Investment income	
5	
5	
4	
10	
8	
21	
Finance cost	
(6)	
(6)	
(9)	
(12)	
(15)	

(29)
(Loss)/profit before taxation
(9)
5
102
(3)
173
(191)
Taxation
(1)
(4)
(25)
(5)
(44)
(69)
Normal taxation
—
(5)
(13)
(5)
(27)
(31)
Deferred taxation
(1)
1
(12)
—
(17)
(38)
Net (loss)/profit from continuing operations
(10)
1
77
(8)
129
(260)
Discontinued operations
Profit from discontinued operations
—
—
9
—
20
36
Net (loss)/profit for the period
(10)
1
86
(8)
149

(224)

Attributable to:

Owners of the parent

(10)

1

86

(8)

149

(224)

(Loss)/earnings per ordinary share (cents)

(Loss)/earnings from continuing operations

(2)

–

18

(2)

29

(60)

Earnings from discontinued operations

–

–

2

–

5

8

Total (loss)/earnings

(2)

–

20

(2)

34

(52)

Diluted (loss)/earnings per ordinary share (cents)

(Loss)/earnings from continuing operations

(2)

–

18

(2)

29

(60)

Earnings from discontinued operations

–

–

2

–

5

8

Total diluted (loss)/earnings

(2)

–

20

(2)

34

(52)

** The comparative periods have been restated due to a change in accounting policy. Refer to note 2 of the Rand financial statements for details.*

The currency conversion average rates for the quarter ended: December 2013: US\$1 = R10.12 (September 2013: US\$1 = R9.96, December 2012:US\$1 = R8.67). For year ended: June 2013: US\$1 = R8.82. Six months ended: December 2013: US\$1 = R10.04 (December 2012: US\$1 = R8.46).

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Note on convenience translations

Except where specific statements have been extracted from 2013 Annual Financial Statements, the requirements of IAS 21, The Effects of the Changes in Foreign Exchange Rates, have not necessarily been applied in the translation of the US Dollar financial statements presented on pages 26 to 30.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(US\$) (Unaudited)

(Convenience translation)

Quarter ended

Six months ended

Year ended

31 December

30 September

31 December

31 December

31 December

30 June

2013

2013

2012

2013

2012

2013

Figures in million

(Restated)*

(Restated)*

(Restated)*

Net (loss)/profit for the period

(10)

1

86

(8)

149

(224)

Other comprehensive income/(loss) for the period, net of income tax

38

(70)

23

(31)

26

83

Foreign exchange translation

37

(70)

20

(32)

23

84

Movements on investments

1

–
 3
 1
 3
 (1)
**Total comprehensive income/(loss)
 for the period**
28
(69)
109
(39)
175
(141)

Attributable to:

Owners of the parent
 28
 (69)
 109
 (39)
 175
 (141)

** The comparative periods have been restated due to a change in accounting policy. Refer to note 2 of the Rand financial statements for details.*

The currency conversion average rates for the quarter ended: December 2013: US\$1 = R10.12 (September 2013: US\$1 = R9.96,

December 2012: US\$1 = R8.67). For year ended: June 2013: US\$1 = R8.82. Six months ended: December 2013: US\$1 = R10.04 (December 2012: US\$1 = R8.46).

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(US\$) (Unaudited)

for the six months ended 31 December 2013 (Convenience translation)

Figures in million

Share capital

Other

reserves

Retained

earnings

Total

Balance – 30 June 2013 as previously reported

2 708

331

50

3 089

Restatement for IFRIC 20

–

(2)

(7)

(9)

Restated balance – 30 June 2013

2 708

329

43

3 080
Share-based payments
–
14
–
14
Net loss for the period
–
–
(7)
(7)
Other comprehensive loss for the period
–
(30)
–
(30)
Balance – 31 December 2013
2 708
313
36
3 057
Balance – 30 June 2012 as previously reported
3 333
287
389
4 009
Restatement for IFRIC 20
–
(2)
(11)
(13)
Restated balance – 30 June 2012
3 333
285
378
3 996
Share-based payments
–
15
–
15
Net profit for the period
–
–
147.
147
Other comprehensive income for the period
–
27
–
27

Dividends paid

—

—

(26)

(26)

Balance – 31 December 2012

3 333

327

499

4 159

The currency conversion closing rates for the six months ended 31 December 2013: US\$1 = R10.46 (December 2012: US\$1 = R8.50)

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**Results for the second quarter FY14
and six months ended 31 December 2013**

CONDENSED CONSOLIDATED BALANCE SHEETS

(US\$) (Unaudited)

(Convenience translation)

At

At

At

At

31 December

30 September

30 June

31 December

2013

2013

2013

2012

Figures in million

(Restated)*

(Restated)*

ASSETS

Non-current assets

Property, plant and equipment

3 123

3 205

3 279

3 991

Intangible assets

210

218

220

258

Restricted cash

4

4

4

4

Restricted investments

209

213

206

238

Deferred tax assets

9

9

10

65

Investments in associates

11

11

11
–
Investments in financial assets
–
4
5
19
Inventories
6
6
6
7
Trade and other receivables
–
–
–
2
Total non-current assets
3 572
3 670
3 741
4 584
Current assets
Inventories
136
147
142
126
Trade and other receivables
110
123
116
152
Income and mining taxes
10
10
13
–
Restricted cash
1
–
–
–
Cash and cash equivalents
222
228
209
295
479
508
480

573
 Assets of disposal groups classified as held for sale

4

—

—

215

Total current assets

483

508

480

788

Total assets

4 055

4 178

4 221

5 372

EQUITY AND LIABILITIES

Share capital and reserves

Share capital

2 708

2 820

2 837

3 333

Other reserves

313

278

347

327

Retained earnings

36

46

45

499

Total equity

3 057

3 144

3 229

4 159

Non-current liabilities

Deferred tax liabilities

287

298

303

385

Provision for environmental rehabilitation

193

198

200

225

Retirement benefit obligation

19

20	
19	
22	
Other provisions	
7	
6	
5	
5	
Borrowings	
313	
285	
226	
244	
Total non-current liabilities	
819	
807	
753	
881	
Current liabilities	
Borrowings	
–	
29	
28	
35	
Income and mining taxes	
–	
2	
–	
2	
Trade and other payables	
179	
196	
211	
241	
179	
227	
239	
278	
Liabilities of disposal groups classified as held for sale	
–	
–	
–	
54	
Total current liabilities	
179	
227	
239	
332	
Total equity and liabilities	
4 055	
4 178	

4 221

5 372

** The comparative periods have been restated due to a change in accounting policy. Refer to note 2 of the Rand financial statements for details.*

The balance sheet for December 2013 converted at a conversion rate of US\$1 = R10.46 (September 2013: US\$1 = R10.05, June 2013:

US\$1 = R9.98) December 2012: US\$1 = R8.50.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

(US\$) (Unaudited)

(Convenience translation)

Quarter ended

Six months ended

Year ended

31 December

30 September

31 December

31 December

31 December

30 June

Figures in million

2013

2013

2012

2013

2012

2013

Cash flow from operating activities

Cash generated by operations

69

24

161

93

323

359

Interest and dividends received

3

3

4

6

7

16

Interest paid

(2)

(3)

(4)

(5)

(8)

(14)

Income and mining taxes paid

(3)

—

(25)

(3)

(13)

(33)

Cash generated by operating activities

67

	24
	136
	91
	309
	328
Cash flow from investing activities	
Cash transferred to disposal group	
	–
	–
	(10)
	–
	(30)
	–
Proceeds on disposal of investment in subsidiary	
	–
	–
	–
	–
	–
	139
Purchase of investments	
	–
	–
	–
	–
	(9)
Other investing activities	
	–
	(1)
	(5)
	(1)
	(5)
	(1)
Net additions to property, plant and equipment	
	1
	(62)
	(62)
	(114)
	(124)
	(222)
	(414)
Cash utilised by investing activities	
	(62)
	(63)
	(129)
	(125)
	(257)
	(285)

Cash flow from financing activities

Borrowings raised

–

61

40

61

80

80

Borrowings repaid

–

–

(19)

(1)

(20)

(35)

Dividends paid

–

–

–

–

(26)

(50)

Cash generated/(utilised) by financing activities

–

61

21

60

34

(5)

Foreign currency translation adjustments

(11)

(3)

(8)

(13)

(7)

(45)

Net increase in cash and cash equivalents

(6)

19

20

13

79

(7)

Cash and cash equivalents – beginning of period

228

209

275

209

216

216

Cash and cash equivalents – end of period

222

228

295

222

295

209

1

Includes capital expenditure for Wafi-Golpu and other International projects of US\$0 in the December 2013 quarter (September 2013: US\$0) December 2012: US\$1 million) and US\$61 million in the year ended 30 June 2013.

The currency conversion average rates for the quarter ended: December 2013: US\$1 = R10.12 (September 2013: US\$1 = R9.96, December 2012: US\$1 = R8.67). For year ended: June 2013: US\$1 = R8.82. Six months ended: December 2013: US\$1 = R10.04 (December 2012: US\$1 = R8.46).

Closing balance translated to closing rates of: December 2013: US\$1 = R10.46 (September 2013: US\$1 = R10.05, June 2013:

US\$1 = R9.98, December 2012: US\$ = R8.50).

The cash flow statement for the year ended 30 June 2013 has been extracted from the 2013 Annual Report

30

s

Segment report

(US\$/Imperial) (Unaudited)

for the six months ended 31 December 2013

Revenue

Production cost

*

Production

profit

*

Mining assets

Capital

expenditure

Ounces

produced

Tons milled

31 December

31 December

31 December

31 December

31 December

31 December

31 December

2013

2012

2013

2012

2013

2012

2013

2012

2013

2012

2013

2012

2013

2012

US\$ million

US\$ million

US\$ million

US\$ million

US\$ million

oz

t'000

Continuing operations

South Africa

Underground

Kusasaletu

96

115

86
99
10
16
335
392
25
26
77 548
64 398
696
514
Doornkop
70
105
58
64
12
41
323
392
12
18
52 630
60 282
522
570
Phakisa
62
75
54
58
8
17
433
540
19
19
46 972
43 950
323
298
Tshepong
86
127
70
89
16
38
381
410

15
18
64 655
74 268
516
625
Masimong
61
109
51
61
10
48
98
117
8
10
46 361
63 594
386
526
Target 1
100
116
52
55
48
61
257
318
13
23
74 654
69 349
424
392
Bambanani
69
50
35
36
34
14
84
118
6
8
51 859
29 289
142
107

Joel

58

97

35

41

23

56

34

31

8

9

44 079

56 264

339

354

Unisel

42

54

31

35

11

19

33

78

4

4

31 765

30 929

237

257

Target 3

31

43

29

31

2

12

49

47

7

8

23 856

25 656

173

186

Surface

All other surface operations

65

87

50

58

15
29
45
43
2
24
51 570
52 886
5 935
5 294
Total South Africa
740
978
551
627
189
351
2 072
2 486
119
167
565 949
570 865
9 693
9 123
International
Hidden Valley
65
73
53
62
12
11
341
689
7
28
49 737
42 793
1 113
1 044
Total international
65
73
53
62
12
11
341
689
7

28
49 737
42 793
1 113
1 044
Total continuing operations
805
1 051
604
689
201
362
2 413
3 175
126
195
615 686
613 658
10 806
10 167
Discontinued operations
Evander
—
75
—
45
—
30
—
145
—
13
—
47 583
—
330
Total discontinued operations
—
75
—
45
—
30
—
145
—
13
—
47 583

—
330
Total operations
805
1 126
604
734
201
392
2 413
3 320
126
208
615 686
661 241
10 806
10 497

** The comparative periods have been restated following the adoption of IFRIC 20. Refer to note 2 for details.*

31

DEVELOPMENT RESULTS

(Metric)

Quarter ending December 2013

Channel

Reef

Meters

Sampled

Meters

Width

(Cm's)

Value

(g/t)

Gold

(Cmg/t)

Tshepong

Basal

418

407

8.81

189.19

1 667

B Reef

249

213

85.90

9.75

838

All Reefs

667

620

35.26

39.22

1 383

Phakisa

Basal

256

263

102.57

11.65

1 195

Leader

3

6

47.00

1.43

67

All Reefs

259

269

101.33

11.54

1 169

Total Bambanani

(Incl. Bambanani, Steyn 2)

Basal

16

16

58.71

11.68

685

All Reefs

16

16

58.71

11.68

685

Bambanani

Basal

16

16

58.71

11.68

685

All Reefs

16

16

58.71

11.68

685

Doornkop

South Reef

365

350

51.72

13.80

714

All Reefs

365

350

51.72

13.80

714

Kusasaletu

VCR Reef

558

497

107.66

10.75

1 157

All Reefs

558

497
107.66
10.75
1 157
Target
Elsburg
209
108
189.29
8.03
1 521
Basal
87
62
10.24
229.46
2 350
A Reef
83
41
141.95
7.38
1 047
B Reef
229
128
84.09
23.32
1 961
All Reefs
608
339
111.09
16.03
1 781
Target 1
Elsburg
132
64
251.70
7.14
1 797
All Reefs
132
64
251.70
7.14
1 797
Target 3
Elsburg
77

44
98.50
11.35
1 118
Basal
87
62
10.24
229.46
2 350
A Reef
83
41
141.95
7.38
1 047
B Reef
229
128
84.09
23.32
1 961
All Reefs
477
275
78.37
22.68
1 778
Masimong 5
Basal
386
348
48.63
15.87
772
B Reef
115
134
75.04
14.21
1 067
All Reefs
500
482
55.98
15.25
854
Unisel
Basal
322.8
258

192.95
9.25
1 784
Leader
463.7
399
200.22
6.19
1 239
Middle
47.0
32
214.75
13.27
2 849
All Reefs
833
689
198.17
7.66
1 518
Joel
Beatrix
260
258
157.88
8.50
1 342
All Reefs
260
258
157.88
8.50
1 342
Total Harmony
Basal
1 485
1 354
73.00
19.00
1 387
Beatrix
260
258
157.88
8.50
1 342
Leader
466
405
197.95

6.17
1 222
B Reef
593
475
82.34
14.64
1 205
A Reef
83.4
41
141.95
7.38
1 047
Middle
47.0
32
214.75
13.27
2 849
Elsburg
208.7
108
189.29
8.03
1 521
South Reef
365
350.25
51.72
13.80
714
VCR
558
497
107.66
10.75
1 157
All Reefs
4 067
3 520
103.30
12.14
1 254
DEVELOPMENT RESULTS
(Imperial)
Quarter ending December 2013
Channel
Reef
(feet)
Sampled

(feet)

Width

(inch)

Value

(oz/t)

Gold

(In.oz/t)

Tshepong

Basal

1 371

1 335

3

6.38

19

B Reef

818

697

34

0.28

10

All Reefs

2 189

2 032

14

1.13

16

Phakisa

Basal

840

863

40

0.34

14

Leader

8

20

19

0.04

1

All Reefs

848

883

40

0.34

13

Total Bambanani

(Incl. Bambanani, Steyn 2)

Basal

52

52

23

0.34
8
All Reefs
52
52
23
0.34
8
Bambanani
Basal
52
52
23
0.34
8
All Reefs
52
52
23
0.34
8
Doornkop
South Reef
1 198
1 149
20
0.41
8
All Reefs
1 198
1 149
20
0.41
8
Kusasaletu
VCR Reef
1 831
1 631
42
0.32
13
All Reefs
1 831
1 631
42
0.32
13
Target
Elsburg
685
354

75
0.23
17
Basal
285
203
4
6.75
27
A Reef
273
135
56
0.21
12
B Reef
753
420
33
0.68
23
All Reefs
1 996
1 112
44
0.47
20
Target 1
Elsburg
432
210
99
0.21
21
All Reefs
432
210
99
0.21
21
Target 3
Elsburg
253
144
39
0.33
13
Basal
285
203
4

6.75
27
A Reef
273
135
56
0.21
12
B Reef
753
420
33
0.68
23
All Reefs
1 564
902
31
0.66
20
Masimong 5
Basal
1 265
1 142
19
0.47
9
B Reef
376
440
30
0.41
12
All Reefs
1 641
1 582
22
0.45
10
Unisel
Basal
1 059
846
76
0.27
20
Leader
1 521
1 309
79
0.18

14
Middle
154
105
85
0.38
33
All Reefs
2 734
2 261
78
0.22
17
Joel
Beatrix
853
846
62
0.25
15
All Reefs
853
846
62
0.25
15
Total Harmony
Basal
4 871
4 441
29.00
0.55
15.93
Beatrix
853
846
62.00
0.25
15.41
Leader
1 530
1 329
78.00
0.18
14.03
B Reef
1 947
1 558
32.00
0.43
13.84

A Reef

273

135

56.00

0.21

12.02

Middle

154

105

85.00

0.38

32.72

Elsburg

685

354

75.00

0.23

17.46

South Reef

1 198

1 149

20.00

0.41

8.19

VCR

1 831

1 631

42.00

0.32

13.29

All Reefs

13 342

11 548

41.00

0.35

14

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SIGNATURES

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

Dated: 03 February 2014

,

Harmony Gold Mining Company Limited

By: /s/ Frank Abbot

Name: Frank Abbot

Title: Financial Director