HARMONY GOLD MINING CO LTD
Form 6-K
May 13, 2005

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO

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

EXCHANGE ACT OF 1934

For the Month of May 2005

Commission File Number: 001-31545

Harmony Gold Mining Company Limited

(Translation of registrant s name into English)

Suite No. 1

Private Bag X1

Melrose Arch, 2076

South Africa

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of

Form 20-F or Form 40-F.)

Form 20-F x 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 x

This Report on Form 6-K shall be deemed to be incorporated by reference into Harmony s Registration Statement on Form F-4 (Registration No. 333-120975), as declared effective on February 28, 2005 by the U.S. Securities and Exchange Commission, and the related prospectus, dated February 25, 2005, filed pursuant to Rule 424(b) under the United States Securities Act of 1933, as amended, and shall be part thereof from the date on which this Report is filed, to the extent not superseded by documents or reports subsequently filed or furnished.

Harmony Gold Mining Company Limited

(Incorporated in the Republic of South Africa)

(Registration number 1950/038232/06)

Share code: HAR ISIN: ZAE000015228

(Harmony)

Harmony Gold Mining Company Limited

Consolidated Income Statements

	Eight months ended February 28, 2005 $ 000 Unaudited	Eight months ended February 29, 2004 $ 000 Unaudited
REVENUES		
Product sales	849,783	753,413
Interest received	12,943	17,093
Dividends received	1	
Other income/(expenses) net	1,488	4,460
	864,215	774,966
COSTS AND EXPENSES		
Production costs	813,276	694,235
Deferred stripping costs	15,407	(1,501)
Depreciation and amortization	56,567	57,709
Impairment of assets	259,830	2,975
Employment termination and restructuring costs	45,936	4,197
Corporate expenditure	9,445	6,360
Exploration expenditure	8,444	11,056
Marketing and new business expenditure	7,600	4,974
Loss on financial instruments	3,232	2,123
Loss/(profit) on sale of listed investments	10,069	(3,080)
Other-than-temporary impairment of listed investments	55,429	
Profit on sale of investment in associate		(75,985)
Loss on dilution of investment in associate	3,426	
Share-based compensation	10,288	4,548
Equity income of joint venture		(7,754)
Equity loss of associated companies		6,147
Impairment of investment in associate		86
Interest paid	37,949	35,324
Provision for rehabilitation costs	7,422	327

	1,344,320	741,741
(LOSS)/INCOME BEFORE TAX AND MINORITY INTERESTS	(480,105)	33,225
INCOME AND MINING TAX BENEFIT	67,054	5,613
(LOSS)/INCOME BEFORE MINORITY INTERESTS	(413,051)	38,838
MINORITY INTERESTS		(3,148)
NET (LOSS)/INCOME	(413,051)	35,690
BASIC (LOSS)/EARNINGS PER SHARE ($)	(1.19)	0.15
FULLY DILUTED (LOSS)/EARNINGS PER SHARE ($)	(1.19)	0.15
WEIGHTED AVERAGE NUMBER OF SHARES USED IN THE COMPUTATION OF BASIC EARNINGS PER SHARE	347,204,162	237,876,017
WEIGHTED AVERAGE NUMBER OF SHARES USED IN THE COMPUTATION OF FULLY DILUTED EARNINGS PER SHARE	347,204,162	240,691,236
DIVIDEND PER SHARE ($)	0.05	0.20

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

Harmony Gold Mining Company Limited

Consolidated Statements of Comprehensive Income

	Eight months ended February 28, 2005 $ 000 Unaudited	Eight months ended February 29, 2004 $ 000 Unaudited
Net (loss)/income	(413,051)	35,690
Other comprehensive income		
Mark-to-market of listed and other investments - unrealized	(128,116)	
Mark-to-market of listed and other investments - realized	10,355	(3,159)
Other-than-temporary impairment of listed investments	58,568	
Mark-to-market of environmental trust funds	402	
Foreign currency translation adjustment	239,691	229,509
Other comprehensive income	180,900	226,350
Comprehensive (loss)/income	(232,151)	262,040

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

Harmony Gold Mining Company Limited

Consolidated Balance Sheets

	At February 28, 2005 $ 000 Unaudited	At June 30, 2004 $ 000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	56,512	217,022
Receivables	57,400	138,118
Inventories	130,645	84,659
Materials contained in heap leach pads	638	593
Income and mining taxes	3,988	
Deferred income and mining taxes	109,095	71,132
Total current assets	358,278	511,524
PROPERTY, PLANT AND EQUIPMENT	3,739,768	3,636,773
OTHER ASSETS	17,599	31,838
GOODWILL	34,981	32,480
RESTRICTED CASH	3,277	9,922
INVESTMENTS	1,120,594	419,378
INVESTMENTS IN ASSOCIATES		19,908
TOTAL ASSETS	5,274,497	4,661,823
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	327,003	382,858
Bank overdraft	96,502	
Income and mining taxes		9,565
Dividends payable	1,633	1,341
Total current liabilities	425,138	393,764
LONG-TERM LOANS	539,930	509,195
DEFERRED INCOME AND MINING TAXES	568,357	558,812
DEFERRED FINANCIAL LIABILITY	86,493	91,513
PROVISION FOR ENVIRONMENTAL REHABILITATION	144,277	125,917
PROVISION FOR SOCIAL PLAN	2,323	1,958
PROVISION FOR POST RETIREMENT BENEFITS	1,704	1,584
COMMITMENTS AND CONTINGENCIES (NOTE 21)		
SHAREHOLDERS EQUITY		
Share capital - 1,200,000,000 (June 2004: 350,000,000) authorized ordinary shares of 50 South African cents each. Shares issued 393,914,394 (June 2004: 321,424,077)	31,440	25,204
Additional paid-in capital	3,411,794	2,624,721
(Accumulated loss)/retained earnings	(319,475)	108,029
Deferred share-based compensation	(23,134)	(3,624)
Accumulated other comprehensive income	405,650	224,750

Total shareholders equity	3,506,275	2,979,080
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	5,274,497	4,661,823

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

Harmony Gold Mining Company Limited

Consolidated Statements of Changes in Shareholders Equity

For the eight months ended February 28, 2005

	Number of ordinary shares issued	Share capital $ 000 Unaudited	Additional paid-in capital $ 000 Unaudited	(Accumulated loss)/retained earnings $ 000 Unaudited	Accumulated other comprehensive income $ 000 Unaudited	Deferred share-based compensation $ 000 Unaudited	Total $ 000 Unaudited
BALANCE - JUNE 30, 2004	321,424,077	25,204	2,624,721	108,029	224,750	(3,624)	2,979,080
Net loss				(413,051)			(413,051)
Dividends declared				(14,453)			(14,453)
Issue of shares							
- Acquisition of 11.5% interest in Gold Fields Limited	72,173,265	6,210	760,980				767,190
Exercise of employee share options	317,052	26	2,388				2,414
Share issue expenses			(6,420)				(6,420)
Consolidation of share trusts			327				327
Deferred share-based compensation			29,798			(29,798)	
Amortization of deferred share-based compensation						10,288	10,288
Mark-to-market of listed and other investments - unrealized					(128,116)		(128,116)
Mark-to-market of listed and other investments - realized					10,355		10,355
Impairment of total investments					58,568		58,568
Mark-to-market of environmental trust funds					402		402
Foreign exchange translation adjustment					239,691		239,691
BALANCE - FEBRUARY 28, 2005	393,914,394	31,440	3,411,794	(319,475)	405,650	(23,134)	3,506,275

The following is a reconciliation of the components of accumulated other comprehensive income for the eight months ended February 28, 2005:

	Mark-to-market of cash flow hedging instruments	Mark-to-market of listed and other	Foreign currency translation	Accumulated other comprehensive income $ 000

	$ 000 Unaudited	investments $ 000 Unaudited	adjustment $ 000 Unaudited	Unaudited
BALANCE - JUNE 30, 2004	54	(59,283)	283,979	224,750
Mark-to-market of listed and other investments - unrealized		(128,116)		(128,116)
Mark-to-market of listed and other investments - realized		10,355		10,355
Impairment of listed investments		58,568		58,568
Mark-to-market of environmental trust funds		402		402
Foreign currency translation adjustment	(54)		239,745	239,691
BALANCE - FEBRUARY 28, 2005		(118,074)	523,724	405,650

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

Harmony Gold Mining Company Limited

Consolidated Statements of Cash Flows

	Eight months ended February 28, 2005 $ 000 Unaudited	Eight months ended February 29, 2004 $ 000 Unaudited
CASH FLOW FROM OPERATIONS		
Sources of cash		
Cash received from customers	849,783	753,413
Interest and dividends received	12,944	17,094
Cash provided by operating activities	862,727	770,507
Uses of cash		
Cash paid to suppliers and employees	961,966	711,396
Interest paid	28,338	28,390
Income and mining taxes paid	8,996	80,964
Cash used in operating activities	999,300	820,750
NET CASH UTILIZED BY OPERATIONS	(136,573)	(50,243)
CASH FLOW FROM INVESTING ACTIVITIES		
Net decrease in amounts invested in environmental trusts	133	286
Restricted cash	7,004	
Cash held by subsidiaries on acquisition		100,689
Cash received for Highland Gold		119,724
Cash received for High River		22,515
Other direct costs of acquisition of Avgold		(205)
Other direct costs of acquisition of ARMgold		(195)
Other direct costs of acquisition of Gold Fields	(14,324)	
Cash received for ARM	16,331	
(Increase)/decrease in other non-current investments	(6,972)	122
Proceeds on disposal of mining assets	13,901	3,892
Additions to property, plant and equipment	(93,791)	(67,732)
NET CASH (UTILIZED)/GENERATED BY INVESTING ACTIVITIES	(77,718)	179,096
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term borrowings repaid net	(12,974)	(28,306)
Ordinary shares issued - net of expenses	(4,097)	10,372
Dividends paid	(14,273)	(38,673)
Bank overdraft	96,502	
NET CASH GENERATED/(UTILIZED) BY FINANCING ACTIVITIES	65,158	(56,607)

EFFECTS OF EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	(11,377)	86,088
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(160,510)	158,334
CASH AND CASH EQUIVALENTS - at the beginning of the period	217,022	189,040
CASH AND CASH EQUIVALENTS - at the end of the period	56,512	347,374

The principal non-cash transactions are the issue of shares as consideration for business acquisitions and acquisition of marketable equity securities, and the mark-to-market of listed and other investments. See notes 3 and 15.

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

Harmony Gold Mining Company Limited

Notes to the Consolidated Financial Statements

(Unaudited)

1 NATURE OF OPERATIONS

Harmony Gold Mining Company Limited (Harmony , the Company or the Group) is engaged in gold mining and related activities, including exploration, extraction, processing and refining. Gold bullion, the Company's principal product, is currently produced at its operations in South Africa and Australia.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The following interim consolidated financial statements are unaudited and prepared in accordance with the rules and regulations of the Securities and Exchange Commission for interim financial reporting. Such rules and regulations allow the omission of certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles as long as the statements are not misleading. In the opinion of management, all adjustments necessary for a fair presentation of these interim statements have been included. These adjustments are of a normal recurring nature. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company s Annual Report on Form 20-F/A for the year ended June 30, 2004, originally filed on October 5, 2004, and the amendment subsequently filed on October 25, 2004 (Harmony's Annual Report on Form 20-F/A for the year ended June 30, 2004).

The Company s consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of the Company s consolidated financial statements requires the Company s management to make estimates and assumptions about current and future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Future events and their effects cannot be determined with absolute certainty. Therefore, the determination of estimates requires the exercise of judgment based on various assumptions and other factors such as historical experience, current and expected economic conditions, and in some cases actuarial techniques. Actual results ultimately may differ from those estimates.

The more significant areas requiring the use of management estimates and assumptions relate to mineral reserves that are the basis for future cash flow estimates and units-of-production depreciation, depletion and amortization calculations; environmental, reclamation and closure obligations; estimates of recoverable gold and other materials in heap leach pads; asset impairments (including impairments of goodwill, long-lived assets, and investments); write-downs of inventory to net realizable value; post employment, post retirement and other employee benefit liabilities; valuation allowances for deferred tax assets; reserves for contingencies and litigation; and the fair value and accounting treatment of financial instruments.

3 ACQUISITION AND DISPOSAL OF BUSINESSES AND INVESTMENTS

(a) Disposal of Highland Gold Limited (Highland Gold)

Harmony exercised significant influence over the financial and operating policies of Highland Gold and accounted for the investment under the equity method. On October 14, 2003, Harmony disposed of its 31.7% investment in Highland Gold for $119.7 million, resulting in a profit on sale of associate of $77.6 million.

(b) Disposal of High River Gold Mines Limited (High River)

The Company classified its 16% investment in High River as available-for-sale. On October 17, 2003, the Company disposed of its entire investment in High River for cash proceeds of $22.5 million, resulting in a realized profit of $3.1 million.

Harmony Gold Mining Company Limited

Notes to the Consolidated Financial Statements

(Unaudited)

(c) Acquisition of Abelle Limited (Abelle)

On March 15, 2004, the Company announced that it had made an off-market cash offer to acquire all the ordinary shares and, listed and unlisted options in Abelle that it did not already own. The Harmony offer, valued at approximately $85.2 million, or A$125 million, consisted of the following: (1) A$2.00 per Abelle share; (2) A$1.70 for each of the listed options in Abelle; and (3) a price equal to the difference between the cash price offered to Abelle shareholders and the exercise price for each of the unlisted options.

The offers were made by Harmony s wholly-owned subsidiary, Harmony Gold Australia (Proprietary) Limited. All the conditions precedent and regulatory requirements were met and Harmony proceeded with the compulsory acquisition of the outstanding shares. As of June 30, 2004, Abelle was a 100% owned subsidiary of Harmony.

The aggregate purchase consideration relating to the Company s acquisition of the remaining minority interest in 2004 were allocated as follows:

	2004
	$ 000
Total purchase price	85,168
Plus: Fair value of liabilities assumed by Harmony	
Deferred tax	24,034
Less: Fair value of assets acquired by Harmony	
Property, plant and equipment	(80,115)
Minority interest	(29,087)
Residual purchase price allocated to goodwill	

(d) Acquisition and disposal of African Rainbow Minerals Limited (ARM) (formerly Anglovaal Mining Limited) (Avmin)

During the year ended June 30, 2003 the Company acquired a 17.25% interest in ARM through its 50% interest in a joint venture with ARMgold Limited, Clidet 454 (Proprietary) Limited (Clidet). ARM is listed on the Johannesburg Stock Exchange and has interests in operating gold, manganese, iron, chrome, platinum, and nickel mines in South Africa, as well as cobalt and copper mines in Zambia.

The Company equity accounted its investment in Clidet through September 22, 2003. With the acquisition of ARMgold on September 22, 2003, the Company obtained control over the entire shareholding of Clidet, and have treated it as a subsidiary from that date (see note 3(f) below). Accordingly, the Company equity accounted its investment in ARM, directly, from September 22, 2003.

The Company continued to equity account its investment in ARM through May 3, 2004, the date on which the Company acquired ARM s 42.2% interest in Avgold. Following the acquisition of Avgold, Harmony has classified the investment in ARM as available-for-sale. See note 3(e) below.

On February 10, 2005 the Company disposed of 3.7 million shares in ARM for $16.3 million, resulting in a realised loss of $10.1 million. The Company further disposed of another 32.2 million shares after February 28, 2005. See subsequent event note 23.

(e) Acquisition of Avgold Limited (Avgold)

On July 15, 2003, the Company announced that it had acquired a 11.5% interest in Avgold from Anglo South Africa Capital (Proprietary) Limited for a total consideration of $84.4 million by the issuance of 6,960,964 new Harmony shares. Avgold was listed on the JSE Securities Exchange South Africa and has interests in an operating gold mine, as well as development projects in the Free State province of South Africa. For accounting purposes, the Company equity accounted Avgold since that date, as it exercised significant influence over the financial and operating policies of Avgold.

Harmony Gold Mining Company Limited

Notes to the Consolidated Financial Statements

(Unaudited)

On November 13, 2003, the Company announced that it had reached in principle an agreement regarding the acquisition of ARM s 42.2% interest in Avgold for a total consideration of $414.0 million. The transaction was completed on May 3, 2004, by the issuance of 28,630,526 new Harmony shares. Following the acquisition of ARM s 42.2% interest, the Company held 53.7% of the outstanding share capital of Avgold and accounted for Avgold as a subsidiary from that date.

On November 13, 2003, Harmony also announced that it would extend a mandatory offer to purchase the outstanding shares held by the minority shareholders in Avgold in terms of JSE Securities Exchange South Africa Regulations. Accordingly, Harmony proceeded to extend a mandatory offer of 1 Harmony share for every 10 Avgold shares to the remaining Avgold shareholders in a scheme meeting held on May 3, 2004. The High Court of South Africa approved the scheme of arrangement on May 11, 2004, and the scheme of arrangement was completed by the issuance of 33,574,367 new Harmony shares for a total value of $485.5 million. This resulted in Harmony owning 100% of the issued share capital of Avgold.

The total purchase consideration for the acquisition of ARM's 42.2% interest, as well as the mandatory acquisition of minorities, were both measured on November 13, 2003, the date on which both these acquisitions were announced and agreed-upon, and allocated as follows:

	2004
	$ 000
Shares issued	977,515
Direct costs of acquisition	256
Total purchase price	977,772
Plus: Fair value of liabilities assumed by Harmony	
Accounts payable and accrued liabilities	13,536
Income and mining taxes	7,003
Deferred financial liability	35,777
Provision for environmental rehabilitation	1,299
Minority interest	2,621
Less: Fair value of assets acquired by Harmony	
Cash and cash equivalents at acquisition	(183)
Inventories	(6,036)
Accounts receivable	(5,510)
Investments	(5,793)
Property, plant and equipment	(1,020,486)
Residual purchase price allocated to goodwill	

Harmony s acquisition of Avgold from ARM, as well as the mandatory acquisition of minority shareholders, as described above, were components of a series of transactions entered into between Harmony, ARM and African Rainbow Minerals Investment (Proprietary) Limited (ARMI). The transactions were all indivisible and no component part thereof allowed to proceed or implemented except in conjunction with all the other component parts.

The transactions contemplated involved, amongst others, a series of acquisitions by ARM in exchange for newly-issued shares. This resulted in a dilution of Harmony s interest in ARM from 34.5% to 19.0%, and accordingly, Harmony recorded a loss on dilution of investment in associate of $12.5 million on May 3, 2004.

In addition, Harmony also entered into a voting pool agreement with ARMI in respect of Harmony's remaining interest in ARM. In terms of the voting pool agreement, ARMI has the power and authority to exercise all of the voting rights attaching to Harmony s ARM shares and to appoint itself as proxy in respect thereof at general and other meetings of ARM. The voting pool agreement is effective until the earlier of: (1) the expiry of a three year period; or (2) the date when all of the old order rights (as defined in the Mineral and Petroleum Resources Development Act, 2002) held by Harmony are converted into appropriate new order rights as defined in the Mineral and Petroleum Resources Development Act, 2002.

Harmony Gold Mining Company Limited

Notes to the Consolidated Financial Statements

(Unaudited)

Because of the decrease in Harmony's investment in ARM below 20%, as well as the voting pool agreement above, Harmony has ceased equity-accounting for its investment in ARM on May 3, 2004. The investment has now been classified as available-for-sale marketable equity securities.

(f) Acquisition of African Rainbow Minerals Gold Limited (ARMgold)

On May 2, 2003, Harmony and ARMgold announced details on a proposed merger of their operations. The transaction was effected by the issuance of two Harmony shares for every three ARMgold shares held, resulting in the issuance of 63,666,672 new Harmony shares. The ratio was calculated with reference to the 30-day volume weighted average traded price of Harmony and ARMgold shares prior to the final negotiation of the terms of the merger. In addition, ARMgold paid a special dividend of R6.00 per ARMgold share prior to the implementation of the merger. The transaction was treated as a purchase of ARMgold by the Company for accounting purposes and was completed on September 22, 2003 following the final court approval of the scheme of arrangements.

The total purchase consideration of $697.0 million, measured at the market price of the 63,666,672 new Harmony shares on the date the merger was announced and agreed upon, was allocated as follows:

	2004 $ 000
Shares issued	696,775
Direct costs of acquisition	195
Total purchase price	696,970
Plus: Fair value of liabilities assumed by Harmony	
Accounts payable and accrued liabilities	57,837
Income and mining taxes	50,517
Long-term loans	66,092
Deferred tax	206,951
Provision for environmental rehabilitation	30,236
Provision for post retirement benefits	154
Less: Fair value of assets acquired by Harmony	
Cash and cash equivalents at acquisition	(100,689)
Inventories	(4,106)
Accounts receivable	(31,266)
Investments	(171,588)
Property, plant and equipment	(754,795)
Residual purchase price allocated to goodwill	46,313

(g) Disposal of interest in Bendigo Mining NL (Bendigo)

Bendigo is a single project Australian gold mining development company whose ordinary shares are listed on the Australian Stock Exchange. Bendigo controls the new Bendigo Gold Project in the historical Bendigo goldfields, which includes all of the mining and exploration rights beneath and in the vicinity of the city of Bendigo in Victoria.

Harmony Gold Mining Company Limited

Notes to the Consolidated Financial Statements

(Unaudited)

On July 7, 2004 Bendigo announced that it had raised A$100 million in a capital raising exercise, by the issuing of new Bendigo shares at A$0.72 per share. As a result, Harmony's shareholding in Bendigo has been diluted from 31.6% to 12.7%, and the Company recorded a loss on dilution of $3.4 million.

In addition, Harmony discontinued equity accounting its investment in Bendigo on July 7, 2004 and classified the remaining 12.7% investment as available-for-sale marketable equity securities. See note 15. Additionally, on April 1, 2005 Harmony sold its remaining interest in Bendigo. See note 23.

(h) Acquisition of Gold Fields Limited (Gold Fields)

On October 18, 2004, the Company announced the details for a proposed merger between the Company and Gold Fields. In terms of the proposed merger, the Company has offered to acquire 100% of the issued and outstanding Gold Fields securities, including Gold Fields ordinary shares represented by Gold Fields American depository shares (ADSs) and Gold Fields ordinary shares that are or may become issuable prior to the expiration of the subsequent offer period due to the exercise of outstanding Gold Fields stock options. Upon the terms and conditions of the offer, the Company is offering 1.275 Harmony ordinary shares in exchange for each outstanding Gold Fields ordinary share and 1.275 Harmony ADSs (each Harmony ADS representing one Harmony ordinary share) in exchange for each outstanding Gold Fields ADS. The Company s obligation to purchase the Gold Fields securities is subject to the fulfillment of certain conditions. See note 23.

The offering for Gold Fields shares was composed of two offer periods. The first settlement offer ended on November 26, 2004. During the period from November 30, 2004 to December 14, 2004, the Company issued 72,173,265 ordinary shares to Gold Fields shareholders who tendered their Gold Fields shares. This resulted in the Company acquiring approximately 11.5% of the outstanding Gold Fields ordinary shares. The Company has classified its 11.5% investment in Gold Fields as an available-for-sale investment, with changes in the fair value of the investment, excluded from earnings and included as a separate component of shareholders equity, to be transferred to (loss)/income on disposal of all or a portion of the investment. See note 15.

(i) Pro-forma information relating to Avgold, ARMgold and Abelle

The consolidated income statements reflect the operating results of Avgold and ARMgold since their respective effective acquisition dates.

The following unaudited pro-forma data reflect the consolidated results for the eight months ended February 29, 2004 as if the acquisitions of Avgold and ARMgold had taken place on July 1, 2003.

	2004
	$ 000

Revenues	921,235
Net loss	(3,435)
Basic loss per share $	(0.01)
Fully diluted loss per share $	(0.01)
Average shares used in the computation of basic loss	237,876,017
Average shares used in the computation of fully diluted loss	240,691,236

These pro-forma amounts have been prepared for comparative purposes only and they do not purport to be indicative of the results of operations which actually would have resulted had the business combinations been effected on July 1, 2003 or of future results of operations of the consolidated entities.

4 OTHER INCOME/(EXPENSES) NET

	Eight months ended February 28, 2005	**Eight months ended February 29, 2004**
	$ 000	**$ 000**
Profit on sale of property, plant and equipment	12,199	1,349
Foreign exchange gains	2,903	1,518
Other (expenditure)/income - net	(13,614)	1,593
	1,488	4,460

Harmony Gold Mining Company Limited

Notes to the Consolidated Financial Statements

(Unaudited)

5 PRODUCTION COSTS

	Eight months ended February 28, 2005 $ 000	Eight months ended February 29, 2004 $ 000
Production costs (cash operating costs) include mine production, transport and refinery costs, general and administrative costs, movement in inventories and ore stockpiles as well as transfers to and from deferred stripping. These costs, analyzed by nature, consist of the following:		
Labor costs, including contractors	545,093	460,133
Stores and materials	174,983	149,594
Water and electricity	95,994	75,910
Hospital costs	15,170	7,810
Changes in inventory	(31,370)	(26,977)
Other	13,406	27,765
	813,276	694,235

6 IMPAIRMENT OF ASSETS

	Eight months ended February 28, 2005 $ 000	Eight months ended February 29, 2004 $ 000
South African operations:		
Free State operations	53,350	
Evander operations	23,963	
Kalgold operations	12,441	
Freegold operations	54,285	
ARMgold operations	479	
Australian operations	115,312	2,975
	259,830	2,975

The South African operations recorded an impairment of $144.5 million at a number of its operations during the eight month period ended February 28, 2005. The adjustment to the expected amount of gold to be produced as well as revised working costs resulted in revised life of mine plans being designed for the South African operations. Utilizing the revised mine plans, a gold price of $430 per ounce and an exchange rate of $1=R6.50, the life of mine plans did not support the carrying value of the assets of some of the South African operations on an undiscounted cash flow basis. Accordingly, an asset impairment of $144.5 million was charged against income utilizing a discount rate of 8.2%, which reduced the carrying value of the South African operations assets to $3,267 million.

The Australian operations recorded an impairment of $115.3 million during the eight month period ended February 28, 2005. This impairment relates to a $37.6 million impairment loss on amounts previously capitalized as undeveloped properties for which no future financial benefits are expected by management. An impairment of $77.7 million was also recorded on mining assets mainly resulting from a review performed on life of mine estimated production costs. Utilizing the revised mine plans, a gold price of $430 per ounce and an exchange rate of AU$1=$0.76, the life of mine plans did not support the carrying value of the assets of some of the Australian operations on an undiscounted cash flow basis. Accordingly, an asset impairment of $77.7 million was charged against income utilizing a discount rate of 8%, which reduced the carrying value of the Australian operations assets to $473 million.

During the eight month period ended February 29, 2004 the Australian operations recorded an impairment of $3.0 million at its South Kalgoorlie operations, mainly as a result of the depletion of open pit reserves through mining activities. Despite continued exploration around the South Kalgoorlie area the mined reserves for open pits were not replaced, which negatively impacted on ore reserves declared at fiscal year end.

Harmony Gold Mining Company Limited

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7 EMPLOYMENT TERMINATION AND RESTRUCTURING COSTS

	Eight months ended February 28, 2005	Eight months ended February 29, 2004
	$ 000	$ 000
Free State	5,831	916
Evander	3,746	416
Kalgold	144	
Randfontein and Elandskraal	20,190	1,640
Freegold	8,870	1,113
ARMgold (Welkom and Orkney)	6,399	112
Avgold	756	
	45,936	4,197

On April 2, 2004 Harmony announced that the Company had commenced a restructuring process following the weakening of the gold price in Rand per kilogram terms. Some of the older shafts, which had come to the end of their economic lives, were jointly evaluated by the Company and organised labour, and a process to down-scale production at the shafts was initiated. The detailed plan was finalized and announced by June 30, 2004, and the Company recognized a provision of $26.4 million (comprising mainly of employment termination costs) to cover the estimated costs of the restructuring. Actual costs amounted to $57.9 million and the provision was fully utilized by September 30, 2004. Also included in employment termination and restructuring costs for the eight months ended February 28, 2005 are approximately $14.9 million of excess labour costs at certain of the Company s operations. These costs relate to employees who did not work and did not contribute to production and because their employment contracts could not be legally or contractually terminated by the Company. The Company is however, continuing to negotiate the ultimate termination of these employees.

During the eight month period ended February 29, 2004, the continued process of restructuring for profitability at the Free State, Randfontein, Elandskraal, Evander, Freegold, Welkom and Orkney operations has resulted in excess labour, which could not be accommodated on other shafts, even with the implementation of continuous operations. The costs of terminating the services of these employees were expensed as incurred.

8 TAXATION

The Company s income tax benefit/(expense) comprise of:

	Eight months ended February 28, 2005	Eight months ended February 29, 2004

	$ 000	$ 000
Current income and mining taxes	6,418	(23,378)
Deferred income and mining taxes	60,636	28,991
Total income and mining taxation benefit	67,054	5,613

The Company s pre-tax (loss)/income before minority interests comprise of:

	Eight months ended February 28, 2005	Eight months ended February 29, 2004
	$ 000	$ 000
South Africa	(401,817)	46,934
Foreign	(78,288)	(13,709)
Total	(480,105)	33,225

Mining tax on South African mining income is determined on a formula basis which takes into account the profit and revenue from mining operations during the year. South African non-mining income is taxed at a standard rate. Mining and non-mining income of Australian operations are taxed at a standard tax rate of 30%. Deferred tax is provided at the estimated expected future mining tax rate for temporary differences. Major items causing the Company s income tax provision to differ from the mining statutory tax rate of 46% (2004: 46%) were:

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	Eight months ended February 28, 2005 $ 000	Eight months ended February 29, 2004 $ 000
Income and mining tax benefit/(expense) on (loss)/income before tax and minority interests at the statutory mining tax rate	214,167	(13,835)
Non-taxable income / additional deductions	(127,415)	(104,895)
Rate adjustment to reflect estimated effective mining tax rate	(26,350)	135,343
South African mining formula tax rate adjustment	8,249	(36)
Difference between non-mining tax rate and mining statutory rate on non-mining income	(1,597)	(10,964)
Income and mining tax benefit	67,054	5,613
Effective income and mining tax rate	14%	(17%)

The components of the Company s consolidated deferred tax assets/(liabilities) are as follows:

	At February 28, 2005 $ 000	At June 30, 2004 $ 000
Deferred income and mining tax assets:		
Deferred financial liability		12,834
Unredeemed capital expenditure	76,798	60,227
Provisions, including rehabilitation accruals	5,621	17,956
Tax losses	44,009	16,389
Investments	1,129	
	127,557	107,406
Valuation allowance for deferred tax assets		
Total deferred income and mining tax assets	127,557	107,406
Deferred income and mining tax liabilities:		
Mining assets	(574,329)	(588,675)
Product inventory not taxed	(12,490)	(5,794)
Other		(617)
Total deferred income and mining tax liabilities	(586,819)	(595,086)

Net deferred income and mining tax liabilities	(459,262)	(487,680)
Net deferred income and mining tax liabilities comprise of:		
Current deferred income and mining tax assets	109,095	71,132
Non-current deferred income and mining tax liabilities	(568,357)	(558,812)
Net deferred income and mining tax liabilities	(459,262)	(487,680)

As at February 28, 2005 the Group has unredeemed capital expenditure of $1,100.7 million (June 30, 2004: $921.8 million) and tax losses carried forward of $256.5 million (June 30, 2004: $56.1 million) available for deduction against future South African mining income. These future deductions are utilizable against mining income generated only from the Group s current mining operations in South Africa and do not expire unless the Group ceases to trade for a period longer than one year.

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In terms of Australian taxation legislation, tax losses incurred by Harmony Gold Australia (Proprietary) Limited are carried forward indefinitely. Harmony Gold Australia (Proprietary) Limited has no tax losses as at February 28, 2005 (June 30, 2004: $6.0 million) available for utilization against future profits.

9 EARNINGS PER SHARE

	For the eight months ended February 28, 2005		
	Income (Numerator) $ 000	Shares (Denominator)	Per-share amount ($)
Basic loss per share			
Shares outstanding July 1, 2004		321,424,077	
Weighted average number of ordinary shares issued during the year		25,780,085	
Loss available to common shareholders	(413,051)	347,204,162	(1.19)
Effect of dilutive securities			
Share options issued to employees			
Diluted loss per share	(413,051)	347,204,162	(1.19)

The inclusion of share options issued to employees as of February 28, 2005, as potential ordinary shares, would have an anti-dilutive effect on diluted loss per share. Accordingly, such additional shares have not been taken into account in the determination of diluted loss per share.

	For the eight months ended February 29, 2004		
	Income (Numerator) $ 000	Shares (Denominator)	Per-share amount ($)
Basic earnings per share			
Shares outstanding July 1, 2003		185,536,615	
Weighted average number of ordinary shares issued during the year		52,339,402	

Income available to common shareholders	35,690	237,876,017	0.15
Effect of dilutive securities			
Share options issued to employees		2,815,219	
Diluted earnings per share	35,690	240,691,236	0.15

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10 RECEIVABLES

	At February 28, 2005	At June 30, 2004
	$ 000	$ 000
Value added tax	20,650	19,596
Trade receivables - net of allowance for doubtful accounts of $0.3 million and $2.9 million at February 28, 2005 and June 30, 2004, respectively	11,247	25,108
Gold receivables	824	68,835
Prepayments	12,887	4,779
Interest and other	11,792	19,800
	57,400	138,118

11 INVENTORIES

	At February 28, 2005	At June 30, 2004
	$ 000	$ 000
Gold in-process	91,042	53,244
Supplies	39,603	31,415
	130,645	84,659

12 PROPERTY, PLANT AND EQUIPMENT

	At February 28, 2005	At June 30, 2004
	$ 000	$ 000
Mining properties, mine development costs and mine plant facilities - cost	5,260,452	4,764,512
Other non-mining assets - cost	68,543	53,356
Accumulated depreciation and amortization	(1,589,227)	(1,181,095)

	3,739,768	3,636,773

Other non-mining assets consist of freehold land, computer equipment and motor vehicles.

Depreciation of property, plant and equipment amounted to $56.7 million and $57.7 million during the eight months ended February 28, 2005 and February 29, 2004, respectively.

13 OTHER ASSETS

	At February 28, 2005	At June 30, 2004
	$ 000	$ 000
Mineral subscriptions, participation rights and slimes dams	8,161	7,584
Deferred stripping	1,741	16,157
Bond issue costs, net of amortization	7,358	8,097
Additional investment acquisition costs	339	
	17,599	31,838

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Deferred stripping costs are made up as follows:

	At February 28, 2005	At June 30, 2004
	$ 000	$ 000
Opening balance	16,157	9,622
(Disposal of)/additions to assets during the period	(4,194)	4,119
Impairment of assets during the period	(11,213)	
Foreign currency translation differences	991	2,416
Closing balance	1,741	16,157

The deferred stripping balance at February 28, 2005 and June 30, 2004 pertains only to Kalgold operations. In terms of the life of mine plan, pre-stripping is performed in the early years. This results in the cost associated with waste stripped at a rate higher than the expected pit life average stripping ratio, being deferred in those years. These costs will be released in the period where the actual stripping ratio decreases to below such expected pit life ratio. The expected pit life average stripping ratios used to calculate the deferred stripping were 8.70 for the eight months ended February 28, 2005 and 8.07 for the fiscal year ended June 30, 2004 in respect of the Kalgold operation. These stripping ratios were calculated taking into account the actual strip ratios achieved of 6.01 for the eight months ended February 28, 2005 and 15.86 for the fiscal year ended June 30, 2004.

During 2004, a committee of the Emerging Issues Task Force (EITF) began discussing the accounting treatment for stripping costs incurred during the production phase of a mine. In March 2005, the EITF reached a consensus (ratified by the Financial Accounting Standards Board) that stripping costs incurred during the production phase of a mine are variable production costs that should be included in the costs of inventory produced during the period that the stripping costs are incurred. The EITF consensus is effective for the first reporting period in fiscal years beginning after December 15, 2005, with early adoption permitted. The Company is currently evaluating the impact on the Company s financial position and results of operations.

14 RESTRICTED CASH

	At February 28, 2005	At June 30, 2004
	$ 000	$ 000
Bissett proceeds held in trust	153	1,679
Australian dissentient shareholders funds	1,630	5,192
Security deposits	1,494	3,051

	3,277	9,922

An amount of C$0.2 million (June 30, 2004: C$2 million) of the proceeds on sale of Bissett is held in trust with Stike and Elliott attorneys in Canada. The amount will be held in trust until clearance is provided by the Canadian tax authority that all outstanding tax obligations by Harmony have been met.

An amount of A$2 million (June 30, 2004: A$8 million) is held to acquire the remaining shares in Australian subsidiaries, as part of the compulsory takeover of shares.

An amount of A$2 million (June 30, 2004: A$4 million) is held in respects of security deposits on mining tenements and credit cards.

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15 INVESTMENTS

	At February 28, 2005	At June 30, 2004
	$'000	$'000
Listed investments		
Investments in listed shares (a)	904,016	234,991
Other investments		
Unlisted investments and loans (b)	19,532	11,013
Amounts contributed to environmental trust funds (c)	197,046	173,374
	216,578	184,387
Total non-current investments	1,120,594	419,378

(a) The company has classified its 11.5% investment in Gold Fields as an available-for-sale investment and reported the investment at fair value. As of February 28, 2005, the fair value of the 11.5% investment amounted to $675.4 million, which resulted in an unrealized loss of $109.9 million, being included in other comprehensive income.

Harmony s 34.5% investment in 38,789,761 issued ordinary shares of ARM was diluted to 19% on May 3, 2004, by the issue of new shares by ARM, following a range of transactions between Harmony, ARM and ARMI. The result was that the investment in ARM was reclassified from an investment in an associate to an available-for-sale investment. On February 10, 2005 the Company disposed of 3.7 million shares in ARM for $16.3 million, resulting in a realized loss of $10.1 million. The Company further disposed of another 32.2 million shares after February 28, 2005, realizing a loss of $77.5 million. See subsequent event note 23. The market value of the investment in ARM was $200.6 million (R31.30 per share) on February 28, 2005, which resulted in a decrease of $55.4 million in the carrying value of the investment. This decrease is viewed as a other-than-temporary decrease in market value and thus recorded as an impairment charge in the income statement.

Harmony discontinued equity accounting its investment in Bendigo on July 7, 2004 and classified the remaining 12.7% investment as an available-for-sale investment, to be reported at fair value. As of February 28, 2005 the fair value of the investment a mounted to $24.5 million, which resulted in an unrealized profit of $7.5 million being included in other comprehensive income. On April 1, 2005 the Company sold its remaining interest in Bendigo at A$1.10 per share resulting in a realized gain of $4.8 million. See subsequent event note 23.

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(b) Unlisted investments comprise of various industry related investments and loans, which have been recorded at cost. The directors of the Company perform independent valuations of the investments on an annual basis to ensure that no permanent diminution in the value of the investments has occurred. No dividends were received from these investments during the eights months ended February 28, 2005 and February 29, 2004. Management is not aware of any reasons why these investments would substantially differ in value from their value at the latest valuation date.

(c) The environmental trust funds are irrevocable trusts under the Group s control. The cash in the trusts are invested primarily in interest bearing short-term and other investments and approximate their fair value.

16 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	At February 28, 2005	At June 30, 2004
	$ 000	$ 000
Trade payables	54,684	70,121
Short term portion of long term loans	104,220	93,029
Short term borrowings	3,328	12,870
Payroll and leave liabilities	99,344	132,369
Accrued liabilities	52,524	64,442
Other liabilities	12,903	10,027
	327,003	382,858

17 LONG TERM LOANS

	At February 28, 2005	At June 30, 2004
	$ 000	$ 000
Uncollateralized		
Senior uncollaterized fixed rate bonds	207,343	192,694
Fair value adjustment of cash flow hedge	(5,542)	(2,768)
Less : amortized discount	(376)	(524)
	201,425	189,402
Convertible uncollaterized fixed rate bonds	293,737	272,983
Africa Vanguard Resources (Proprietary) Limited	5,529	2,149
Total uncollateralized long term loans	500,691	464,534

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	At February 28, 2005	At June 30, 2004
	$ 000	$ 000
Collateralized		
BAE Systems Plc	9,001	9,001
Less : short term portion	(9,001)	(9,001)
Nedbank Limited	23,566	20,585
AngloGold Limited		59,769
Less: short term portion		(59,769)
Gold Fields Limited	980	1,011
Less : short term portion	(477)	(443)
	503	568
BOE Bank Limited	40,798	47,325
Less : short term portion	(25,628)	(23,817)
	15,170	23,508
Nedbank Limited	69,114	
Less : short term portion	(69,114)	
Total collateralized long term loans	39,239	44,661
Total long term loans	539,930	509,195

On December 31, 2004, Harmony entered into a Rand-denominated loan facility of R400 million ($69 million) with Nedbank Limited for the purpose of refinancing the AngloGold Limited loan to Free Gold. The facility is collateralized by a pledge of Harmony s shares in ARM Limited. The loan is repayable in full on December 31, 2005. The loan bears interest at a rate equal to JIBAR rate for deposits in Rand plus 0.31% holding costs and a credit margin. Interest is payable every 91 days, starting on the loan advance date. This loan has been repaid subsequent to February 28, 2005.

Scheduled minimum long-term loan repayments as of February 28, 2005 are $93.6 million for the four months ending June 30, 2005.

The maturity of borrowings is as follows:

	At February 28, 2005	At June 30, 2004
	$ 000	$ 000
Current	104,219	97,940
Between 1 to 2 years	216,949	208,397
Between 2 to 5 years	317,451	293,640
Over 5 years	5,529	2,248
Total borrowings	644,148	602,224

18 PROVISION FOR ENVIRONMENTAL REHABILITATION

	At February 28, 2005	At June 30, 2004
	$ 000	$ 000
Asset retirement obligations	144,277	125,917

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The following is a reconciliation of the total liability for asset retirement obligations:

	At February 28, 2005 $ 000	At June 30, 2004 $ 000
Balance as at July 1, 2004 and 2003	125,917	62,977
Additions to liabilities due to acquisitions		66,013
Additions and change in estimates		5,671
Accretion expenses	4,641	(10,417)
Foreign currency translation adjustment	13,719	1,673
Balance as at February 28, 2005 and June 30, 2004	144,277	125,917

The Company intends to finance the ultimate rehabilitation costs of the South African operations from the money invested with the environmental trust funds, ongoing contributions, as well as the proceeds on sale of assets and gold from plant clean-up at the time of mine closure. The Company will finance the ultimate rehabilitation costs of the non-South African operations from funds to be set aside for that purpose.

19 COMMITMENTS AND CONTINGENCIES

	At February 28, 2005 $ 000	At June 30, 2004 $ 000
Capital expenditure commitments		
Contracts for capital expenditure	11,208	12,442
Authorized by the directors but not contracted for	450,376	670,878
	461,584	683,320
This expenditure will be financed from existing cash resources.		
Contingent liabilities		
Guarantees and suretyships	3,324	3,089
Environmental guarantees	17,001	15,800
	20,325	18,889

Occupational healthcare services

Occupational healthcare services are made available by Harmony to employees from its existing facilities. There is a risk that the cost of providing such services could increase in the future depending upon changes in the nature of underlying legislation and the profile of employees. This increased cost, should it transpire, is currently indeterminate. The group is monitoring developments in this regard.

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20 EMPLOYEE BENEFIT PLANS

(a) PENSION AND PROVIDENT FUNDS: The Group s contributions to defined contribution pension and provident funds amounted to $16.2 million and $12.6 million for the eight months ended February 28, 2005 and February 29, 2004 respectively.

(b) POST-RETIREMENT BENEFITS OTHER THAN PENSIONS: The Group s contributions to Minemed defined contribution medical scheme, as well as other medical schemes on behalf of retired and current employees, amounted to $5.5 million and $4.1 million for the eight months ended February 28, 2005 and February 29, 2004 respectively.

(c) SHARE OPTION SCHEMES:

Effective July 1, 2001, the Company adopted SFAS No. 123, Accounting for Stock-Based Compensation (SFAS No. 123) for all share option grants subsequent to that date. Accordingly, the Company fair values all share options granted subsequent to July 1, 2001, at the date of the option grant. The total fair value of the options granted is recorded as deferred share-based compensation as a separate component of shareholders equity with a corresponding amount recorded as additional paid-in capital. The deferred share-based compensation is amortized as share-based compensation expense in the income statement over the vesting period of the respective option grant. Prior to July 1, 2001, the Company applied Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25) and its related interpretations in accounting for its employee stock option plan.

As of February 28, 2005 options for Harmony employees to acquire 6,143,583 Ordinary Shares were outstanding. A total of 711,444 of these options had been issued under Harmony s employee share option scheme established in 1994, or the 1994 Share Option Scheme, which was in effect prior to November 16, 2001. A total of 4,613,012 of these options had been issued under Harmony s employee share option scheme established in 2001, or the 2001 Share Option Scheme, which was in effect prior to November 16, 2001. On November 14, 2003, the Company s shareholders approved the 2003 Share Option Scheme. A total of 819,118 of the above options had been issued under the 2003 Share Option Scheme.

The aggregate number of unissued shares that may be used for the 2003 Share Option Scheme is 23,234,960 shares. On August 11, 2004 the remuneration committee offered 5,500,000 share options to participants at an exercise price of R66.15 and reserved a further 12,908,311 share options for a broad-based Employee Share Option Program. The Company fair valued the 5,500,000 share options granted and recorded deferred share-based compensation of $29.8 million based on a fair value of R33.36 per option, of which $7.4 million was recognized as share-based compensation during the eight months ended February 28, 2005. The Company used the following assumptions in valuing the option grants:

	Eight months ended February 28, 2005 $ 000

Expected life (in years)	5.0
Risk free interest rate	9.94%
Volatility	40.00%
Dividend yield	0.00%

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The Company used the binomial method in determining the fair value of the options granted.

The following is a summary of the pro forma effects of the fair value of options granted prior to July 1, 2001 on reported net (loss)/income and basic and fully diluted (loss)/earnings per share for the eight months ended February 28, 2005 and February 29, 2004, respectively:

	Eight months ended February 28, 2005	**Eight months ended February 29, 2004**
	$ 000	**$ 000**
Net (loss)/income as reported	(413,051)	35,690
Plus : Share-based compensation expense recognized	10,288	4,548
Less: Pro forma share-based compensation expense based on fair value of all awards granted	(11,156)	(6,057)
Pro forma net (loss)/income	(413,919)	34,181
Pro forma basic (loss)/earnings per share ($)	(1.19)	0.14
Pro forma fully diluted (loss)/earnings per share ($)	(1.19)	0.14

The information above is required to be presented as if the Company had accounted for all its employee share options, granted subsequent to December 31, 1995, under the fair value method of SFAS No. 123.

In December 2004, the FASB issued SFAS No. 123R, Share-Based Payment , which revised SFAS No. 123 and superceded APB Opinion 25 and its related implementation guidance. SFAS No. 123R requires measurement and recording to the financial statements the costs of employee services received in exchange for an award of equity instruments based on the grant-data fair value of the award, recognized over the period during which an employee is required to provide service in exchange for such award. Harmony will adopt the provisions of SFAS No. 123R on July 1, 2005 and anticipates using the modified prospective approach. Accordingly, compensation cost for the unvested portion of awards that are outstanding as of July 1, 2005 will be recognized ratably over the remaining vesting period. The compensation cost for the unvested portion of awards will be based on the fair value at date of grant as calculated for our pro forma disclosure under SFAS No. 123 set out above. The effect on net (loss)/income and basic and diluted (loss)/earnings per share in the periods following adoption of SFAS No. 123R are expected to be consistent with the pro forma disclosure under SFAS No. 123, except that estimated forfeitures will be considered in the calculation of compensation expense under SFAS No. 123R.

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21 DERIVATIVE FINANCIAL INSTRUMENTS AND FAIR VALUE AND CREDIT RISK OF FINANCIAL INSTRUMENTS

The Company is exposed to market risks, including credit risk, foreign currency, commodity price, interest rate and liquidity risk associated with underlying assets, liabilities and anticipated transactions. Following periodic evaluation of these exposures, the Company may enter into derivative financial instruments to manage these exposures. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

Commodity price sensitivity

As a general rule, the Company sells its gold production at market prices. The Company, generally, does not enter into forward sales, derivatives or other hedging arrangements to establish a price in advance for the sale of its future gold production. A significant proportion of New Hampton and Hill 50 s production was already hedged when acquired by the Company. During the eight months ended February 29, 2004 in accordance with Harmony s strategy, a significant portion of the inherited hedge books of both New Hampton and Hill 50, were closed out at a cost of US$14 million. The remaining outstanding contracts do not meet hedge accounting criteria and any changes in the fair value of the remaining outstanding contracts will be reflected in the income statement. The contracts of both New Hampton and Hill 50 were restructured towards the end of the 2002 financial year, to normal purchase, normal sale agreements by which the Company was obliged to physically deliver specified quantities of gold at future dates, subject to the pricing arrangements described below. Due to the closure of the hedge agreements as mentioned above, these contracts are classified as speculative and the mark-to-market movement are accounted for in the income statement.

Maturity schedule of the Harmony Group s commodity contracts by type as at February 28, 2005:

						Mark-to-market	
	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	Total	February 28, 2005 $ 000	June 30, 2004 $ 000
Forward Sales Agreements							
Ounces	108,000	147,000	100,000	100,000	455,000	36,408	39,969
A$ / ounce	510	515	518	518	515		
Calls Contracts Sold							
Ounces	30,000	10,000			40,000	963	1,849
A$ / ounce	552	562			554		
	138,000	157,000	100,000	100,000	495,000	37,371	41,818

These contracts do not meet hedge accounting criteria and the mark-to-market movement is reflected in the income statement.

The mark-to-market of these contracts resulted in a negative value of US$37 million as at February 28, 2005. These values were based on a gold price of US$ 437 (A$ 551) per ounce, exchange rates of US$1 / R5.7875 and A$1/ US$ 0.7926 and prevailing market interest rates at the time. These valuations were provided by independent risk and treasury management experts.

Foreign currency sensitivity

In the ordinary course of business, the Company enters into transactions denominated in foreign currency (primarily US dollars). In addition, the Group has investments and liabilities in Canadian, Australian and US dollars. As a result the Company is subject to transaction and translation exposure from fluctuations in foreign currency exchange rates. Harmony's revenues are sensitive to the ZAR/US$ exchange rates as all of the revenues are generated by gold sales, denominated in US$. Harmony, generally, does not enter into forward sales, derivatives or other hedging arrangements to establish a ZAR/US$ exchange rate in advance for the sale of its future gold production.

Harmony however, inherited forward exchange contracts with the acquisition of Avgold. The contracts do not meet hedge accounting criteria and the mark-to-market movement is reflected in the income statement.

Maturity schedule of the Harmony Group s currency contracts as at February 28, 2005:

				Mark-to-market	
	June 30, 2005	June 30, 2006	Total	February 28, 2005 $ 000	June 30, 2004 $ 000
Forward Exchange Contracts					
US$ million	30	40	70	41,144	48,128
Average strike ZAR/US$	9.28	9.54	9.43		
(Buy US$/ sell ZAR at the agreed exchange rate)					
Call Contracts Sold					
US$ million	30	40	70	1	358
Average strike ZAR/US$	9.28	9.54	9.43		
(Sell US$ call/ ZAR putt option)				41,145	48,486

The net effect of the above contracts are a US$ ZAR call option sold. The mark-to-market of these foreign exchange forward and option contracts was a negative US$41 million as at February 28, 2005. These values were based upon an exchange rate of US$1/R5.7875 and prevailing market interest rates at the time. Independent risk and treasury management experts provided these valuations.

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Concentration of credit risk

Financial instruments, which subject the Company to significant concentrations of credit risk, consist predominantly of cash and cash equivalents, short-term investments and various derivative financial instruments. The Group s financial instruments do not represent a concentration of credit risk as the Group deals with and maintains cash and cash equivalents, short-term investments and derivative financial instruments with a variety of well established financial institutions of high quality and credit standing. The credit exposure to any one counter party is managed by setting exposure limits, which are reviewed regularly. The Group s debtors and loans are regularly monitored and assessed and an adequate level of provision is maintained.

Interest rates and liquidity risk

Fluctuations in interest rates and gold lease rates impact on the value of short-term cash and financing activities.

Gold Lease Rates:

The Company generally does not undertake any specific actions to cover its exposure to gold lease rates in respect of its lease rate swaps. Through its acquisitions of New Hampton and Hill 50, the Company holds certain gold lease rate swaps, which will decline in each fiscal year as set forth below:

	Gold lease rate swaps outstanding as at February 28, 2005:				
	2005	**2006**	**2007**	**2008**	**2009**
Ounces	585,000	400,000	225,000	125,000	25,000
Lease rate received	1.04%	1.04%	1.05%	1.05%	1.05%

	Gold lease rate swaps outstanding as at June 30, 2004:				
	2005	**2006**	**2007**	**2008**	**2009**
Ounces	585,000	400,000	225,000	125,000	25,000
Lease rate received	1.04%	1.04%	1.05%	1.05%	1.05%

None of the above instruments meet hedge accounting criteria. The marked-to-market of the above contracts was a positive R470,000 (US$80,000) as at February 28, 2005 (June 30, 2004: Positive US$1 million), based on valuations provided by independent treasury and risk management experts.

Interest Rate Swaps:

The Group has interest rate swap agreements to convert R600 million (US$104 million) of its R1.2 billion (US$207 million) fixed rate bond to variable rate debt. The interest rate swap runs over the term of the bond and comprises two separate tranches:

(a) R400 million (US$69 million) receive interest at a fixed rate of 13% and pay floating at JIBAR (reset quarterly) plus a spread of 1,8%.

(b) R200 million (US$35 million) receive interest at a fixed rate of 13% and pay floating at JIBAR (reset quarterly) plus a spread of 2,2%.

These transactions which mature in June 2006 are designated as fair value hedges. The marked-to-market value of the transactions was a negative US$6 million as at February 28, 2005 (June 30, 2004: Negative US$3 million).

Surplus Funds

In the ordinary course of business, the Group receives cash from its operations and is required to fund its working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested to provide sufficient liquidity at the minimum risk.

Harmony Gold Mining Company Limited

Notes to the Consolidated Financial Statements

(Unaudited)

22 CASH UTILIZED BY OPERATIONS

	Eight months ended February 28, 2005 $ 000	Eight months ended February 29, 2004 $ 000
Reconciliation of (loss)/profit before taxation to cash utilized by operations:		
(Loss)/income before taxation	(480,105)	33,225
Adjustments for:		
Loss/(profit) on sale of listed investments	10,069	(3,080)
Impairment of listed investments	55,429	
Profit on sale of investment in associate		(75,985)
Loss on dilution of investment in associate	3,426	
Profit on sale of mining assets	(12,199)	(1,349)
Depreciation and amortization	56,567	57,709
Impairment of assets	271,043	2,975
Loss on financial instruments	3,232	2,123
Equity income of joint venture		(7,754)
Equity loss of associated companies		6,147
Impairment of investment in associate		86
Net increase/(decrease) in provision for environmental rehabilitation	6,861	(886)
Other non cash transactions	1,752	(2,888)
Income and mining taxes paid	(8,996)	(80,964)
Cash cost to close out hedges	(22,334)	(14,936)
Share-based compensation	10,288	4,548
Decrease/(increase) in deferred stripping assets	4,194	(1,501)
Effect of changes in operating working capital items:		
Receivables	86,330	70,409
Inventories	(37,430)	(48,015)
Accounts payable and accrued liabilities	(84,700)	9,893
Cash utilized by operations	(136,573)	(50,243)

23 SUBSEQUENT EVENTS

(a) On March 16, 2005 Harmony disposed of 1.8% of its investment in ARM for proceeds of $16.4 million resulting in a realized loss of $8.2 million. On April 14, 2005 Harmony disposed of an additional 14.1% of its investment in ARM for proceeds of $136.4 million resulting in a realized loss of $69.3 million.

(b) On April 1, 2005 Harmony disposed of its remaining investment in Bendigo at A$1.10 per share, resulting in a realized gain of $4.8 million (A$6.2 million).

(c) The Company s obligation to purchase the Gold Fields securities was subject to the fulfilment of certain conditions, the last of which included the approval of the competition authorities in South Africa. This approval was obtained on May 10, 2005. The offer is expected to close on May 20, 2005.

(d) On April 14, 2005, Harmony repaid the Nedbank loan amounting to R400 million ($69 million).

Harmony Gold Mining Company Limited

Notes to the Consolidated Financial Statements

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24 GEOGRAPHICAL AND SEGMENT INFORMATION

The company is primarily involved in gold mining, exploration and related activities. Activities are conducted and investments held both inside and outside of South Africa.

The results of ARMgold have been included from September 23, 2003, and the results of Avgold have been included from May 1, 2004, as these are the dates from which the Company's chief operating decision maker received discrete financial information related to the acquisition during the 2004 fiscal year. The segment results have been presented in International Financial Reporting Standards (IFRS) and reconciled to US GAAP as IFRS financial information is what the Company's chief operating decision maker reviews in allocating company resources and in making investment decisions.

Segmental information includes the results of ARMgold from September 23, 2003 and Avgold from May 1, 2004, as well as the results of operations of Abelle from May 1, 2003, as part of the Australian operations, as well as the results of the Freegold joint venture from January 3, 2002 and Hill 50 from April 1, 2002. Gold operations are internally reported based on the following geographic areas: Free State, Evander, Kalgold, Randfontein, Elandskraal, Free Gold, Australian operations, ARMgold and Avgold. The Free State, Evander, Kalgold, Randfontein, Elandskraal, Free Gold, ARMgold and Avgold are specific gold producing regions within South Africa. The New Hampton, Hill 50 and Abelle mines are located primarily in Western Australia. The Company also has exploration interests in Southern Africa and Australia which are included in Other. Selling, administrative, general charges and corporate costs are allocated between segments based on the size of activities based on production results.

The segmental split on a geographical basis is:

Eight months ended February 28, 2005

Free State (South Africa)	Evander (South Africa)	Kalgold (South Africa)	Randfontein (South Africa)	Elandskraal (South Africa)	FreeGold (South Africa)	Australian operations	ARMgold (South Africa)	Avgold (South Africa)	Other	Reconciliation of segment data to the consolidated financial statements	Total
$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000

Profit and loss											
Revenue	126,273	106,140	27,232	93,318	54,776	242,611	85,784	45,944	67,705		849,783
Production costs	(150,656)										