HARMONY GOLD MINING COMPANY LIMITED
Registration number 1950/038232/06
Incorporated in the Republic of South Africa
ISIN: ZAE000015228

Trading Symbols

JSE Limited	HAR
New York Stock Exchange, Inc.	HMY
NASDAQ	HMY
London Stock Exchange plc	HRM
Euronext Paris	HG
Euronext Brussels	HMY
Berlin Stock Exchange	HAM1

FINANCIAL REVIEW FOR THE SECOND QUARTER ENDED 31 DECEMBER 2007

SALIENT FEATURES

- Harmony signs agreement on establishing a separate uranium company
- Total operating costs down by 8.1%
- Cash operating profit up by 43.0%
- Elandsrand repaired and back in production
- Financial results for six months ended 31 December 2007 reviewed by external auditors

FINANCIAL SUMMARY FOR THE SECOND QUARTER ENDED 31 DECEMBER 2007

(All results exclude Discontinued Operations unless otherwise indicated)

		Quarter* Sep 2007	Quarter Dec 2007	Q-on-Q % change
Gold produced	- kg	13 523	12 403	(8.3)
	- oz	434 773	398 764	(8.3)
Cash costs	- R/kg	132 920	133 234	(0.2)
	- $/oz	582	613	(5.3)
Cash operating profit	- Rm	315	450	43.0
	- US$m	44	66	50.0
Cash earnings	- SA c/s	79	113	43.0
	- US c/s	11	17	54.6
Basic (loss)/earnings	- SA c/s	(129)	(49)	62.0
	- US c/s	(18)	(7)	61.1
Headline (loss)/earnings	- SA c/s	(30)	(43)	(43.3)
	- US c/s	(4)	(6)	(50.0)
Fully diluted (loss)/earnings	- SA c/s	(128)	(48)	62.5
	- US c/s	(18)	(7)	61.1

		Quarter* Dec 2006	Financial year 2007
Gold produced	- kg	13 515	25 926
	- oz	434 515	833 537
Cash costs	- R/kg	102 382	133 053
	- $/oz	435	597
Cash operating profit	- Rm	568	764
	- US$m	78	110
Cash earnings	- SA c/s	143	192
	- US c/s	20	28
Basic (loss)/earnings	- SA c/s	116	(178)
	- US c/s	16	(26)
Headline (loss)/earnings	- SA c/s	43	(73)
	- US c/s	6	(11)

Fully diluted (loss)/earnings	- SA c/s	114	(176)
	- US c/s	16	(25)

*The figures were adjusted to exclude further discontinued operations. See financial statements.

CHIEF EXECUTIVE'S REVIEW

In this, my first report to Harmony shareholders as Chief Executive Officer, I would firstly like to thank the selection panel and the board of directors for their confidence in my leadership to take Harmony forward and I look forward to working closely with them in the years ahead.

Harmony will continue to focus on creating shareholder value and, over time, to out-perform the market. One of my priorities for the company is to outline a long-term strategy. Harmony has in the past few years been focusing on organic growth and these projects are now mines under construction, most building up in production from now to 2010. All of these mines will have longer life with generally higher grades. These production units are larger and we will be expecting more consistent results, both in tonnes and grade. These long life mines, together with those already in production, will be the core of Harmony in the future. They make up the bulk of Harmony's reserves and will have lower cash costs.

Management time will continue to be focused on striving to achieve desired returns by reducing the planning gap and continually reviewing to squeeze the best from the orebodies. Some short life assets will remain within the Harmony stable, operations which under certain circumstances, possibly with a capital injection, could have their lives vastly extended. These assets will continue to have high cash cost, however, at today's high gold prices these assets could deliver significant profits. Management will endeavour to explore ways and means of obtaining good value for shareholders from these assets by investigating ways of recapitalising them.

Harmony is thus moving to a producer with a higher focus on quality. Our aspirations are to have sustainable growth, a culture of achievement, a buoyant and rising stock price, to be a responsible corporate citizen, have professional business practice and have inspired, enthusiastic and competent employees.

Turning to the second quarter's financial results for the period ended 31 December 2007, I draw your attention to changes made to this quarter's reporting format. The previous structure of quality, growth, leverage and international assets has been replaced with South African underground, surface and international assets. We believe that it had become essential to re-assess our company structure as four of our projects have begun to contribute to turnover and as Harmony begins its transformation to a quality producer.

In addition to the company structure changes, and in accordance with the new accounting regulations, we highlight the fact that four of Harmony's operations, Orkney shafts 1 - 7, St Helena, Cooke shafts and plant in Randfontein, and Mt Magnet and South Kal in Australia, are now being reported as discontinued operations in the income statement.

The company's operational results for the second quarter 2008 were negatively affected by the 44 days of stoppage time at Elandsrand after a shaft incident, in order to carry out the investigation into the mine incident of 3 October 2007. Elandsrand accounted for 67.1% or 1 177 kg loss of production in the December quarter. The one-day national strike called by the National Union of Mineworkers in support of safety also impacted on production. However, both the Elandsrand accident and the one- day strike has resulted in increased safety focus and we are hopeful that this will result in positive safety behaviour and a renewed safety effort from all Harmony employees.

Harmony's total production for its underground continuing operations decreased by 1.3% to 4 445 000 tonnes resulting in an 8.3% decrease in kilograms produced to 12 403 kg and a 3.9% drop in grade to 4.87g/t. Cash operating costs remained almost unchanged at R133 234/kg.

The gold price received at R169 502/kg was 8.5% higher than the September quarter but the Rand/US dollar exchange rate was 4.7% stronger at 677 cents. Harmony's operating profit from continuing operations improved 43.0% to R449.8 million.

Capital expenditure increased during the quarter under review to R808 million, this is mainly due to the ramp up in expenditure at Hidden Valley in Papua New Guinea.

The benefits of Harmony's intensive cost control measures that commenced early in October 2007 will only materialise in the next half of the financial year. Measures implemented included the termination of 2 827 external contractors and the voluntary retrenchments and natural attrition of 2 123 and transfer to more efficient shafts of 4 859 employees. The transfers were mainly service staff from Randfontein central offices and from non-productive to productive areas.

St Helena Nos. 4 and 8 shafts were placed on care and maintenance and its 650 employees have been redeployed at other Harmony operations. The transfer of the centralised staff at Randfontein to the operations is part of the company's decentralisation process to compel operations to take ownership of their costs. Our total complement now stands at 43 800 employees and 5 700 contractors compared with 47 431 employees and 7 019 contractors at 30 June 2007.

During the quarter, the internal due diligences on the effectiveness of the continuous mining (Conops) method were completed at the Tshepong, Elandsrand, Masimong, Evander No. 8 and Winkelhaak shafts, as well as Cooke 2 operations. These operations and Target are the only Harmony shafts that operate on Conops. The review revealed that Conops was not an effective mining method at Masimong and it has subsequently been terminated and the majority of the workforce transferred to Phakisa. Conops will be reviewed continually and it is our intention to phase out Conops at those operations that do not deliver on our objectives.

The costs savings drive have had effects of positively decreasing the working cost from R1 798 million to R1 652 million and hence despite producing less gold (mainly due to the Elandsrand accident) the cash cost remained virtually unchanged.

All conditions precedent relating to South Kal disposal were met on 30 November 2007, with Dioro Exploration NL taking over operations on that date and the purchase price of A$25 million cash paid and A$20 million of shares issued to Harmony. Harmony also signed the sales contract with Australian-based junior miner Monarch Gold Mining Company Limited for the sale of Mount Magnet. The Mount Magnet operations completed mining during December 2007 and consequently the last tonnages for Harmony's account from this operation have been milled in January 2008.

Harmony believes that partnerships may be one of the primary vehicles through which we will enhance our growth strategy in the south-east Asian region. We are thus pursuing alliances with interested parties with technical mining skills and capital to equally share the Hidden Valley Gold and Silver Mine, the Wafi/Golpu projects and the extensive exploration licenses in Papua New Guinea. We will only consider transactions that are of good value to Harmony's shareholders.

To this end, we have progressed to a shortlist of leading international mining companies with whom we are in discussions. We are confident that we will be in a position to finalise this process in April 2008, with a partner to be introduced thereafter. This new partnership will build on the excellent relationships Harmony enjoys with the local government and contribute significantly to the domestic economic growth.

Shareholders were advised on 19 December 2007 that a significant decision had been made with regard to the future of Harmony's Cooke shafts and its uranium assets in the Randfontein area. Several proposals from interested parties were considered but only the offer from Pamodzi Resources Fund was in line with Harmony's strategy of realising value for its shareholders.

In essence, the signed agreement proposes that certain uranium and gold assets of the Randfontein Cooke Section be sold into a new company (Newco). The purchase price payable by the still to be named Newco for these assets amounts to US$420 million. In addition, Pamodzi Resources Fund will acquire a 60% shareholding in Newco from Investco, the subsidiary of ArmGold/Harmony Joint Investment Company, for a purchase consideration of US$252 million, with Harmony retaining a 40% shareholding in Newco.

Both parties are currently in the process of meeting conditions precedent and we are confident that these will be completed by 31 March 2008. A new dedicated executive management team will assume responsibility for developing the project and we will soon be appointing a chief executive officer to manage Newco.

The revenues from the Randfontein Cooke shafts will be equity accounted and the profit from associates will be reflected in the income statement.

No material changes were made to Harmony's Mineral Resources and Ore Reserves for the quarter ended December 2007. Taking into account the last six months' depletion of reserves, the Harmony Mineral Resources and Ore Reserves as stated in the Harmony 2007 annual report are an accurate reflection of the company's current position. The Mineral Resources and Ore Reserves are comprehensively audited by a team of internal competent persons that operate independently from the operating units.

In the light of Eskom's electricity supply disruptions and with mines operating only at 90% of Harmony's previous power supply, the company's production for the March 2008 quarter could decrease.

Harmony's management is devising new strategies on optimising operations to produce at 90% of electricity to ensure that we deliver returns on our shareholders' investments.

THE SECOND QUARTER ENDED 31 DECEMBER 2007 UNDER REVIEW

Harmony's SA underground operations, excluding the discontinued operations, delivered a steady operational performance for the second quarter of financial year 2008.

Tonnes Milled

Tonnes milled from the company's underground operations, excluding discontinued operations, decreased by 6.5% to 2 297 000 tonnes (2 457 000 tonnes). This decrease in tonnes milled is mainly attributed to Elandsrand's loss of production for the quarter. The quarter saw Bambanani and Joel mine back in production but the closure of St Helena and the restructuring at Masimong impacted negatively on the company's underground production.

Recovery Grades

Gold production dropped by 10.3% on lower recovery grade from SA underground mines but mainly due to Elandsrand's 1 177 kg loss of production. This impacted on recovery grades which fell by 3.9% when compared with the previous quarter to 4.87g/t (5.07g/t).

Cost Control

Cash operating costs were well contained with Target, Bambanani, Joel and Virginia being the main contributors. Elandsrand's costs impacted on an otherwise cost-conscious quarter. Cash operating costs increased by 2.0% to R138 531/kg (R135 776/kg).

The performance of the company is best highlighted in the following table*:

		Sep 2007	Dec 2007	Q-on-Q % Variance	Dec 2006
Production	- kg	13 523	12 403	(8.3)	13 515
Production	- oz	434 773	398 764	(8.3)	434 515
Revenue	- R/kg	156 187	169 502	8.5	144 416
Revenue	- US$/oz	684	779	13.9	614
Cash cost	- R/kg	132 920	133 234	(0.2)	102 382
Cash cost	- US$/oz	582	613	(5.3)	435
Exchange rate	- USD/ZAR	7.10	6.77	4.7	7.32

Cash Operating Profit and Margin*

	Sep 2007	Dec 2007	Q-on-Q % Variance	Dec 2006
Cash operating profit (Rm)	315	450	43.0	568
Cash operating profit margin (%)	14.9	21.4	43.6	29.1

* Continuing Operations only

Quarter-on-quarter cash operating profit variance analysis (Continuing Operations)

Cash operating profit - September 2007		R314.6 million*
- volume change	(118.7)	
- working cost change	145.0	
- recovery grade change	(56.5)	
- gold price change	165.4	
- net variance	135.2	
Cash operating profit - December 2007		R449.8 million

*The figure was adjusted to exclude further discontinued operations. See financial statements.

Analysis of earnings per share from continuing operations

Earnings per share (SA cents)

	Quarter ended September 2007	Quarter ended December 2007	Quarter ended December 2006
Cash earnings	79	113	143
Basic (loss)/earnings	(129)	(49)	116
Headline (loss)/earnings	(30)	(43)	43
Fully diluted (loss)/earnings	(128)	(48)	114

Reconciliation between basic loss and headline loss from continuing operations
Headline earnings/(loss) per share (SA cents)

	Quarter ended September 2007	Quarter ended December 2007
Basic loss	(129)	(49)
Loss on sale of property, plant and equipment	(1)	(7)
Profit on disposal of investment in Gold Fields Limited	100	-
Provision for doubtful debt	-	13
Headline loss	(30)	(43)

CONDENSED CONSOLIDATED INCOME STATEMENT (Rand)

	Notes	For the quarter ended December 2007 (Unaudited)	September 2007 (Unaudited) (restated)*	December 2006 (Unaudited) (restated)*
		R million	R million	R million
Continuing operations Revenue		2 102	2 112	1 952
Production cost		(1 652)	(1 798)	(1 384)
Amortisation and depreciation		(228)	(201)	(130)
Corporate expenditure		(68)	(72)	(60)
Exploration expenditure		(42)	(44)	(51)
Care and maintenance costs of restructured shafts		(10)	(9)	(16)
Employment termination and restructuring costs	2	(75)	-	-
Share-based compensation		(9)	(10)	(12)
(Loss)/gain on financial instruments		(14)	4	17
Provision for doubtful debt	3	(75)	-	-
Other (expenses)/income - net		(6)	(19)	41
Operating (loss)/profit		(77)	(37)	357
Profit/(loss) from associates		-	-	30
Mark-to-market of listed investments		-	33	27
Loss on sale of listed investments	4	-	(459)	-
Profit on sale of investment in associate	4	-	-	236
Investment income		74	67	42
Finance cost**		(138)	(121)	(97)
(Loss)/profit before taxation		(141)	(517)	595
Taxation		(54)	2	(134)
Net (loss)/profit from continuing				

operations		(195)	(515)	461
Discontinued operations	5			
Profit/(loss) from discontinued operations		226	(44)	10
Loss on the sale of the South Kal operations		(51)	-	-
Profit/(loss) from measurement to fair value less cost to sell		66	(7)	-
Net profit/(loss)		46	(566)	471
(Loss)/earnings per share from continuing operations attributable to the equity holders of the company during the year (cents)	6			
- Basic (loss)/earnings		(49)	(129)	116
- Headline (loss)/earnings		(43)	(30)	43
- Fully diluted (loss)/earnings		(48)	(128)	114
Earnings/(loss) per share from discontinuing operations attributable to the equity holders of the company during the year (cents)	6			
- Basic earnings/(loss)		60	(13)	3
- Headline earnings/(loss)		57	(11)	2
- Fully diluted earnings/(loss)		59	(13)	2

	For the six months ended	
	December 2007	December 2006
		(restated)*
	R million	R million
Continuing operations		
Revenue	4 214	4 003
Production cost	(3 450)	(2 736)
Amortisation and depreciation	(429)	(351)
Corporate expenditure	(140)	(116)
Exploration expenditure	(86)	(85)
Care and maintenance costs of restructured shafts	(19)	(32)
Employment termination and restructuring costs	(75)	-
Share-based compensation	(19)	(23)
(Loss)/gain on financial instruments	(10)	36
Provision for doubtful debt	(75)	-
Other (expenses)/income - net	(25)	71
Operating (loss)/profit	(114)	767
Profit/(loss) from associates	-	(18)

Mark-to-market of listed investments	33	51
Loss on sale of listed investments	(459)	-
Profit on sale of investment in associate	-	236
Investment income	141	78
Finance cost**	(259)	(184)
(Loss)/profit before taxation	(658)	930
Taxation	(52)	(262)
Net (loss)/profit from continuing operations	(710)	668
Discontinued operations		
Profit/(loss) from discontinued operations	182	85
Loss on the sale of the South Kal operations	(51)	-
Profit/(loss) from measurement to fair value less cost to sell	59	-
Net profit/(loss)	(520)	753
(Loss)/earnings per share from continuing operations attributable to the equity holders of the company during the year (cents)		
- Basic (loss)/earnings	(178)	168
- Headline (loss)/earnings	(73)	92
- Fully diluted (loss)/earnings	(176)	166
Earnings/(loss) per share from discontinuing operations attributable to the equity holders of the company during the year (cents)		
- Basic earnings/(loss)	47	21
- Headline earnings/(loss)	46	21
- Fully diluted earnings/(loss)	46	21

* The comparative figures were adjusted to exclude further discontinued operations. See Note 3.

** The comparative figures were adjusted to exclude interest capitalised. See Note 1b.

CONDENSED CONSOLIDATED BALANCE SHEET (Rand)

	Notes	At December 2007 R million	At September 2007 (Unaudited) R million	At June 2007 (Audited) R million
ASSETS				
Non-current assets				
Property, plant and equipment		25 133	25 015	24 506
Intangible assets		2 307	2 308	2 307
Restricted cash		81	5	5
Investments in financial assets	7	1 402	1 461	1 387
Investments in associates		7	7	7
Deferred income tax		2 462	2 396	2 321
Trade and other receivables		39	100	95
		31 431	31 292	30 628
Current assets				
Inventories		709	790	742
Investments in financial assets	7	-	-	2 484
Trade and other				

receivables		851	778	918
Income and mining taxes		41	26	16
Restricted cash		-	-	274
Cash and cash equivalents		425	1 567	711
		2 026	3 161	5 145
Non-current assets classified as held for sale	5	2 001	1 383	1 284
		4 027	4 544	6 429
Total assets		35 458	35 836	37 057
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital		25 677	25 652	25 636
Other reserves		84	20	(349)
Accumulated loss		(2 124)	(2 175)	(1 604)
		23 637	23 497	23 683
Non-current liabilities				
Borrowings	8	1 878	3 842	1 743
Deferred income tax		5 191	5 119	5 031
Provisions for other liabilities and charges		1 082	1 231	1 216
		8 151	10 192	7 990
Current liabilities				
Trade and other payables		981	1 421	1 755
Borrowings	8	1 995	15	2 855
Bank overdraft		-	-	220
Shareholders for dividends		7	7	7
		2 983	1 443	4 837
Liabilities directly associated with non-current assets classified as held for sale	5	687	704	547
		3 670	2 147	5 384
Total equity and liabilities		35 458	35 836	37 057
Number of ordinary shares in issue		400 196 978	400 011 182	399 608 384
Net asset value per share (cents)		5 906	5 874	5 927

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Rand)

	Issued share capital R million	Other reserves R million
Balance - 30 June 2007 (as previously reported)	25 636	(349)
Change in accounting policy for the capitalisation of interest on assets under construction	-	-
Balance - 30 June 2007 (restated)	25 636	(349)

Issue of share capital	41	-
Currency translation adjustment and other	-	433
Net loss	-	-
Balance as at 31 December 2007	25 677	84
Balance - 30 June 2006 (as previously reported)	25 489	(271)
Change in accounting policy for the capitalisation of interest on assets under construction	-	-
Balance - 30 June 2006 (restated)	25 489	(271)
Issue of share capital	99	-
Currency translation adjustment and other	-	85
Net profit	-	-
Balance as at 31 December 2006	25 588	(186)

	Accumulated loss R million	Total R million
Balance - 30 June 2007 (as previously reported)	(1 681)	23 606
Change in accounting policy for the capitalisation of interest on assets under construction	77	77
Balance - 30 June 2007 (restated)	(1 604)	23 683
Issue of share capital	-	41
Currency translation adjustment and other	-	433
Net loss	(520)	(520)
Balance as at 31 December 2007	(2 124)	23 637
Balance - 30 June 2006 (as previously reported)	(2 015)	23 203
Change in accounting policy for the capitalisation of interest on assets under construction	48	48
Balance - 30 June 2006 (restated)	(1 967)	23 251
Issue of share capital	-	99
Currency translation adjustment and other	-	85
Net profit	753	753
Balance as at 31 December 2006	(1 214)	24 188

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Rand)

		Three months ended	
	Notes	December 2007 (Unaudited) R million	September 2007 (Unaudited) R million
Cash flow from operating activities			
Cash (utilised)/generated by operations		(376)	54
Interest and dividends received		76	69
Interest paid		(118)	(59)
Income and mining taxes paid		(9)	(12)
Cash (utilised)/generated by operating activities		(427)	52
Cash flow from investing activities			
(Increase)/decrease in restricted cash		(71)	274
Net proceeds on disposal of listed investments	4	-	1 310
Net additions to property, plant and equipment		(734)	(833)
Other investing activities		65	(51)
Cash (utilised)/generated by investing activities		(740)	700
Cash flow from financing activities			
Long-term loans raised	8	10	2 088
Long-term loans repaid	8	-	(1 802)
Ordinary shares issued - net of expenses		5	19
Cash generated by financing activities		15	305

Foreign currency translation adjustments		16	20
Net (decrease)/increase in cash and equivalents		(1 136)	1 077
Cash and equivalents - beginning of period		1 571	494
Cash and equivalents - end of period	9	435	1 571

	Six months ended	
	December 2007 R million	December 2006 R million
Cash flow from operating activities		
Cash (utilised)/generated by operations	(322)	958
Interest and dividends received	145	81
Interest paid	(177)	(95)
Income and mining taxes paid	(21)	(6)
Cash (utilised)/generated by operating activities	(375)	938
Cash flow from investing activities		
(Increase)/decrease in restricted cash	203	-
Net proceeds on disposal of listed investments	1 310	30
Net additions to property, plant and equipment	(1 567)	(1 058)
Other investing activities	14	(14)
Cash (utilised)/generated by investing activities	(40)	(1 042)
Cash flow from financing activities		
Long-term loans raised	2 098	-
Long-term loans repaid	(1 802)	(1)
Ordinary shares issued - net of expenses	24	98
Cash generated by financing activities	320	97
Foreign currency translation adjustments	36	5
Net (decrease)/increase in cash and equivalents	(59)	(2)
Cash and equivalents - beginning of period	494	906
Cash and equivalents - end of period	435	904

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER AND SIX MONTHS ENDED 31 DECEMBER 2007

1. Accounting policies

(a) Basis of accounting

The condensed consolidated interim financial statements for the period ended 31 December 2007 have been prepared using accounting policies that comply with International Financial Reporting Standards (IFRS), which are consistent with the accounting policies used in the audited annual financial statements for the year ended 30 June 2007, except for accounting policy changes made after the date of the annual financial statements. These condensed consolidated interim financial statements are prepared in accordance with IAS 34, Interim Financial Reporting, and should be read in conjunction with the financial statements for the year ended 30 June 2007.

New accounting standards and IFRIC interpretations

Certain new accounting standards and IFRIC interpretations have been published that are mandatory for accounting periods beginning on or after 1 January 2008. These new standards and interpretations have not been early adopted by the Group and a reliable estimate of the impact of the adoption thereof for the Group cannot yet be determined for all of them, as management are still in the process of determining the impact thereof on future financial statements.

At the date of finalising of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

Title Effective date

New Statement

· IFRS 8 - Operating Segments	^ Financial year commencing on or after 1 January 2009
Amendments	
· IAS 1 (Revised) - Presentation of Financial Statements	^ Financial year commencing on or after 1 January 2009
· IAS 27 (Revised) - Consolidated and Separate Financial Statements	# Financial year commencing on or after 1 July 2009
· IFRS 3 (Revised) - Business Combination	# Financial year commencing on or after 1 July 2009
New Interpretation	
· IFRIC 12 - Service Concession Arrangements	* Financial year commencing on or after 1 January 2008
· IFRIC 13 - Customer Loyalty Programmes	* Financial year commencing on or after 1 July 2008
· IFRIC 14 - IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions	# Financial year commencing on or after 1 January 2008

^ Affects disclosure
* Will not impact materially
# Not yet assessed

(b) Implementation of accounting policy

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

The impact of this adjustment was as follows:

	Quarter ended		
	December 2007 (Unaudited) R million	September 2007 (Unaudited) R million	December 2006 (Unaudited) R million
Effect on net loss:			
Decrease in interest expense	21	8	6
Income tax	(6)	(2)	(2)
Decrease in net loss	15	6	4
Effect on opening accumulated loss:			
Decrease in interest expense	116	108	74
Income tax	(33)	(31)	(22)
Decrease in accumulated loss	83	77	52

Six months ended

	December 2007 R million	December 2006 R million
Effect on net loss:		
Decrease in interest expense	29	12
Income tax	(8)	(3)
Decrease in net loss	21	9
Effect on opening accumulated loss:		
Decrease in interest expense	108	68
Income tax	(31)	(20)
Decrease in accumulated loss	77	48

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

All other borrowing costs are dealt with in the income statement in the period in which they are incurred.

2. Employment termination and restructuring costs

During the December 2007 quarter, a voluntary retrenchment process was commenced due to the decision to decentralise services.

3. Provision for doubtful debts

The full amount outstanding on the sale of the Deelkraal surface asset was provided for as there is uncertainty whether the consideration will be received. This does not take into account any amounts that may be recovered if the assets are salvaged.

4. Loss on sale of listed investments

Harmony accounted for its 29.2% stake in Western Areas Limited through its subsidiary, ARMgold/Harmony Joint Investment Company Pty Ltd, on the equity basis of accounting until 1 December 2006. On this date Harmony accepted Gold Fields Limited's (GFI) offer of 35 GFI shares for every 100 Western Area Limited shares held. The remaining investment in these GFI shares were sold during the September 2007 quarter for a loss of R459 million.

5. Non-current assets held for sale and discontinued operations

The assets and liabilities related to Mt Magnet and South Kal (operations in Australia), ARMgold Welkom and Orkney operations (operations in the Free State and Northwest areas), and Kudu and Sable (operations in the Free State area), have been presented as held for sale on 30 June 2007.

On 6 December 2007, the sale relating to the South Kal operation (operation in Australia) was concluded at a loss, net of tax, of R51 million and the assets were derecognised.

The assets and liabilities relating to the Cooke 1, Cooke 2, Cooke 3, Cooke plant and relating surface operations (operations in the Gauteng area) have been presented as held for sale following the approval of the Group's management on 16 October 2007.

Underground operations at St Helena shaft were ceased during November 2007 and was classified as a discontinued operation.

The comparative results have been restated due to these reclassifications.

6. (Loss)/earnings per share

(Loss)/earnings per share is calculated on the weighted average number of shares in issue for the quarter ended 31 December 2007: 399.8 million (30 September 2007: 399.5 million, 31 December 2006: 397.7 million) and the six months ended 31 December 2007: 399.7 million (31 December 2006: 397.7 million).

The fully diluted (loss)/earnings per share is calculated on weighted average number of diluted shares in issue for the quarter ended 31 December 2007: 402.1 million (30 September 2007: 402.8 million, 31 December 2006: 403.7 million) and the six months ended 31 December 2007: 402.4 million (31 December 2006: 403.7 million). The effect of the share options is anti-dilutive.

	Quarter ended		
	December 2007 (Unaudited)	September 2007 (Unaudited)	December 2006 (Unaudited)
Total earnings/(loss) per share (cents):			
Basic earnings/(loss)	11	(142)	119
Headline earnings/(loss)	14	(41)	45
Fully diluted earnings/(loss)	11	(141)	116
	R million	R million	R million
Reconciliation of headline earnings/(loss):			
Continued operations			
Net (loss)/profit	(195)	(515)	461
Adjusted for, net of tax:			
Profit on sale of property, plant and equipment	(29)	(2)	(71)
Loss on sale of listed investment (Gold Fields)	-	392	-
Profit on sale of associate (Western Areas)	-	-	(220)
Provision for doubtful debt	53	-	-
Headline (loss)/profit	(171)	(125)	170
Discontinued operations			
Net profit/(loss)	241	(51)	10
Adjusted for:			
(Profit)/loss on sale of property, plant and equipment	51	-	(2)
Loss on sale of listed investment (GBS investment)	-	-	-
Impairment of assets	(66)	7	-
Headline profit/(loss)	226	(44)	8
Total headline profit/(loss)	55	(169)	178

	Six months ended	
	December 2007	December 2006
Total earnings/(loss) per share (cents):		
Basic earnings/(loss)	(131)	189
Headline earnings/(loss)	(27)	113
Fully diluted earnings/(loss)	(130)	187
	R million	R million
Reconciliation of headline earnings/(loss):		
Continued operations		
Net (loss)/profit	(710)	668
Adjusted for, net of tax:		

Profit on sale of property, plant and equipment	(27)	(84)
Loss on sale of listed investment (Gold Fields)	392	-
Profit on sale of associate (Western Areas)	-	(220)
Provision for doubtful debt	53	-
Headline (loss)/profit	(292)	364
Discontinued operations		
Net profit/(loss)	190	85
Adjusted for:		
(Profit)/loss on sale of property, plant and equipment	51	(2)
Loss on sale of listed investment (GBS investment)	-	1
Impairment of assets	(59)	-
Headline profit/(loss)	182	84
Total headline profit/(loss)	(110)	448

7. Investment in financial assets

	December 2007 R million	September 2007 (Unaudited) R million	June 2007 (Audited) R million
Current			
Investment in African Rainbow Minerals Limited (see Note 8)	-	-	1 051
Investment in GoldFields Limited (see Note 4)	-	-	1 433
	-	-	2 484
Non-current			
Environmental Trust Funds	1 233	1 368	1 332
Other	169	93	55
	1 402	1 461	3 871

8. Borrowings

	December 2007 R million	September 2007 (Unaudited) R million	June 2007 (Audited) R million
Unsecured long-term borrowings			
Convertible unsecured fixed rate bonds	1 583	1 562	1 541
Africa Vanguard Resources (Proprietary) Limited	32	32	32
	1 615	1 594	1 573
Less: Short-term portion	-	-	-
Total unsecured long-term borrowings	1 615	1 594	1 573
Secured long-term borrowings			
Westpac Bank Limited(1)	100	88	2
Africa Vanguard Resources (Doornkop) (Pty) Limited (Nedbank Limited)	181	175	170
ARM Empowerment Trust 1 (Nedbank Limited)(2)	-	-	450
ARM Empowerment Trust 2 (Nedbank Limited)(2)	-	-	601
Rand Merchant Bank	-	-	1 802
Nedbank Limited	2 000	2 000	-
Less: Transaction costs	(23)	-	-
	2 258	2 263	3 025
Less: Short-term portion	(1 995)	(15)	(2 855)
Total unsecured long-term borrowings	263	2 248	170
Total long-term borrowings	1 878	3 842	1 743

(1) The lease was entered into for the purchase of mining fleet to be used on the Hidden Valley project.

The future minimum lease payments are as follows:

	December 2007 R million	September 2007 (Unaudited) R million	June 2007 (Audited) R million
Due within one year	26	21	-
Due between one and five years	97	83	-
	123	104	-

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

9. Cash and cash equivalents

Comprises:

	December 2007 R million	September 2007 (Unaudited) R million	December 2006 R million
Continuing operations	425	1 567	904
Discontinued operations	10	4	-
Total cash and cash equivalents	435	1 571	904

10. Commitments and contingencies

	December 2007 R million	September 2007 (Unaudited) R million	June 2007 (Audited) R million
Capital expenditure commitments			
Contracts for capital expenditure	819	462	352
Authorised by the directors but not contracted for	1 987	1 870	1 881
	2 806	2 332	2 233
This expenditure will be financed from existing resources and where appropriate, borrowings.			
Contingent liabilities			
Guarantees and suretyships	18	18	18
Environmental guarantees	152	129	129
	170	147	147

11. Subsequent events

On 24 January 2008, ESKOM advised Harmony that it would be interrupting the power supply to the Company's South African operations. As the safety of the miners could not be guaranteed, mining was halted for four days, after which shafts operated at between 60% - 80%. A meeting between ESKOM and its industrial consumers was held on 29 January 2008, whereby ESKOM committed to supplying 90% of the Company's electricity demand prior to the shut down. This came into effect on 1 February 2008. Management is restructuring operating processes in order to gain the most effective and efficient use of the electricity allotted. At this stage, the effect of the interruption as well as the decreased power supply has not been quantified but will impact on the gold production.

12. Segment report

The primary reporting format of the Company is by business segment. As there is only one business segment, being mining, extraction and production of gold, the relevant disclosures have been given in the condensed consolidated financial statements.

13. Review report

The condensed consolidated financial statements for the six months ended 31 December 2007 on pages 24 to 33 have been reviewed in accordance with International Standards on Review Engagements 2410 - "Review of interim financial information performed by the Independent Auditors of the entity" by PricewaterhouseCoopers Inc. Their unqualified review opinion is available for inspection at the Company's registered office.