

HARMONY GOLD MINING CO LTD

Form 6-K

May 08, 2009

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**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**

May 8, 2009

Harmony Gold Mining Company Limited

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

(Address of principal executive offices)

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

Form 20-F Form 40-F

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

Yes No

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SIGNATURES

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SIGNATURES

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

Dated: May 8, 2009

Harmony Gold Mining Company Limited

By: /s/ Graham Briggs

Name: Graham Briggs

Title: Chief Executive Officer

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Incorporated in the Republic of South Africa

Registration Number 1950/038232/06

(Harmony or Company)

JSE Share code: HAR

NYSE Share code: HMY

ISIN Code: ZAE 000015228

Financial review for the third quarter and nine months ended 31 March 2009

Quarter at a glance

* Continue to be safety conscious

* Achieved zero net debt

* Headline earnings up by 5%

* Strong cash flow, with cash operating profit at R1.2 billion

* Five years of accumulated losses reversed

* Capital expenditure reduced, as predicted

* Elandsrand: both production and cash operating cost (R/kg) results have improved

* Target: improved production and cash operating cost (R/kg) results

* 3% decline in total gold production

* 2% increase in cash operating costs (R/kg)

Financial summary for the third quarter ended 31 March 2009

		Quarter March 2009	Quarter December 2008	Q-on-Q variance	Quarter March 2008
Gold produced	- kg	10 880	11 267	(3,4%)	10 133
	- oz	349 801	362 242	(3,4%)	325 783
Cash costs	- R/kg	171 361	168 299	(1,8%)	147 097
	- \$/oz	537	527	(1,9%)	624
Gold sold	- kg	10 247	12 415	(17,5%)	10 347
	- oz	329 447	399 150	(17,5%)	332 663
Cash operating profit	- Rm	1 176	1 113	5,7%	817
	-	118	112	5,4%	110
	US\$m				
	-	231	324	(28,7%)	86
Basic profit	SAc/s				
	-	23	33	(30,3%)	12
	USc/s				
	-	123	121	1,7%	63
Headline profit	SAc/s				
	-	12	12		8

-
USc/s

Harmony's Annual Report, Notice of Meeting, Sustainable Development Report and its Annual Report filed on a Form 20F with the United States Securities and Exchange Commission for the year ended 30 June 2008 are available on our website at www.harmony.co.za.

Chief Executive Officer's Review

Harmony is financially healthy. We have delivered on our promise to reduce our debt, preserve cash and position the company to become net debt-free. Our shareholders have invested in an uncomplicated, safety-conscious company with a strong cash flow, growing pipeline, a steady margin, completely unhedged and geared for gold bulls.

Graham Briggs, Chief Executive Officer

Overview

A number of initiatives have been implemented to address safety, throughput,

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grade, production, costs and Harmony's financial position.

We have made excellent progress with safety, achieving improved safety rates and receiving safety awards. We continue to drive our behaviour-based safety programme, which is aimed at changing the attitudes and mindsets of all within the company on and off the mines.

We have taken cognisance of the Presidential Mine Safety Audit report that was released in February 2009 and will continue to address safety in a pro-active manner. Only safe production within Harmony is rewarded.

Strategic planning for the financial year 2009/2010 began during the past quarter. Harmony's executive management met in February 2009 to address how to further improve safety, how production targets would be achieved and maintained, and how sustainable profits would be generated. Planning parameters have been agreed and shaft strategic plans will be signed off in July 2009. Our planning has been done at a gold price of R225 000/kg, leaving Harmony with a reasonably strong margin.

Safety

We are deeply saddened by the deaths of three of our colleagues. We extend our heartfelt condolences to their families, friends and team members.

Those who died were: Mziwabantu Bondlani, a driller at Elandsrand; Zolane Maboza, a miner at Tshepong, and Patrick Mabitsoa, a loco driver at Masimong.

Year on year, the Fatality Injury Frequency Rate (FIFR) deteriorated by 30% quarter on quarter (from 0.10 to 0.13) as a result of the three fatalities. Despite the deterioration, all our other rates have improved and we have seen significant safety achievements from most of our operations. Quarter on quarter the Lost Time Injury Frequency Rate (LTIFR) and the Reportable Injury Frequency Rate improved.

The aforementioned deterioration in our FIFR is, of course, a cause of considerable concern to us. Detailed investigation of recent fatalities indicates that falls of ground (FOG) - both gravity and seismicity induced - and trucks and tramming are the primary causes.

This finding has prompted a number of interventions. A safety workshop on 2 April 2009 focused on FOG prevention and on safer trucks and tramming operations, amongst other safety- and health- related matters.

In respect of FOG prevention, it has been decided to: adopt the Mine Occupational Safety and Health entry examination process in terms of which entire crews sign safe work declarations; introduce FOG committees at all operations; investigate the use of netting and/or mesh in development ends; enforce effective use of rock bolting; and investigate mechanisation prospects - specifically remote drilling - to remove workers from potential hazard situations.

To effect safer trucks and tramming operations, we are: investigating the implementation an anti-collision warning system; completing and implementing the Department of Minerals and Energy's Rail-bound Equipment Code of Practice.

Production and costs

In the past quarter, most of the shafts experienced a slow start-up after the Christmas break. While underground volumes decreased, grade remained static, resulting in a marginal decrease in gold production.

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Quality training, development programmes, a motivating climate, disciplined mining, team-building initiatives to improve team work, pro-active human resources policies and practices, and improved logistics have all been implemented to address productivity. We believe that improved productivity will result in increased production and lower costs. Some mines have already shown improvement, but it will take some time before all our mines are performing at the desired levels.

Harmony's operating costs for the quarter declined due mainly to lower production and, to a limited extent, the drop in prices of consumables. The R/kg costs were slightly higher due to lower production.

Gold market

The past quarter saw the gold price at record highs, at levels above R300 000/kg and US\$900/oz. Gold has become a currency rather than a commodity - a good reason for us to remain bullish about the gold price. We believe that the uncertainty in world-wide markets will support a stronger gold price. Gold remains a safe investment, as can be seen with ETF funds continuing to increase their gold stockpile and from China's recent announcement that it has increased its gold reserves by 75%.

We have been a gold producer for the past 60 years and we believe that we have the correct mix of assets to benefit from stronger gold prices. Harmony is well-leveraged against the gold price with no hedging and an uncomplicated structure, and we are working towards increasing gold production to benefit from the higher gold prices.

Debt position

Harmony sold 60% of certain uranium and gold assets of Randfontein Estates Limited (a wholly-owned subsidiary of Harmony) to Pamodzi Resources Fund 1 LLP (PRF). The uranium and gold assets were sold into a company, Rand Uranium (Proprietary) Limited (Rand Uranium), for a purchase consideration of US\$348 million. Harmony retains 40% of Rand Uranium's shareholding and in exchange for 60% of the issued share capital of Rand Uranium, Harmony would receive US\$209 million. PRF paid the first tranche of US\$40 million in November 2008. The second tranche of US\$169 million, plus interest thereon at 5% per annum, was payable in April 2009. Shareholders' attention is drawn to various announcements made relating to the transaction on 19 December 2007, 24 October 2008 and 21 November 2008.

On 20 April 2009 PRF paid approximately US\$172 million to Harmony as final payment in terms of the Rand Uranium transaction. We are excited about the future of Rand Uranium and look forward to sharing in Rand Uranium's success, together with PRF and its investors, First Reserve Corporation and AMCI Capital.

We have completed our planned capital raising, exploiting favourable market conditions by issuing a second tranche of shares for cash in the open market, pursuant to our mandate given by shareholders at the Annual General Meeting. In the capital raising, 7 540 646 shares were placed between 10 February 2009 and 6 March 2009 at an average subscription price of R124.45, raising R938 million before costs. The average issue price compares favourably with the weighted average share price on the JSE over the same period of R122.75 per share. The number of shares issued is equivalent to 1,9% of Harmony's issued share capital as at 30 September 2008. Combined with the share issue announced in December 2008, the cumulative shares issued amounts to R1.9 billion or 4,5% of the issued share capital. To date, the total number of shares in issue is 425 763 329. The cost of the second placement was approximately R15 million or

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1,6% of the value of the shares issued.

JP Morgan Equities Limited acted as transaction advisor.

The combined effect of the above is that Harmony is net debt free.

The proceeds from the capital raising and the Rand Uranium transaction, totalling R2.7 billion, will be used to repay Harmony's convertible bond due in May 2009 and its short-term debt, leaving a positive cash balance of approximately R1.6 billion.

Class action

During January 2009, the Plaintiff filed with the Court an Amended Complaint. The company has filed a Motion to Dismiss that Amended Complaint, and the Plaintiff has filed an opposition to that Motion. The company will be filing a Reply Memorandum in further support of its Motion. It is not possible to predict with certainty when the Court will rule on the Motion, but we would estimate that such a decision will be made within the next six months.

Mergers and acquisitions

We continue conducting due diligences but have not identified available assets which could potentially increase the quality of our own asset base.

Royalty payment delayed

In February 2009 the National Treasury announced that the implementation of a mining royalty would be delayed by 10 months, taking into account the potential impact of the economic slowdown on the mining industry.

Looking forward

Harmony is in excellent financial health with a strong balance sheet, reflecting the benefits of the various remedial measures taken in the past 18 months.

Our strategic plans support our target of achieving 2.2 million ounces in 2012. Phakisa, Doornkop and Elandsrand will be in full production in 2012 and higher grades from the Tshepong Decline, the Bambanani shaft pillar and the Evander 8 Decline are expected. We continue to focus on creating a better understanding of Harmony's orebodies through exploration drilling and development, our interpretation of the geology, building credible geological models and formulating clear development strategies.

Construction of the Hidden Valley gold mine in Papua New Guinea has progressed well and the mine will be commissioned mid-2009. Final commissioning of the overland conveyor in September 2009 will mean that both Hidden Valley ore and ore from the Hamata pit will be processed through the metallurgical plant, adding to production volumes.

The Evander South project and the St Helena tailings project in the Free State provide us with exciting organic growth opportunities to take us to greater levels of production post-2012.

We have positioned the company in such a way that we are able to deliver on our promise of paying a dividend in future. Our focus now remains on achieving our overall targets and delivering consistent results.

Chief Executive Officer

Graham Briggs

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CONDENSED CONSOLIDATED INCOME STATEMENT (Rand)(Unaudited)

		March 2009 R million	Quarter ended December 2008 R million	March 2008 R million
Continuing operations				
Revenue		3 005	3 146	2 334
Cost of sales	2	(2 206)	(2 383)	(1 820)
Production cost		(1 830)	(2 033)	(1 517)
Amortisation and depreciation		(303)	(310)	(189)
Employment termination and restructuring costs		(11)	(16)	(86)
Other items		(62)	(24)	(28)
Gross profit		799	763	514
Corporate, administration and other expenditure		(80)	(92)	(55)
Exploration expenditure		(71)	(75)	(55)
Other income/(expenses) - net	3	326	78	(16)
Operating profit		974	674	388
Profit/(loss) from associates		14	(52)	(10)
Profit on sale of investment in associate				
Impairment of investment in associate				
Profit on sale of investment in subsidiary		6		
Mark-to-market of listed investments				
Loss on sale of listed investments				
Investment income		152	107	54
Finance cost		(40)	(61)	(123)
Profit/(loss) before taxation		1 106	668	309
Taxation		(125)	(220)	(156)
Net profit/(loss) from continuing operations		981	448	153
Discontinued operations	4			
(Loss)/profit from discontinued operations		(9)	868	192
Net profit/(loss)		972	1 316	345
Earnings/(loss) per ordinary share (cents)	5			
- Earnings/(loss) from continuing operations		233	110	38
- (Loss)/earnings from discontinued operations		(2)	214	48
Total earnings/(loss) per ordinary share (cents)		231	324	86
Diluted earnings/(loss) per ordinary share (cents)	5			
- Earnings/(loss) from continuing operations		232	110	38

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		Quarter ended	
	Notes	March 2009 R million	December 2008 R million
			March 2008 R million
- (Loss)/earnings from discontinued operations		(2)	48
Total diluted earnings/(loss) per ordinary share (cents)		230	86
			Nine months ended
			March 2009 R million
			March 2008 R million
Continuing operations			
Revenue			8 833
			(6
Cost of sales			814)
			(5
Production cost			737)
Amortisation and depreciation			(5 048)
Employment termination and restructuring costs			(921)
Other items			(618)
Gross profit			(39)
Corporate, administration and other expenditure			(162)
Exploration expenditure			(117)
Other income/(expenses) - net			(65)
Operating profit			2 019
Profit/(loss) from associates			697
Profit on sale of investment in associate			(263)
Impairment of investment in associate			(196)
Profit on sale of investment in subsidiary			(191)
Mark-to-market of listed investments			910
Loss on sale of listed investments			(127)
Investment income			2 475
Finance cost			(37)
Profit/(loss) before taxation			1
Taxation			(112)
Net profit/(loss) from continuing operations			6
Discontinued operations			
(Loss)/profit from discontinued operations			33
Net profit/(loss)			(459)
Earnings/(loss) per ordinary share (cents)			337
- Earnings/(loss) from continuing operations			(186)
- (Loss)/earnings from discontinued operations			(383)
Total earnings/(loss) per ordinary share (cents)			2 484
Diluted earnings/(loss) per ordinary share (cents)			(580)
- Earnings/(loss) from continuing operations			(207)
			1 904
			(599)
			785
			424
			2 689
			(175)
			464
			(150)
			191
			106
			655
			(44)
			462
			(150)

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- (Loss)/earnings from discontinued operations	190	106
Total diluted earnings/(loss) per ordinary share (cents)	652	(44)

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

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME (Rand)(Unaudited)

	March 2009 R million	Quarter ended December 2008 R million	March 2008 R million
Net profit/(loss) for the period	972	1 316	345
Attributable to:			
Owners of the parent	972	1 316	345
Non-controlling interest			
Other comprehensive (loss)/income for the period, net of income tax	(220)	(115)	643

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	Quarter ended		
	March 2009 R million	December 2008 R million	March 2008 R million
Foreign exchange translation (loss)/profit	(203)	(208)	696
Mark-to-market of available-for-sale investments	(17)	93	(53)
Total comprehensive income for the period	752	1 201	988
Attributable to:			
Owners of the parent	752	1 201	988
Non-controlling interest			
		Nine months ended	
		March 2009 R million	March 2008 R million
Net profit/(loss) for the period		2 689	(175)
Attributable to:			
Owners of the parent		2 689	(175)
Non-controlling interest			
Other comprehensive (loss)/income for the period, net of income tax		(247)	1 057
Foreign exchange translation (loss)/profit		(292)	623
Mark-to-market of available-for-sale investments		45	434
Total comprehensive income for the period		2 442	882
Attributable to:			
Owners of the parent		2 442	882
Non-controlling interest			

CONDENSED CONSOLIDATED BALANCE SHEET (Rand)

	Notes	At	At	At
		March 2009 (Unaudited) R million	December 2008 R million	June 2008 (Audited) R million
ASSETS				
Non-current assets				
Property, plant and equipment		28 103	27 786	27 556
Intangible assets		2 223	2 223	2 209
Restricted cash		167	169	78
Restricted investments		1 608	1 567	1 465
Investments in financial assets		17	28	67
Investments in associates	6	242	228	145
Trade and other receivables		73	56	137
		32 433	32 057	31 657
Current assets				
Inventories		914	898	693

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Trade and other receivables		2 871	2 732	875
Income and mining taxes		58	108	82
Cash and cash equivalents		2 839	1 645	413
		6 682	5 383	2 063
Non-current assets classified as held for sale	4	425	407	1 537
		7 107	5 790	3 600
Total assets		39 540	37 847	35 257

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	Notes	At March 2009 (Unaudited) R million	At December 2008 R million	At June 2008 (Audited) R million
EQUITY AND LIABILITIES				
Share capital and reserves				
Share capital	7	28 081	27 126	25 895
Other reserves		503	671	676
Retained earnings/(accumulated loss)		857	(114)	(1 832)
		29 441	27 683	24 739
Non-current liabilities				
Borrowings	8	159	188	242
Deferred income tax		3 796	3 699	2 990
Provisions for other liabilities and charges		1 366	1 342	1 273
		5 321	5 229	4 505
Current liabilities				
Trade and other payables		1 489	1 613	1 372
Provisions and accrued liabilities		268	273	287
Borrowings	8	2 681	2 671	3 857
		4 438	4 557	5 516
Liabilities directly associated with non-current assets classified as held for sale	4	340	378	497
		4 778	4 935	6 013
Total equity and liabilities		39 540	37 847	35 257
		425 763	417 637	403 253
Number of ordinary shares in issue		329	697	756
Net asset value per share (cents)		6 915	6 628	6 135
The accompanying notes are an integral part of these condensed consolidated financial statements.				
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Rand)(Unaudited)				

Note	Issued share capital R million	Other reserves R million	Retained earnings/ (accumulated loss) R million	Total R million
7				
Balance - 30 June 2008	25 895	676	(1 832)	24 739
Issue of share capital	2 186			2 186
Deferred share-based payments		74		74
Comprehensive (loss)/income for the period		(247)	2 689	2 442
Balance as at 31 March 2009	28 081	503	857	29 441
Balance - 30 June 2007	25 636	(349)	(1 581)	23 706

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	Issued share capital R million	Other reserves R million	Retained earnings/ (accumulated loss) R million	Total R million
Issue of share capital	230			230
Deferred share-based payments		23		23
Comprehensive income/(loss) for the period		1 057	(175)	882
Balance as at 31 March 2008	25 866	731	(1 756)	24 841

CONDENSED CONSOLIDATED CASH FLOW STATEMENT (Rand)(Unaudited)

		Three months ended		
		March 2009 R million	December 2008 (Restated) R million	March 2008 R million
Cash flow from operating activities				
Cash generated by operations	13	985	623	794
Interest and dividends received		156	112	64
Interest paid		(41)	(62)	(123)
Income and mining taxes paid		(133)	(142)	(41)
Cash generated by operating activities		967	531	694
Cash flow from investing activities				
Decrease/(increase) in restricted cash		1	13	20
Net proceeds on disposal of listed investments				
Net additions to property, plant and equipment	13	(645)		