

Annexure A

for the six months ended 30 September 2023

TRANSNET



Classification, fair values and analysis of financial instruments

Categories of financial instruments:

	R million
September 2023	
Financial assets	
At amortised cost (including bank and cash, trade and other receivables, contract assets and other short-term investments)	18 937
<i>Fair value through profit or loss</i>	
- Derivatives held for risk management	5 629
- Other financial assets	171
<i>Fair value through other comprehensive income</i>	
- Equity investment (Rumo)	62
Financial liabilities	
At amortised cost (including contract liabilities, trade payables and accruals*)	154 511
<i>Fair value through profit or loss</i>	
- Derivatives held-for-hedging	247
March 2023	
Financial assets	
At amortised cost (including bank and cash, trade and other receivables, contract assets and short-term investments)	23 159
<i>Fair value through profit or loss</i>	
- Derivatives held for risk management	3 418
- Other financial assets	128
<i>Fair value through other comprehensive income</i>	
- Equity investment (Rumo)	48
Financial liabilities	
- At amortised cost (including contract liabilities, trade payables and accruals*)	154 944
<i>Fair value through profit or loss</i>	
- Derivatives held-for-hedging	583
September 2022	
Financial assets	
At amortised cost (including bank and cash, trade and other receivables, contract assets and other short-term investments)	16 758
<i>Fair value through profit or loss</i>	
- Derivatives held for risk management	4 274
- Other financial assets	220
<i>Fair value through other comprehensive income</i>	
- Equity investment (Rumo)	45
Financial liabilities	
At amortised cost (including contract liabilities, trade payables and accruals*)	149 595
<i>Fair value through profit or loss</i>	
- Derivatives held-for-hedging	473

* Excluding post-retirement employee benefits and tax-related accruals.

Fair value of financial instruments

The table below provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree of market observability of the inputs of the fair value:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category of instrument consists mainly of derivatives concluded for risk management purposes; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 R million	Level 2 R million	Level 3 R million	Total R million
September 2023				
Financial assets at FVTPL*				
Derivative financial assets	-	5 629	-	5 629
Other financial assets	-	-	171	171
Financial assets at FVTOCI **				
Equity investment (Rumo)	62	-	-	62
Financial liabilities at FVTPL*				
Derivative financial liabilities	-	247	-	247
March 2023				
Financial assets at FVTPL*				
Derivative financial assets	—	3 418	—	3 418
Other financial assets	—	—	128	128
Financial assets at FVTOCI **				
Equity investment (Rumo)	48	—	—	48
Financial liabilities at FVTPL*				
Derivative financial liabilities	—	583	—	583
September 2022				
Financial assets at FVTPL*				
Derivative financial assets	—	4 274	—	4 274
Other financial assets	—	—	220	220
Financial assets at FVTOCI **				
Equity investment (Rumo)	45	—	—	45
Financial liabilities at FVTPL*				
Derivative financial liabilities	—	473	—	473

* FVTPL - Fair value through profit and loss.

** FVTOCI - Fair value through other comprehensive income.

Measurement of fair values

The table below shows the valuation techniques used in measuring level 2 and level 3 fair values, as well as the significant unobservable inputs used:

Financial instruments measured at fair value	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Cross-currency and interest rate swaps and forward exchange contracts used for hedging ¹	Discounted cash flow method using market yield curves to project and discount cash flows.	Not applicable.	Not applicable.
	The Monte Carlo simulation model is used, incorporating market inputs that were observable, probabilities of default, recovery rates and expected future exposures per counterparty.		
Issued bonds	Bonds were priced at fair values using quoted market prices.	Not applicable.	Not applicable.
Other financial assets ²	Net asset value.	Not applicable.	Not applicable.
Other financial liabilities ³	Loans were valued using risk-free yield curves adjusted for credit risk of counterparties.	Not applicable.	Not applicable.

¹ Fair values include market observable credit valuation adjustments (CVAs) and debit value adjustments (DVAs).

² Guardrisk insurance cell.

³ Other financial liabilities include borrowings and finance lease obligations.

Transfers between level 1 and 2

There were no transfers in either direction between levels 1 and 2 in both the current and prior reporting periods.

Level 3 fair values

There were no transfers into or out of level 3 in both the current and prior reporting periods.

Day-one gain or loss on financial instruments

	September 2023 R million	March 2023 R million	September 2022 R million
Loss at the beginning of the period	1 258	692	692
Day one loss recognised	-	705	168
Amortised to profit and loss	(120)	(139)	(60)
Loss at the end of the period	1 138	1 258	800

Disaggregation of revenue

	Freight Rail R million	Engineering R million	National Ports Authority R million	Port Terminals R million	Pipelines R million	Total for reportable segments R million	Other segments* R million	Total R million
September 2023								
Revenue from contracts with customers								
Coal	5 743	-	-	-	-	5 743	-	5 743
Iron ore and manganese	8 420	-	-	-	-	8 420	-	8 420
Mineral mining and chrome	2 705	-	-	-	-	2 705	-	2 705
Steel and cement	1 446	-	-	-	-	1 446	-	1 446
Agricultural and bulk liquids	529	-	-	-	-	529	-	529
Marine services	-	-	1 443	-	-	1 443	-	1 443
Containers	554	-	1 677	4 600	-	6 831	-	6 831
Automotive	48	-	192	647	-	887	-	887
Break-bulk	-	-	86	996	-	1 082	-	1 082
Bulk	-	-	1 245	3 194	-	4 439	-	4 439
Pipelines – oil and gas	-	-	-	-	3 191	3 191	-	3 191
Engineering	-	234	-	-	-	234	-	234
Other**	362	-	158	3	14	537	16	553
Other revenue	208	-	946	-	27	1 181	481	1 662
Lease income	208	-	946	-	-	1 154	481	1 635
Government grant	-	-	-	-	27	27	-	27
Total external revenue	20 015	234	5 747	9 440	3 232	38 668	497	39 165

* Revenue from segments below the quantitative thresholds is attributable to Transnet Property and the corporate centre function. Transnet Property manages internal and external leases of commercial and residential property and the Transnet corporate centre function performs an administration function for the Group.

** Other revenue from contracts with customers relates mainly to lighthouse-related tariff income, the use of ship repair facility-related income at the ports, telecommunication services provided on the rail network and rail-related demurrage income.

	Freight Rail R million	Engineering R million	National Ports Authority R million	Port Terminals R million	Pipelines R million	Total for reportable segments R million	Other segments* R million	Total R million
March 2023								
Revenue from contracts with customers								
Coal	33 867	210	9 080	16 826	5 742	65 725	25	65 750
Iron ore and manganese	9 954	-	-	-	-	9 954	-	9 954
Mineral mining and chrome	14 852	-	-	-	-	14 852	-	14 852
Steel and cement	4 323	-	-	-	-	4 323	-	4 323
Agricultural and bulk liquids	2 338	-	-	-	-	2 338	-	2 338
Marine services	1 143	-	-	-	-	1 143	-	1 143
Containers	-	-	2 637	-	-	2 637	-	2 637
Automotive	711	-	3 319	7 957	-	11 987	-	11 987
Break-bulk	100	-	450	1 400	-	1 950	-	1 950
Bulk	-	-	151	1 725	-	1 876	-	1 876
Pipelines – oil and gas	-	-	2 210	5 744	-	7 954	-	7 954
Engineering	-	210	-	-	-	210	-	210
Other**	446	-	313	-	11	770	25	795
Other revenue	417	-	1 953	-	53	2 423	704	3 127
Lease income	417	-	1 953	-	-	2 370	704	3 074
Government grant	-	-	-	-	53	53	-	53
Total external revenue	34 284	210	11 033	16 826	5 795	68 148	729	68 877

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	Freight Rail R million	Engineering R million	National Ports Authority R million	Port Terminals R million	Pipelines R million	Total for reportable segments R million	Other segments* R million	Total R million
September 2022								
Revenue from contracts with customers								
Coal	18 365	45	4 667	8 780	2 814	34 671	18	34 689
Iron ore and manganese	5 774	-	-	-	-	5 774	-	5 774
Mineral mining and chrome	7 980	-	-	-	-	7 980	-	7 980
Steel and cement	2 288	-	-	-	-	2 288	-	2 288
Agricultural and bulk liquids	1 267	-	-	-	-	1 267	-	1 267
Marine services	616	-	-	-	-	616	-	616
Containers	-	-	1 330	-	-	1 330	-	1 330
Automotive	294	-	1 740	4 353	-	6 387	-	6 387
Break-bulk	51	-	215	628	-	894	-	894
Bulk	-	-	70	1 546	-	1 616	-	1 616
Pipelines - oil and gas	-	-	1 153	2 253	-	3 406	-	3 406
Engineering	-	45	-	-	-	45	-	45
Other**	95	-	159	-	6	260	18	278
Other revenue	140	-	890	-	26	1 056	308	1 364
Lease income	140	-	890	-	-	1 030	308	1 338
Government grant	-	-	-	-	26	26	-	26
Total external revenue	18 505	45	5 557	8 780	2 840	35 727	326	36 053

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