

Annexure A

for the six months ended 30 September 2022

TRANSNET



Classification, fair values and analysis of financial instruments

Categories of financial instruments:

	R million
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
March 2022	
Financial assets	
Loans and receivables (including bank and cash, trade and other receivables, contract assets and other short-term investments)	12 464
<i>Fair value through profit or loss</i>	
- Derivatives held for risk management	7 281
- Other financial assets	220
<i>Fair value through other comprehensive income</i>	
- Equity investment (Rumo)	41
Financial liabilities	
Liabilities measured at amortised cost (including contract liabilities, trade payables and accruals*)	149 405
<i>Fair value through profit or loss</i>	
Derivatives held-for-hedging	1 507
September 2021	
Financial assets	
At amortised cost (including bank and cash, trade and other receivables, contract assets and other short-term investments)	14 636
<i>Fair value through profit or loss</i>	
- Derivatives held for risk management	8 790
- Other financial assets	195
<i>Fair value through other comprehensive income</i>	
- Equity investment (Rumo)	34
Financial liabilities	
At amortised cost (including contract liabilities, trade payables and accruals*)	149 604
<i>Fair value through profit or loss</i>	
- Derivatives held-for-hedging	2 088

* Contract liabilities, trade payables and accruals, excluding post-retirement employee benefit 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 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
March 2022				
Financial assets at FVTPL*				
Derivative financial assets	—	7 281	—	7 281
Other financial assets	—	—	220	220
Financial assets at FVTOCI **				
Equity investment (Rumo)	41	—	—	41
Financial liabilities at FVTPL*				
Derivative financial liabilities	—	1 507	—	1 507
September 2021				
Financial assets at FVTPL*				
Derivative financial assets	—	8 790	—	8 790
Other financial assets	—	—	195	195
Financial assets at FVTOCI **				
Equity investment (Rumo)	34	—	—	34
Financial liabilities at FVTPL*				
Derivative financial liabilities	—	2 088	—	2 088

* 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 level 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 period.

Day-one gain or loss on financial instruments

	September 2022 R million	March 2022 R million	September 2021 R million
Loss at the beginning of the period	692	796	796
Day one loss recognised	168	—	—
Amortised to profit and loss	(60)	(104)	(54)
Loss at the end of the period	800	692	742

Disaggregation of revenue

	Freight Rail 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

* Revenue from segments below the quantitative thresholds are 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 relate 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	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 2022								
Revenue from contracts with customers								
Coal	36 581	459	8 558	14 535	5 225	65 358	62	65 420
Iron ore and manganese	11 744	—	—	—	—	11 744	—	11 744
Mineral mining and chrome	14 254	—	—	—	—	14 254	—	14 254
Steel and cement	4 824	—	—	—	—	4 824	—	4 824
Agricultural and bulk liquids	2 754	—	—	—	—	2 754	—	2 754
Marine services	1 384	—	—	—	—	1 384	—	1 384
Containers	—	—	2 431	—	—	2 431	—	2 431
Automotive	1 179	—	3 390	7 306	—	11 875	—	11 875
Break-bulk	191	—	342	979	—	1 512	—	1 512
Bulk	—	—	154	2 507	—	2 661	—	2 661
Pipelines - oil and gas	—	—	2 074	3 743	—	5 817	—	5 817
Engineering	—	459	—	—	—	459	—	459
Other**	251	—	167	—	25	443	62	505
Other revenue	512	—	1 730	—	53	2 295	744	3 039
Lease income	512	—	1 730	—	—	2 242	744	2 986
Government grant	—	—	—	—	53	53	—	53
Total external revenue	37 093	459	10 288	14 535	5 278	67 653	806	68 459

* Included in other segments is revenue from segments below the quantitative thresholds that are 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 relate 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 passenger rail 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
September 2021								
Revenue from contracts with customers								
Coal	6 007	—	—	—	—	6 007	—	6 007
Iron ore and manganese	7 452	—	—	—	—	7 452	—	7 452
Mineral mining and chrome	2 547	—	—	—	—	2 547	—	2 547
Steel and cement	1 659	—	—	—	—	1 659	—	1 659
Agricultural and bulk liquids	772	—	—	—	—	772	—	772
Marine services	—	—	1 198	—	—	1 198	—	1 198
Containers	633	—	1 719	3 807	—	6 159	—	6 159
Automotive	101	—	168	457	—	726	—	726
Break-bulk	—	—	77	1 188	—	1 265	—	1 265
Bulk	—	—	1 048	1 956	—	3 004	—	3 004
Pipelines - oil and gas	—	—	—	—	2 552	2 552	—	2 552
Engineering	—	339	—	—	—	339	—	339
Other**	104	—	39	—	16	159	21	180
Other revenue	230	—	875	—	26	1 131	370	1 501
Lease income	230	—	875	—	—	1 105	370	1 475
Government grant	—	—	—	—	26	26	—	26
Total external revenue	19 505	339	5 124	7 408	2 594	34 970	391	35 361

* Revenue from segments below the quantitative thresholds are 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 relate 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.