TRANSNET
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Kalmar
BROMMA

Audit Committee report

We are pleased to present our report for the financial year ended 31 March 2009 as recommended by the King II Report on Corporate Governance and Regulation 27 of the Treasury Regulations. The Audit Committee performs its functions in accordance with section 270A(1) of the Companies Act, 61 of 1973, and has adopted appropriate formal terms of reference as its Audit Committee Charter and has regulated its affairs in compliance with this Charter. The Audit Committee has discharged all its responsibilities as contained therein.

The Audit Committee of the Transnet Board of Directors comprises five independent non-executive Directors. The committee held five scheduled meetings for the year ended 31 March 2009.

The leadership and management commitment towards an improved control environment is evidenced through the regular and action orientated structures driven by the Group Internal Control Department under the leadership of the Group Chief Financial Officer. These include the Internal Control Committee (now incorporated into the Finance Committee), Divisional Internal Control Steering Committees and Fraud Working Groups, which monitor and support control activities and process enhancements in line with the Public Finance Management Act and report directly through to the various Executive committees and Board structures. This process is supported by the audit subcommittees, which are in place for all operating divisions and subsidiaries. These subcommittees meet in terms of a formal mandate and deal with all issues arising at the operating division or subsidiary level. These subcommittees then elevate any issues of concern to the Transnet Group Audit Committee. Internal and external auditors, also elevate issues identified at the operating divisions and subsidiaries to the Transnet Group Audit Committee.

In the conduct of its duties, the Audit Committee has performed the following activities:

- Nominated for appointment a registered auditor for the Group who, in the opinion of the Audit Committee, is independent of the Group;
- Determined the fees to be paid to the auditor and the auditor's terms of engagement;
- Ensured that the appointment of the auditor complies with the Companies Act and any other legislation relating to the appointment of auditors;
- Determined the nature and extent of any non-audit services which the auditor may provide to the Group;
- Preapproved any proposed contract with the auditor for the provision of non-audit services to the Group;
- Considered the independence and objectivity of the external auditors and ensured that the scope of their additional services provided was not such that they could be seen to have impaired their independence
- Received and dealt appropriately with any complaints (internal or external) relating either to the accounting practices and internal audit or to the content or auditing of its financial statements, or to any related matter;
- Received and reviewed reports from both internal and external auditors concerning the effectiveness of the Group's internal control environment, systems and processes;
- Reviewed the reports of both internal and external auditors detailing their concerns arising out of their audits and requested appropriate responses from management which resulted in their concerns being addressed;
- Considered the effectiveness of internal audit, approved the one-year operational and three-year strategic internal audit plans and monitored the adherence of internal audit to its annual programme;
- Reviewed and recommended for adoption by the Transnet Board such financial information that is publicly disclosed which for the year included:
  - the annual report for the year ended 31 March 2009; and
  - the interim results for the six months ended 30 September 2008;
- Made appropriate recommendations to the Board of Directors regarding the corrective actions to be taken as a consequence of audit findings; and
- Nominated Ernst & Young for re-appointment as internal auditors of the Company after the expiry of their initial term of contract.

In the opinion of the Audit Committee, the internal controls of the Group are considered appropriate to:

- meet the business objectives of the Group;
- ensure the Group's assets are safeguarded; and
- ensure that transactions undertaken are recorded in the Group's accounting records.

Where weaknesses in specific controls have been identified, management has undertaken to implement the appropriate corrective action to mitigate the weaknesses identified.

The Audit Committee has evaluated the annual report for the year ended 31 March 2009 and considers that it complies, in all material respects, with the requirements of the Companies Act, 61 of 1973, as amended, the Public Finance Management Act, 1 of 1999, the Public Audit Act, 25 of 2004, and International Financial Reporting Standards. The Audit Committee has therefore recommended the adoption of this annual report by the Board of Directors at its meeting on 18 June 2009.

Prof GK Everingham
Chairman: Transnet Audit Committee

18 June 2009
Johannesburg

Approval of the annual financial statements

The Directors are required, by the Companies Act, 61 of 1973, as amended, the Public Finance Management Act, 1 of 1999 and the Public Audit Act, 25 of 2004, to prepare annual financial statements which fairly present the state of affairs of the Company and the Group as at the end of the financial year and the profit or loss of the Company and the Group for the year then ended. In preparing these annual financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the annual financial statements on the going-concern basis unless it is inappropriate to presume that the Company and/or the Group will continue in business for the foreseeable future.

The Directors of the Company are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The annual financial statements have been prepared in accordance with International Financial Reporting Standards. The external auditors, Deloitte & Touche, are responsible for independently auditing and reporting on the financial statements in conformity with International Standards on Auditing. Their unqualified report on the annual financial statements prepared in terms of the Companies Act, Public Finance Management Act and Public Audit Act appears on page 178.

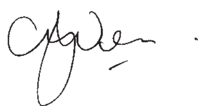
The Directors have every reason to believe that the Company and Group have adequate resources and facilities in place to be able to continue in operation for the foreseeable future. Therefore the Directors are satisfied that Transnet is a going concern and have continued to adopt the going-concern basis in preparing the financial statements.

The Audit Committee has reviewed the effectiveness of the Group's internal controls and considers the systems appropriate to the effective operation of the Company. The Audit Committee has evaluated the Group's annual financial statements and has recommended their approval to the Board of Directors. The Audit Committee's approval is set out on page 176 of the annual report.

In preparing the Company and Group annual financial statements set out on pages 179 – 279, the Company and the Group have complied with International Financial Reporting Standards and the he Companies Act, 61 of 1973, as amended. In addition, the Group has complied with the reporting requirements of the Public Finance Management Act, 1 of 1999 and the Public Audit Act, 25 of 2004 and has used appropriate accounting policies supported by reasonable and prudent judgements and estimates. The Directors are of the opinion that these annual financial statements fairly present the financial position of the Company and the Group at 31 March 2009, and the results of their operations and cash flow information for the year then ended.

FTM Phaswana
Chairman

18 June 2009
Johannesburg



CF Wells
Acting Group Chief Executive

18 June 2009
Johannesburg

Group Company Secretary certificate

I hereby certify that in terms of section 268G(d) of the Companies Act, 61 of 1973, to the best of my knowledge and belief, the Company has lodged with the Registrar of Companies all such returns for the year ended 31 March 2009 as are required of a public company in terms of this Act, and that all such returns are true, correct and up to date.

ANC Ceba
Company Secretary

18 June 2009
Johannesburg

Independent auditors' report to the Minister of Public Enterprises

Introduction

We have audited the accompanying financial statements of Transnet Ltd and the Group which comprise the Report of Directors, balance sheets as at 31 March 2009, and the income statements, statements of recognised income and expense and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory notes on pages 179 – 279. These financial statements are the responsibility of Transnet's accounting authority. Our responsibility is to express an opinion on these financial statements based on our audit. The performance information is the responsibility of the accounting authority. Our responsibility is to express an opinion on whether the performance information is furnished in terms of subsection 55(2)(a) of the Public Finance Management Act, 1 of 1999, as amended, is fair in all material respects and on a basis consistent with that of the preceding year.

Accounting authority's responsibility for the financial statements

The Company's accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act, 61 of 1973 of South Africa, the Public Finance Management Act, 1 of 1999, as amended, and the Public Audit Act, 25 of 2004. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements. The audit was also planned and performed to obtain reasonable assurance that our duties in terms of section 27 and 28 of the Public Audit Act, 25 of 2004, have been complied with.

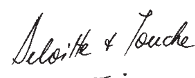
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the annual financial statements fairly present, in all material respects, the financial position of the Company and the Group at 31 March 2009 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act, 61 of 1973, of South Africa, the Public Finance Management Act, 1 of 1999, as amended, and the Public Audit Act, 25 of 2004.

In our opinion, the performance information presented on pages 182 and 183 of the Report of Directors presents fairly, in all material respects, Transnet Ltd and the Group's performance for the year ended 31 March 2009 against predetermined objectives and is, where applicable, consistent with that of the preceding year.

The transactions of Transnet Ltd and the Group that had come to the auditor's attention during the audit were in all material respects in accordance with the mandatory functions of Transnet Ltd, as determined by law or otherwise.



Deloitte & Touche
Registered Auditors

Per T Kalan
Partner

18 June 2009

Deloitte Place
The Woodlands, 20 Woodlands Drive
Woodmead, 2199

National Executive: GG Gelink Chief Executive, AE Swiegers Chief Operating Officer, GM Pinnock Audit, DL Kennedy Tax & Legal and Financial Advisory, L Geeringh Consulting, L Bam Corporate Finance, CR Beukman Finance, TJ Brown Clients and Markets, NT Mtoba Chairman of the Board, CR Qually Deputy Chairman of the Board

A full list of partners and directors is available on request.

Report of the Directors

for the year ended 31 March 2009

Introduction

The Board of Directors has pleasure in presenting its report and the audited financial statements of Transnet Ltd (the Company) and its subsidiaries (the Group) for the year ended 31 March 2009.

Ownership

Transnet Ltd is a public company with the Government of the Republic of South Africa as its sole Shareholder. The Company is defined as a Schedule 2 State-owned Enterprise as envisaged by the Public Finance Management Act, 1 of 1999 (PFMA), as amended and consequently reporting to its Shareholder through the Department of Public Enterprises.

Registration details

The registration number of the Company is 1990/000900/06. The registered name and address of the Company are as follows:

Transnet Limited
47th Floor, Carlton Centre
150 Commissioner Street
Johannesburg
2001

Strategy

As the operator and custodian of South Africa's major transport infrastructure, Transnet is responsible for ensuring the country's freight transportation system operates to world-class standards and as an integral part of the overall economy. Transnet has transformed from a diversified conglomerate into a focused operator of ports, rail and pipelines.

Transnet has as its main objective, as agreed with its Shareholder, to lower the cost of doing business in South Africa. The Company continues to give meaning to its strategic intent through the implementation of the four-point Growth Strategy, having successfully completed the four-point turnaround. The Growth Strategy focuses on accelerating profitable and sustainable volume growth, improved service delivery to customers and long-term financial performance. The strategy is underpinned by the following four pillars:

The global economic crisis has constrained volume growth since September 2008, with all operating divisions showing negative volume growth when compared to the prior year and it is expected to negatively impact freight volumes over the next 12 to 18 months. This poses a significant challenge, following soon after the Company's strategy had transitioned from a turnaround phase into a growth phase. However, the achievements of the past four years, particularly in relation to the Company's financial position and gains in productivity and service delivery, mean that the Company is well placed to maintain financial stability through turbulent economic times while continuing to deliver on its mandate.

Whilst anticipating a lower rate of growth in freight volumes over the next 12 to 18 months, Transnet will continue to pursue its growth strategy, refocusing efforts on volume opportunities such as domestic coal and containers on rail simultaneously positioning itself for growth in anticipation of the economic turnaround.

The Board is satisfied that management has adequate and appropriate risk mitigation measures in place to ensure that any negative impacts of the down turn will not adversely impact the business or the implementation of its strategy.

Share capital

There has been no change in the authorised or issued share capital of the Company during the year. The issued share capital of the Company is 12 660 986 310 issued ordinary shares. Further details regarding the Company's share capital are contained in note 21 to the annual financial statements.

Divisions, subsidiaries and associate companies

In the current year, the Company disposed of the following non-core businesses or assets:

- Shosholoza Meyl
- FSN long distance assets
- Autopax Passenger Services (Pty) Ltd
- South African Express Airways (Pty) Ltd

Furthermore, the assets and liabilities of Transwerk Foundries (Pty) Ltd, Proptrade (Pty) Ltd and Transhold Properties (Pty) Ltd, have been sold to operating divisions of Transnet Limited, at their book value, in terms of the restructuring provisions contained in the Income Tax Act.

During the year, Transpoint Properties (Pty) Ltd disposed of its 30% shareholding in Neotel (Pty) Ltd for R135 million. In addition, as part of the sale transaction, Neotel (Pty) Ltd settled its loan with Transnet Ltd amounting to R189 million.

A detailed list of subsidiary and associate companies is contained in annexure D to the annual financial statements. The detailed effects of businesses and investments that have been discontinued or classified as held-for-sale in terms of IFRS 5 are contained in annexures C and D of the annual financial statements.

Accounting policies

The accounting policies used in the preparation of the annual financial statements for the year ended 31 March 2009 are consistent with International Financial Reporting Standards (IFRS) and with those used in the prior year, except as disclosed in the accounting policies and note 37 to the annual financial statements.

Critical judgements and estimations made in applying the accounting policies

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of equity, assets and liabilities, revenue and expenses.

The estimates and associated assumptions are based on historical experience, independent expert advice and inputs and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a risk of material adjustment in the next year are discussed in the relevant notes to the annual financial statements.

Summary of financial performance

Details	March 2009	March 2008	% change
Revenue (R million)	**33 592**	30 091	11,6
EBITDA (R million)	**13 200**	12 810	3,0
EBITDA margin (%)	**39,3**	42,6	(7,8)
Equity attributable to shareholder (R million)	**58 334**	50 961	14,5
Gearing (%)	**36,2**	29,7	(21,9)
Cash generated from operations after working capital changes (R million)	**10 851**	13 432	(19,2)

Revaluation of property, plant and equipment – port infrastructure

The accounting policies require port infrastructure assets to be carried at revaluated amounts as opposed to historic cost. Management conducts a full revaluation of port infrastructure every three years with an index revaluation being performed in the intervening years.

During the current, year management applied an index valuation to the port infrastructure having conducted a full revaluation in the prior year.

Based on the index valuation methodology (as determined by independent experts) the carrying value of port infrastructure would have been adjusted from R25,1 billion to R40,2 billion (depreciated optimised replacement cost) at 31 March 2009, a potential revaluation amount of R15,1 billion.

Management conducted a discounted cash flow analysis (as required by IAS 16: Property, plant and equipment) to establish whether the amount as reflected above would be recoverable based on future cash flows of the business. The present value of future discounted cash flows of the National Port Authority amounted to R28,2 billion. Consequently, a revaluation amount of only R3,1 billion was recorded in the accounting records.

Additional information regarding the above is contained in note 9 and annexure B to the annual financial statements.

Capital expenditure and commitments

The capital expenditure commitments for the Group over the next five years amount to R80,5 billion (excluding the capitalisation of borrowing costs of R7,1 billion). The Group has spent approximately R19,4 billion in the current year and is expecting to spend R21,9 billion in the year ahead (excluding capitalisation of borrowing costs).

Further details regarding capital expenditure and commitments are contained in note 31 of the annual financial statements.

Dividends

There were no dividends declared for the current year. A dividend policy that is reviewed annually has been approved by the Board and the Shareholder. The policy provides that dividends will be declared to the Shareholder in circumstances where cash cannot be effectively utilised in the business and provided that appropriate gearing ratios are maintained.

Cash resources available to the Group of R5,9 billion will primarily address priorities in the strategic plan such as funding the R80,5 billion Investment Plan over the next five years.

Borrowings

The Group's borrowing powers are limited to those approved by the Company in a General Meeting and subject to the Public Finance Management Act, 1 of 1999.

As at 31 March 2009, the Group's borrowings amounted to R37,0 billion, an increase of R11,7 billion compared to the prior year. This increase can be attributed to borrowings that were raised to fund the Capital Investment Plan.

Compliance with legislation

To the best knowledge and belief of the Directors, the Group has, during the year, complied, in all material respects, with all legislation and regulations applicable to it, including without limitation, the Companies Act, 61 of 1973, as amended, the Public Finance Management Act, 1 of 1999, as amended, the Treasury Regulations and the Income Tax Act, 58 of 1962.

Public Finance Management Act, 1 of 1999 (PFMA) – Compliance

Transnet Ltd has implemented and maintained governance structures and processes in compliance with the provisions of the PFMA. PFMA compliance is one of the key business issues that the Group manages and monitors. This monitoring function is achieved through an approved PFMA policy; and guidelines and materiality frameworks that have been established and cascaded throughout the Company.

Sections 51 and 55 of the PFMA impose certain obligations on the Company and these relate to the prevention, identification and reporting of fruitless, wasteful and irregular expenditure and collection of all revenue. In order to comply with these obligations, the Transnet Board of Directors has a materiality framework, which was approved by the Minister of Public Enterprises, subject to certain conditions.

The shareholder representative has determined that the materiality limit for reporting in terms of sections 55(2) (b) (i), (ii) and (iii) is R25 million per transaction.

In terms of this materiality framework, the Board of Directors is pleased to report that no individual items of fruitless, wasteful and irregular expenditure are to be reported.

Shareholder's Compact – performance criteria

In pursuance of its objective to promote good corporate governance in State-owned Enterprises, the Government, as Transnet's sole Shareholder, and Transnet signed a shareholder performance agreement (Shareholder's Compact).

Performance information and other criteria, comparing actual 2009 results to the targets, as required by section 55(2)(a) of the PFMA, have been outlined below in terms of the Shareholder Compact.

Key performance area	Key performance indicator	Unit of measure
Revenue and volume growth	Volume growth (weighted)	%
	Tariff increases *	%
Financial value creation	EBITDA margin	%
	Cash interest cover	Times
	CFROI	%
	Return on average total assets	%
	Gearing	%
Infrastructure and maintenance	Capital expenditure **	% of budget
		R million
	Maintenance expenditure (external)	% of budget
		R million
Operational efficiency	Loco efficiency (general freight)	GTK per loco per month (million)
	Wagon turnaround (general freight)	Days
	Loco availability (weighted)	%
	Wagon availability (weighted)	%
	Average ship turnaround time – DCT	Hours
	Moves per crane hour *	Number of moves
	Production interruptions – internal and external causes	Hours
Human capital	Training spend – 3% of personnel costs	%
Risk and safety	DIFR	Rate

* *The tariff increase for Freight Rail and Port Terminals are measured by a weighted average revenue per unit increase (including the impact of commodity mixes). The tariff increases for the National Ports Authority and Pipelines are regulated and follow different tariff determination methodologies. The tariff increase for the Group represents the weighted revenue per unit increase for the five core divisions.*
** *Capital expenditure excludes capitalised borrowing costs.*
† *Includes the revised contracted tariff on the coal export line.*
# *The National Ports Authority submitted its tariff increases in accordance with the draft port regulations, but has not received formal feedback from the Ports Regulator.*
^ *Average tariff increase approved by NERSA.*

	Group		Freight Rail		Rail Engineering		National Ports Authority		Port Terminals		Pipelines	
	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual
	≥6%	**(2,9%)**	≥6%	**(4,4%)**			≥8%	**(0,2%)**	≥8%	**(2,7%)**	≥8%	**5,6%**
	≤PPI	**13,0%**	≤PPI	**19,7%‡**			6,75%	**6,75#**	≤PPI	**6,7%**	10%	**4,6%^**
	>35%	**39,3%**	27,0%	**30,4%**	5,7%	**9,3%**	73,7%	**73,9%**	38,9%	**33,5%**	70,5%	**71,6%**
	>3,5	**4,0**	2,5	**1,8**	4,5	**1,2**	3,0	**4,3**	6,0	**3,7**	3,5	**5,1**
	≥5%	**5,6**										
	6%-10%	**7,8%**										
	≤50%	**36,2%**										
	>90%	**97,2%**	>90%	**88,5%**	>90%	**97,1%**	>90%	**125,5%**	>90%	**124,6%**	>90%	**85,2%**
	19 965	**19 382**	9 710	**8 593**	585	**568**	3 377	**4 237**	2 523	**3 144**	3 252	**2 772**
			90%	**118,8%**	90%	**36,2%**	90%	**129,14%**	90%	**44,6%**	90%	**100%**
			2 115	**2 513**	500	**181**	151	**195**	323	**144**	29	**29**
			≥4,2	**4,72**								
			≤12,5	**13,8**								
					≥85%	**88,4%**						
					≥90%	**90,7%**						
							≤56	**47**				
									DCT: ≥25	**23**		
									CTCT: ≥24	**21**		
									Pier 1: ≥20	**24**		
											≤1 000	**755**
	3,0%	**4,2%**										
	≤1,20	**1,09**	≤1,15	**1,30**	≤1,50	**1,15**	≤1,0	**1,22**	≤1,0	**0,85**	≤1,25	**1,44**

Economic regulation

Economic regulation requires judicious execution as it impacts the long-term infrastructure investments of the Company and specifically the Ports and Pipeline businesses. The Company will continue to constructively engage with Regulators and the relevant Government policy departments to ensure that emerging regulatory frameworks support Transnet to achieve its strategy.

Pipelines

Transnet submitted an application to the National Energy Regulator of South Africa (NERSA) to approve the 2009/10 tariffs as required by applicable legislation. Regrettably, NERSA's final tariff determination for the 2010 year provides for an effective 10,4% decrease in tariffs. The impact of this decision is to defer revenue plus interest to when the NMPP is commissioned in 2012. The concern that arises is the lack of consistency and predictability of the application of the tariff methodology relating to the setting of the tariffs by NERSA. In the interim, Transnet is in discussions with Government regarding an alternative funding model for assets under construction.

Ports

National Ports Act, 12 of 2005 (the Act)

The Act came into effect on 26 November 2006. In summary, the Act establishes the National Ports Authority Ltd (the authority) as the landlord of South Africa's ports, and establishes an independent ports regulator with oversight powers. With effect from the afore-mentioned commencement of the Act, the National Ports Authority (a division of Transnet Ltd) is deemed to be 'the authority' provided for in the Act and must perform the functions of 'the authority' contemplated in the Act.

The Act sets out three phases of corporate transition for the National Ports Authority of South Africa: firstly, in its current form, as a division of Transnet Ltd; secondly, as a wholly owned subsidiary company of Transnet Ltd; and finally, as a public company whose assets are separate from those of Transnet Ltd. This would have significant adverse impacts on Transnet, both financially, given the requirements of the Act, and strategically, given the importance of operating South Africa's freight transportation backbone on an integrated platform.

In June 2008, the Government gave a written undertaking to Transnet that it has no intention of initiating the corporatisation process for National Ports Authority and will initiate a review of the provisions of the Act that relate to the corporatisation of the National Ports Authority with the intention of proposing amendments thereto. Proposed amendments to the Act that will mitigate any negative impact on Transnet are being drafted and will be submitted to the Shareholder Ministry for consideration.

Directives on the regulator's approach to economic regulation have yet to be finalised. The National Ports Authority submitted its tariff application for 2010 in August 2008, but in the absence of a decision by the Regulator at the start of the financial year, Transnet had no option but to proceed with the implementation of inflation-adjusted tariffs. The regulatory uncertainty which continues to prevail could impact port investment going forward.

Rail

Rail economic regulation remains on the agenda of policy-makers and it is important that such regulation enables the critical investments that have to be made in Freight Rail's core rail network infrastructure and rolling stock.

Judicial proceedings

The annual financial statements include a best estimate of expected settlement for judicial proceedings entered into with Transnet as either a defendant or plaintiff, where the outcome can be assessed with reasonable certainty, taking into account legal opinions obtained for the Group.

The contingent liabilities of the Group have been disclosed in note 32 to the annual financial statements.

Post-balance sheet events

The following significant issues have occurred between 31 March 2009 and 18 June 2009:

Sale of Autopax Passenger Services (Pty) Ltd

Autopax Passenger Services (Pty) Ltd was sold to PRASA for R1 effective 31 March 2009, as this was the date on which risks and reward of ownership passed. The Sale of Shares agreement was signed on 1 April 2009.

The sale of this business was recorded at 31 March 2009.

Sale of Shosholoza Meyl

The long distance commuter passenger service, known as Shosholoza Meyl, was sold to PRASA for R100 effective 31 March 2009, as this was the date on which risks and reward of ownership passed. A Sale of Business agreement was signed on 7 May 2009. As part of the transaction, PRASA paid an amount of R500 million to Transnet on 22 May 2009. This amount related to the reimbursement for operating expenditure incurred by Transnet prior to transfer date.

The sale of this business was recorded at 31 March 2009.

Pipelines tariff application

The Transnet Pipelines tariff application for the 2010 financial year was rejected by NERSA and approved a reduction in tariffs of 10,4%. This decrease is of a temporary nature due to the methodology used by the Regulator in the determination of tariffs by excluding assets under construction in the regulatory asset base (RAB) until they are brought into use, which is expected to occur progressively until 2012; the project completion date. In the interim the Company is in discussion with Government regarding an appropriate funding model for assets under construction.

Going concern

The Directors are of the opinion that the business will be a going concern for the foreseeable future. In reaching this opinion, the Directors considered the following factors:

- Transnet has adequate committed credit facilities from its lenders to fund its operations and meet its financial obligations in the normal course of business for the foreseeable future.
- The operational and financial risks have been reviewed to determine their impact on the business under various scenarios, and mitigating initiatives, strategies and controls are in place and are reflected in the Group and operating divisions' business and risk management plans.
- The Transnet Second Defined Benefit Fund and the Transport Pension Fund's – Transnet Sub-Fund are in surplus.
- The net worth of the Transnet Group has improved by 14,5% compared to the prior year.

- The gearing ratio reflected at 36,2% is below the set target of 50%.
- Cash flow forecasts indicate that the Group will comfortably be able to meet its obligations.
- The Company's intention is to seek an application for the amendment of the National Ports Act to remove the requirements for the corporatisation of the National Ports Authority.
- After considering the robust working capital management plans, and adjusting for capital investment related creditors as these have dedicated funding, the adverse liquidity position will not impact on Transnet's ability to continue as a going concern.

Based on the operating and financial indicators detailed above, the Directors are of the opinion that the entity will be a going concern for the foreseeable future.

Auditors

At the Annual General Meeting, held on 25 July 2008, Deloitte & Touche were reappointed as external auditors. A portion of the external audit work has been subcontracted to Sizwe Ntsaluba VSP, a black-owned firm of auditors. The business address of Deloitte & Touche is Deloitte Place, The Woodlands, 20 Woodlands Drive, Woodmead, 2199.

The Group internal audit is outsourced to Ernst & Young. Business address: Wanderers Office Park, 52 Corlett Drive, Illovo.

Company Secretary

Transnet Ltd's Group Company Secretary is Ms Ayanda Nolwazi Cleopatra Ceba who was appointed on 1 April 2009. Ms Zola Stephen resigned as Company Secretary on 31 March 2009 to serve as a member of the executive committee of the National Ports Authority.

Business address: 47th Floor, Carlton Centre, 150 Commissioner Street, Johannesburg, 2001.

Board of Directors

The composition of the Board of Directors together with summary curricula vitae of each Director appears on pages 18 and 19 of this report. The following changes were made to the Board of Directors during the year:

Mr MP Moyo	–	appointed on 25 July 2008
Mr MJ Hankinson	–	appointed on 25 July 2008
Mr S Nicolaou	–	resigned on 25 July 2008
Ms M Ramos	–	resigned on 27 February 2009
Mr A Singh	–	appointed on 06 March 2009

The remuneration of the Directors is set out on pages 186 – 188 of this report.

Remuneration report

The Remuneration Committee consists of the following independent non-executive Directors:

- Dr ND Haste (Chairman)
- Ms NBP Gcaba (Deputy Chairman)
- Dr I Abedian
- Ms NR Ntshingila
- Mr PG Joubert

The mandate of the Remuneration Committee of the Board includes reviewing the design and management of Transnet-wide remuneration principles, policies and practices relating to guaranteed and variable pay components to ensure alignment between business and individual performance.

During the financial year, the work of the committee included considering and approving the following matters:

- Wage mandate for bargaining unit employees;
- Feedback on the remuneration benchmark survey for executive management and package category employees;
- Management salary increases;
- Report on the Group Executive Committee members' remuneration;
- Report on the Group Chief Executive's remuneration;
- The approval of the reviewed short-term performance incentive scheme for bargaining unit employees which includes the gain share component;
- The payment of the 2009 performance incentive bonus to all employees;
- The cascading of the reward solution to include the rest of the bargaining unit and the reshaping of the workforce; and
- The technical skills strategy for Transnet.

The Remuneration Committee also considers external market information for comparisons between reward structures and remuneration levels applicable to Directors and executives of the Group and those applicable to counterparts in organisations of similar size and complexity in comparable business sectors both in South Africa and, where appropriate, internationally.

The Company fully discloses all components of the Group Executive Committee members' remuneration information.

Transnet remuneration framework

Transnet recognises that one of its competitive sources of value is its people and believes that in order to meet the corporate goals and business objectives, the reward policies and objectives are designed to:

- Form an integral part of an overall human resource strategy geared to support business strategies;
- Motivate and reinforce superior performance;
- Encourage the development of organisational and individual performance;
- Encourage the development of competencies required to meet future business needs;
- Be based on the premise that employees should share in the success of the company;
- Attract and retain high-quality individuals with the optimum mix of competencies; and
- Be congruent with human resources related legislation.

Executive remuneration adjustments

The remuneration of the executive management was adjusted with an average of 8% for the 2009 year. The adjustment was based on the result of an extensive market benchmark exercise, taking into account individual performance ratings.

The Remuneration Committee has proposed a zero-percentage increase for the 2010 year in remuneration for all management, including executive management, in light of the economic environment. The Board has approved the Remuneration Committee's proposal that the zero-percentage increase be reviewed in October 2009 depending on the state of the economy and its impact on the Company at that time.

Transnet Short-Term Incentive Scheme (TSTI)

The Transnet Short-Term Incentive Scheme has been successfully implemented since 2006. The initial scheme was changed during 2007 from a time specific design to a rolling incentive scheme to ensure continuous improvement and consistent achievement of business results.

The bonus pool is generated through the achievement of set financial targets (EBITDA) and determines the amount available to fund payments in terms of the incentive scheme. The pool modifier at Group level is CFROI and at operating division level, safety has been identified as the primary modifier to impact on the bonus pools of the respective operating divisions. Apart from the generic modifiers, management is also assessed in terms of individual strategic performance objectives (SPOs) which also influence the individual bonus amounts.

The principles of the TSTI apply to all employees with a different eligibility percentages per grade level.

During the financial year, Transnet achieved 96,3% of the financial targets resulting in an incentive payment to eligible employees across the business. All operating divisions qualified for payment in terms of the rules of the scheme, except for Transnet Port Terminals, for which an ex gratia payment was approved. Actual payment took place within the approved scheme rules.

During the current economic downturn the achievement of business objectives is critical for long-term business sustainability. Therefore, it is crucial to prevent low morale and recognise and reward employees' effort and performance through the payment of an incentive based on the achievement of targets for the financial year.

The annual short-term incentive scheme for bargaining unit employees employed at operating divisions was revised during the year. This was done to enhance line of sight between targets and actual performance as well as to ensure internal parity. The revised incentive scheme for bargaining unit employees consists of:

- An annual on-target bonus component, aimed at achieving performance targets; and
- A quarterly gain-share bonus component, payable when approved targets are exceeded, to facilitate successful execution of the growth strategy as well as focusing on the key value drivers.

The scheme was implemented with effect from 1 April 2008 and payments to eligible employees in respect of the scheme amounted to R31 million for the reporting period.

Transnet Long-Term Incentive Scheme (TLTI)

The objectives of the Long-Term Incentive Scheme are primarily to sustain the achievement of the growth strategy, to retain key talent who ensure the success of the growth strategy and to encourage stretch performance (reward performance above expectation and above target).

The principles underpinning the TLTI Scheme can be summarised as follows:

- The TLTI is designed on a three-year rolling basis to ensure sustained business performance and retention.
- The TSTI paid during a given year will generally be matched on a rand for rand basis as an TLTI payable on the third anniversary of the TSTI payment. The actual matching will be determined each year by the Remuneration Committee to ensure adherence to affordability guidelines whilst recognising retention and reward factors.
- The talent management framework will inform key talent who will qualify for participation in the TLTI.

Executive remuneration – guaranteed

Name	Salary R thousand	Post-retirement benefit fund contributions R thousand	Other contributions R thousand	Other payments R thousand	Total 2009 R thousand	2008 R thousand
CF Wells **	3 621	385	–	8	**4 014**	3 717
V Dunjwa	2 196	201	–	7	**2 404**	1 971
S Gama	3 443	272	62	29	**3 806**	3 833
V Kahla	2 915	229	40	4	**3 188**	3 112
P Maharaj	2 973	231	–	2	**3 206**	3 131
C Möller	2 152	207	102	8	**2 469**	2 425
T Morwe	2 811	223	56	2	**3 092**	3 190
M Moses	2 991	152	15	10	**3 168**	2 925
K Phihlela	2 654	206	–	3	**2 863**	2 983
M Ramos †**	4 882	441	–	5	**5 328**	5 411
A Singh **#	1 534	145	42	13	**1 734**	–
KXT Socikwa	2 575	274	–	3	**2 852**	2 133
R Vallihu	2 709	252	42	21	**3 024**	2 897
LL van Niekerk	3 935	356	–	87	**4 378**	3 922
Total	41 391	3 574	359	202	**45 526**	41 650

† *Resigned during the current financial year.*
** *Group Executives who are members of the Board of Directors.*
# *Appointed during the year.*

Executive remuneration – non-guaranteed: performance bonus (TSTI)

The performance bonuses (excluded from guaranteed remuneration) reflected below are according to the principles of the approved bonus scheme for 2009 and will be paid during the 2010 financial year.

Name	2009 R thousand	2008 R thousand
CF Wells **	**2 825**	4 053
V Dunjwa	**1 619**	1 945
S Gama	**2 380**	3 655
V Kahla	**2 151**	3 083
P Maharaj	**1 971**	3 243
C Möller	**1 551**	2 458
T Morwe	**1 438**	2 896
M Moses	**2 180**	3 127
K Phihlela	**1 779**	2 419
M Ramos †**	**–**	5 790
A Singh **#	**1 188**	–
KXT Socikwa	**1 924**	2 978
R Vallihu	**2 119**	3 136
LL van Niekerk	**2 796**	4 285
Total	**25 921**	43 068

† *Resigned during the current financial year.*
** *Group Executives who are members of the Board of Directors.*
# *Appointed during the year.*

Non-Executive Directors

Non-Executive Directors are appointed by the Shareholder for a three-year term. The Articles of Association of the Company, however, require that the Directors be submitted for re-election for each of the three years at the Company's Annual General Meeting. Among the issues considered by the Shareholder prior to re-election is the individual Director's performance.

The Shareholder approves, in advance, the fees payable to non-Executive Directors. Fees paid to non-Executive Directors vary based on their appointments to the various committees of the Transnet Board.

Name of Board members	Total 2009 R thousand	2008 R thousand
FTM Phaswana (Chairman)	**1 049**	1 050
I Abedian	**614**	579
GK Everingham	**600**	725
NBP Gcaba	**569**	557
MJ Hankinson **	**263**	–
ND Haste OBE	**450**	300
SE Jonah KBE †	**–**	429
PG Joubert	**638**	601
NNA Matyumza	**484**	376
MP Moyo **	**263**	–
S Nicolaou †	**125**	427
BT Ngcuka	**377**	514
NR Ntshingila	**394**	451
KC Ramon	**379**	376
Total	**6 205**	6 385

† *Resigned during the current financial year.*
** *Appointed during the year.*

Subsidiary Directors' remuneration

Executive Directors

Name	Salary R thousand	Post-retirement benefit fund contributions R thousand	Other payments R thousand	Total 2009 R thousand	2008 R thousand
South African Express Airways (Pty) Ltd					
S Mzimela	3 635	–	1 267#	**4 902**	3 068
S Zulu	2 231	–	–	**2 231**	1 761
Autopax Passenger Services (Pty) Ltd					
M Bester *	547	–	2 321†	**2 868**	4 269
**Viamax (Pty) Ltd ** **					
N Hariparsad	–	–	–	**–**	650
Total	6 413	–	3 488	**10 001**	9 748

* *Retired 31 July 2008.*
** *Subsidiaries disposed of in prior financial year.*
# *Payment in terms of a long-term incentive scheme.*
† *Comprises a retention and incentive bonus and the payment of accumulated leave.*

Non-Executive Directors

Name of Board members	Fees R thousand	Other payments R thousand	Total 2009 R thousand	2008 R thousand
Autopax Passenger Services (Pty) Ltd				
V Jack	21	21	**42**	32
South African Express Airways (Pty) Ltd				
L Boyle	613	–	**613**	13
E Bunyenyezi	186	–	**186**	13
C Christodoulou	269	–	**269**	13
G van Heerden	179	–	**179**	13
N Madalane	204	–	**204**	13
B Mohale	206	–	**206**	48
S Nicolaou	181	–	**181**	38
L Nyhonyha*	–	–	**–**	33
A Richman*	–	–	**–**	19
B Ssamula	186	–	**186**	13
M Vuso	242	–	**242**	43
Total	2 287	21	**2 308**	291

* *Resigned during the prior year.*

Accounting policies

Transnet Ltd (the "Company") is a company domiciled in South Africa.

The consolidated financial statements for the year ended 31 March 2009 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

The financial statements were authorised for issue by the Directors on 18 June 2009.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

Critical judgements and estimations made in applying the accounting policies

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of equity, assets and liabilities, revenue and expenses.

The estimates and associated assumptions are based on historical experience, independent experts advice and inputs and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes to the annual financial statements.

Significant accounting policies

Basis of preparation

The consolidated financial statements of the Group ("financial statements") are presented in South African rands, rounded to the nearest million.

The financial statements are prepared on the historical cost basis, except for the following assets and liabilities that are stated at their fair value: unlisted investments, derivative financial instruments, financial instruments held-for-trading, financial instruments classified as available-for-sale, investment properties and non-current assets, which are classified as held-for-sale. Certain classes of property, plant and equipment are carried at revalued amounts.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except for the adoption of IFRS 8: Operating Segments (IFRS 8).

The accounting policies have been applied consistently by Group entities.

Change in accounting policy

The Group has early adopted IFRS 8 in the current financial year. IFRS 8 replaces IAS 14: Segmental Reporting (IAS 14). The core principle of IFRS 8 is that an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. The standard adopts a 'management' approach for purposes of identifying operating segments and reporting segments information. This approach involves the identification of information management uses to make resource allocation and assess performance. IFRS 8 is a disclosure standard and consequently has not impacted reported results. A restatement of comparatives is required. Refer to Segmental Information on page 206.

Further, three interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 14: IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14), IFRIC 12: Service Concession Agreements (IFRIC 12) and IFRIC 13: Customer Loyalty Programmes (IFRIC 13). The impact of the adoption of IFRIC 14 has been insignificant to the Group's results and the adoption of IFRIC 12 and IFRIC 13 has resulted in no impact to the Group's results.

Basis of consolidation

Subsidiaries

Subsidiaries (including special purpose entities, such as trusts) are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Typically, this will be where the Group has more than 50% of the voting power. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account. The consolidated financial statements include the results of the Company and its subsidiaries, from the effective dates of acquisition to the effective dates of disposal.

The purchase method of accounting in terms of IFRS 3: Business Combinations is applied to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured, initially, at their fair values at the acquisition date, irrespective of the extent of any minority interest. Non-current assets acquired in a business combination that are classified as held-for-sale are measured in accordance with IFRS 5: Non-current Assets Held-for-Sale and Discontinued Operations and are measured at the lower of carrying value and fair value less costs to sell. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement. The interest of the minority shareholders is stated at the minority's proportion of the fair value of the assets, liabilities and contingent liabilities recognised.

On subsequent disposal of a subsidiary, the profit or loss on disposal is the difference between the selling price and the lower of the fair value less cost to sell and carrying value of the net assets and liabilities disposed of. On disposal, the amount attributed to goodwill is included in the determination of the profit or loss on disposal.

Special purpose entities are consolidated when the substance of the relationship between the Group and the special purpose entity indicates that it is controlled by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

Associates (equity accounted investees)

Associates are entities over which the Group is in a position to exercise significant influence, but not control or joint control of the financial and operating policies. Investments in associates are equity accounted in the consolidated financial statements for the period in which the Group exercises significant influence, except when the investment is classified as held-for-sale in accordance with IFRS 5: Non-current Assets Held-for-Sale and Discontinued Operations. In terms of IFRS 5, the investment in the associate will be recognised and measured at the lower of carrying value and fair value, less costs to sell. Significant influence is presumed in instances where the Group has an equity stake greater than 20% but less than 50% in an entity.

Equity accounted income represents the Group's proportionate share of the post-acquisition profits of these entities and the share of taxation thereon. Losses incurred by associates (including impairment losses where such indications exist) are brought to account in the consolidated financial statements until the investment in such associates is written down to a nominal value. Thereafter, losses are accounted for only insofar as the Group is committed to providing financial support to such associates. The carrying amount of such investments is reduced to recognise any decline in the value of the investment.

Long-term loans to associates, which in fact are part of the long-term investment, are treated as a part of the investment in the associates.

The excess of cost of the acquisition over the fair value of the associate's net assets is recorded as goodwill. Goodwill is included in the carrying value of the investment and is assessed for impairment as part of the investment. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement.

The Group's interest in an associate is carried in the balance sheet at an amount that reflects its share of the cost, post-acquisition reserves, plus goodwill, less an impairment loss, if applicable.

Where the Group transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred.

Joint ventures (equity accounted investees)

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control, that is when strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Joint venture agreements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities. The Group reports its interest in jointly controlled entities using the equity method except when the investment is classified as held-for-sale, in which case it is accounted for in accordance with IFRS 5: Non-current Assets Held-for-Sale and Discontinued Operations.

Equity accounted income represents the Group's proportionate share of the post-acquisition profits of these entities and the share of taxation thereon, net of the Group's proportionate share of intergroup profits. Losses incurred by joint ventures (including impairment losses where such indications exist) are brought to account in the consolidated financial statements until the investment in such joint ventures is written down to a nominal value. Thereafter, losses are accounted for only insofar as the Group is committed to providing financial support to such joint ventures. The carrying amount of such investments is reduced to recognise any decline in the value of the investment.

The excess of the cost of the acquisition over the fair value of the joint venture's net assets is recorded as goodwill. Goodwill is included in the carrying value of the investment and is assessed for impairment as part of the investment. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the income statement.

Where the Group transacts with a joint venture of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant joint venture, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred.

Foreign currency

Functional and presentation currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are prepared in South African rands, which is the Company's functional currency and the Group's presentation currency.

Foreign currency transactions

Transactions in currencies other than the entity's functional currency are defined as foreign currency transactions. Transactions in foreign currencies are translated at exchange rates ruling on transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rates ruling at the original transaction date. Non-monetary assets and liabilities that are carried at fair value denominated in the foreign currency are translated into South African rands at the exchange rate ruling when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- Exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings;
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (see below for hedging accounting policies); and
- Exchange differences on monetary items receivable from or payable to a foreign operating entity for which a settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of net investment.

Financial statements of foreign entities

The financial statements of foreign entities are translated into South African rands as follows:

- Assets and liabilities, at rates of foreign exchange ruling at the balance sheet date.
- Revenue and expenses at rates approximating the foreign exchange rates ruling at the dates of the transactions or appropriate average rates.
- Goodwill and fair value adjustments arising on acquisition, at rates of foreign exchange ruling at balance sheet date.
- Equity at historical rates.

Any foreign exchange differences arising on translation are recognised as a separate component of equity. Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are taken to the translation reserve.

On disposal, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

Revenue

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Group and the amounts of revenue can be reliably measured. Revenue is net of value added taxation.

Transportation and other related services

Revenue from transportation and other related services is recognised by reference to the stage of completion of transactions at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due and associated costs.

Rental income

Revenue arising from the rental of property is recognised on a straight-line basis over the term of the lease in accordance with the substance of the relevant agreements. Lease incentives granted are recognised as an integral part of the total rental income.

Construction contracts

As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract. Contract revenue includes the initial amount agreed to in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable in the period in which they are incurred. An expected loss on a contract is recognised immediately in the income statement.

Dividend income

Dividend income is recognised in the income statement on the date the entity's right to receive payments is established , which in the case of quoted securities is usually the ex dividend date.

Finance income

Finance income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all suspensive conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset on a straight-line basis.

Transactions giving rise to adjustments to revenue/purchases

The Group accounts for cash discounts and rebates received (given) as follows:

- In the case of the Group as a purchaser, cash discounts and rebates received are estimated upfront and deducted from the cost of inventories purchased; and
- In the case of the Group as a seller, cash discounts and rebates given are estimated upfront and deducted from the amount of revenue recognised.

Where extended payment terms are granted by the Group, whether explicitly or implicitly, the effect of the time value of money is taken into account irrespective of other factors such as the cash selling prices of the goods.

Impairment of assets

The carrying amounts of the Group's tangible and intangible assets with a definite life, other than financial assets, investment property, non-current assets classified as held-for-sale, inventories and deferred taxation assets are reviewed at each balance sheet date to determine if there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where an asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. For goodwill and intangible assets that have an indefinite useful life, the recoverable amount is estimated at each balance sheet date, and whenever there is an indication that the asset may be impaired.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs relating to the realisation of the asset. In assessing the value-in-use, the expected future cash flows from the asset are discounted to their net present values using a pre-taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset and the business unit to which that asset belongs. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, a previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates previously used to determine the recoverable amount, to an amount not higher than the carrying amount that would have resulted, net of depreciation or amortisation, had no impairment loss been recognised. A reversal of an impairment loss is recognised as income immediately, if the impairment was recognised previously as an expense, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Interim financial reporting and impairment

The Group prohibits the subsequent reversal of impairment losses recognised in interim reports relating to goodwill, and investments in equity instruments classified as available-for-sale or financial assets carried at cost because fair value cannot be determined reliably.

Borrowing costs

The Group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, as part of the cost of that asset, until such time that the asset is substantially ready for its intended use. The Group identifies a qualifying asset as one that necessarily takes six months or more to get ready for its intended use.

To the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset, the Group capitalises the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of these borrowings.

To the extent that the qualifying asset is funded via general borrowings, the Group determines borrowing costs eligible for capitalisation by applying the weighted average cost of borrowings for the period, to the expenditures on that asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, dividends on redeemable preference shares, amortisation of discounts on bonds and foreign exchange gains and losses, less amounts capitalised to qualifying assets.

Taxation

Income taxation on the profit or loss for the year comprises current and deferred taxation. Income taxation is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current taxation

The charge for current taxation is the amount of income taxes payable in respect of the taxable profit for the current period and any adjustment to taxation payable in respect of previous years. It is calculated using taxation rates that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation

Deferred taxation is provided using a balance sheet liability method on all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. The following temporary differences are not provided for:

- The initial recognition of goodwill;
- The initial recognition of assets and liabilities (other than in a business combination), which affect neither accounting nor taxable profit or loss; and
- Differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities and is calculated using the taxation rates that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available to be utilised against the associated unused taxation losses and deductible temporary differences. Deferred taxation assets are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

Deferred taxation liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and joint ventures, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that it will not reverse in the foreseeable future.

Deferred taxation assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group has the legal right to and intends to settle its current taxation assets and liabilities on a net basis.

In terms of the measurement criteria set out in IAS 12: Income Taxes, Transnet has assessed their intention at balance sheet date on recovering an asset or liability to the extent that this intention influences the rate of taxation to be applied in calculating deferred taxation. In this regard, Transnet has recognised deferred taxation as follows:

Land
As land is deemed to be realised through sale, there is no deferred tax effect on the difference between the tax base and the original cost of the land. Deferred taxation is calculated on the difference between the carrying amount and the capital gains taxation (CGT) base cost at the CGT rate.

Asset in respect of which no taxation allowances are granted
No deferred taxation is raised in the case where neither the accounting nor taxation profit are effected. Where the asset is revalued, deferred taxation affects are calculated based on the intention of the division. Where the intention is to sell the asset, deferred taxation is raised at the CGT rate on the difference between the CGT base cost and the revalued carrying amount. Where the intention is to use to asset, deferred taxation is raised at the usage rate on the difference between the taxation base and the revalued carrying amount.

Asset (other than land) recorded at cost
Where an asset is recorded using the cost model, and a taxation allowance is available to be claimed against the asset, deferred taxation is calculated on the excess of the carrying amount over the taxation base at the statutory income taxation rate.

Asset (other than land) recorded at revalued amount – intention to use
Assets recorded at revalued amounts, with the intention to use, are taxed in accordance with their intention. As the future benefits expected to flow from the use of the asset, deferred taxation is calculated at the statutory income taxation rate on the difference between the taxation base and the revalued carrying amount.

Asset (other than land) recorded at revalued amount – intention to sell
Where the intention is to recover the benefits of the asset through sale, deferred taxation is calculated at the usage rate on the difference between the taxation base and the original cost, and at the CGT rate on the difference between the CGT base cost and the revalued carrying amount.

Asset (other than land) recorded at revalued amount – intention to both use and sell
Where the intention is to recover the benefits of the asset through both use and sale, deferred taxation is calculated to reflect this intention. Deferred taxation is calculated at the usage rate (28%) on the difference between the taxation base and the original cost, at the CGT rate (14%) on the difference between the CGT base cost and the future selling price (residual value), and at the usage rate on the difference between the future selling price and the revalued carrying amount.

Secondary taxation on companies (STC)

STC is provided in respect of the expected dividend payments net of STC credits and is recognised as a taxation charge in the year in which the dividend is declared. STC credits on dividends received are recorded as deferred taxation assets in the period that they arise limited to the reserves available for distribution. The STC asset is only recognised to the extent that it is likely that it will be settled through the payment of dividends.

Property, plant and equipment

Property, plant and equipment are stated at cost, or revalued amounts, less accumulated depreciation where appropriate and any accumulated impairment losses.

Recognition and measurement

Port operating assets, pipeline networks and port infrastructure assets are carried at revalued amounts. Revaluations are carried out every three years and appropriate indices are applied in the intervening periods to ensure that the assets are carried at fair value at the balance sheet date. Revaluation surpluses that arise are taken directly to the revaluation surplus in equity, except to the extent that they reverse a revaluation decrease for the same asset previously recognised as an expense, in which case the surplus is credited to the income statement to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of an asset is charged as an expense to the extent that it exceeds the balance, if any, held in the asset's revaluation surplus relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus in the revaluation reserve is transferred to retained earnings.

Cost includes expenditure that is directly attributable to the acquisition of the asset and borrowing costs which are capitalised to qualifying assets (see borrowing costs).

Assets under construction, including capital work in progress, are stated at cost, less any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Firm commitments on hedge accounted transactions are included in capital work in progress (see derivative instruments and hedging).

Where components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment and depreciated separately over their respectful useful lives.

Spare parts, stand-by and servicing equipment held by the Group are classified as property, plant and equipment if they are expected to be used in more than one period. If not, they are classified as inventory. Spare parts and servicing equipment that can be used only in connection with a specific item of property, plant or equipment are also accounted for as property, plant and equipment.

Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in the income statement as expenses as incurred.

Exchangeable units, such as aircraft engines, are classified as property, plant and equipment. Costs of major repair and overhauls of those units are capitalised as separate components.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land and assets in the course of construction are not depreciated. All other property, plant and equipment, including capitalised leased assets, are depreciated on a straight-line basis over their estimated useful lives or the term of the lease, if shorter. Major repairs and overhauls are depreciated over the remaining useful life of the related asset or to the date of the next major repair or overhaul, whichever is shorter. Depreciation commences when the asset is available for its intended use by management. Assets are depreciated over the following periods:

Rate per annum	Years
Buildings and structures	10 - 50
Buildings and structures components	5 - 25
Permanent way and works	3 - 95
Aircraft including components	8 - 15
Pipelines including network components	6 - 60
Port infrastructure	12 - 100
Floating craft including components	10 - 40
Port operating equipment including components	3 - 40
Rolling stock	30 - 60
– Rolling stock components	25 - 60
Containers	10 - 20
Motor vehicles	3 - 15
Machinery, equipment and furniture	3 - 50

The useful lives, depreciation method and the residual values of assets are reviewed and adjusted annually, if appropriate. Changes resulting from this review are accounted for prospectively as changes in estimates. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying value exceeds its estimated recoverable amount (refer note 4.4).

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to either earn rentals and/or for capital appreciation and are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains and losses arising from changes in the fair value of investment properties are recognised in the income statement. Rental income from investment properties is accounted for as described in Revenue on page 191.

Intangible assets and goodwill

Software and licences

Software and licences are recognised and measured at cost less accumulated amortisation and any impairment losses.

Costs associated with researching or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the development of identifiable software products controlled by the Group, and that will probably generate economic benefits beyond one year, as well as for which the costs can be measured reliably, are recognised as intangible assets. Direct costs include the software development, employee costs and an appropriate portion of relevant overheads. Costs relating to the acquisition of licences are capitalised and amortised on a straight-line basis when available for use in the manner intended by management.

Research and development

Research costs, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are charged against operating income as incurred. Development costs, arising from the application of the research findings to a plan or design for the production of new or substantially improved products and processes, are also charged against operating income as incurred, except where:

- an asset is created that can be identified;
- the development cost of the asset can be reliably measured;
- the development is evaluated as being technically or commercially feasible;
- the Group has sufficient resources to complete development; and
- the Group can demonstrate how the development will generate future economic benefits in which event the development costs are capitalised. The expenditure capitalised includes the cost of materials, direct labour and an appropriate portion of overheads.

Capitalised development costs are stated at cost less accumulated amortisation and any accumulated impairment losses. Development costs that have finite useful lives are amortised on a straight-line basis over their useful lives. Development costs with indefinite useful lives are not amortised, but tested at each balance sheet date for impairment.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation and impairment

Intangible assets with an indefinite useful life are tested for impairment at each balance sheet date. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets, unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Software – 5 years
Licences – term of the licence

Positive goodwill

In respect of business combinations that have occurred since 1 April 2004, goodwill represents the excess of the cost of the acquisition of interests in subsidiaries and associates over the net fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is tested annually for impairment as well as when there is an indication of impairment. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the combination for the purposes of impairment testing (refer Impairment of assets on page 192). Impairment losses recognised are not subsequently reversed.

Goodwill arising on acquisition of an associate is included within the carrying amount of the investment in the associate. Goodwill arising on the acquisition of subsidiaries and jointly controlled entities is presented separately on the balance sheet.

Gains and losses on the disposal of an entity include the carrying amount of goodwill attributable to the entity sold.

Negative goodwill

Negative goodwill represents the excess of the fair value of the identifiable assets and liabilities acquired over the cost of acquisition of the Group's interests in subsidiaries, associates or jointly controlled entities.

Negative goodwill arising on an acquisition is recognised directly in the income statement, provided that the negative goodwill is supported by the reassessment of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the cost of the business combination.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when the Group has become party to the contractual provisions of the instruments.

Measurement

Financial instruments are initially recognised at fair value plus transaction costs for a financial asset or financial liability that is not carried at fair value through profit or loss. Subsequent to initial recognition these instruments are measured as set out below.

Recognition

The Group applies trade date accounting for "regular way" purchases and sales and settlement date accounting is applied to the Transnet bonds. Financial instruments recognised on the balance sheet include:

Investments, including subsidiaries, jointly controlled entities and associates

After initial recognition, investments in the Group's market-making portfolios in both bonds and money market instruments, which are classified as held-for-trading, as well as those classified as available-for-sale, are measured at fair value. Fair value is the market value (listed investments) or either the market price of a substantially similar investment or the present value of expected future cash flows of the net asset base (unlisted investments). Gains or losses on investments held-for-trading are recognised in the income statement.

In the Company's financial statements, investments in unlisted subsidiaries, jointly controlled entities and associates are carried at cost less a provision for impairment where appropriate.

Other long-term investments that the Group is able to and intends to hold to maturity are subsequently measured at amortised cost using the effective interest rate method less any impairment losses recorded to reflect irrecoverable amounts. Amortised cost is calculated by taking into account any discount or premium on acquisition over the period to maturity.

Derivative instruments and hedging

The Group uses derivative financial instruments, which include futures, forward exchange and currency option contracts, cross currency and interest rate swaps and interest rate options to hedge its exposures arising from operational, financing and investment activities.

In accordance with its Treasury Policy, the Group does not speculate in the trading of derivative instruments.

Subsequent to initial recognition, derivative financial instruments are measured at fair value. The fair value changes are recognised directly in the income statement (even if the derivative is designated a hedging instrument, refer below).

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of the forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

The Group designates certain derivatives as hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges). At the inception of the hedge relationship, the relationship between the hedging instrument and the hedged item is documented, along with its risk management objectives and its strategy for undertaking various hedge transactions. At the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in the hedging relationship is highly effective in offsetting changes in fair values of cash flows of the hedged item.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the income statement from that date.

Derivatives embedded in other financial instruments or non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement. The Group assesses whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the Group first becomes a party to the contract.

Subsequent reassessment is only performed by the Group if there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

Qualifying hedge relationships

The Group applies fair value hedge accounting to qualifying transactions in terms of IAS 39: Recognition and Measurement of Financial Instruments.

In designating financial instruments as qualifying hedge relationships, the Group has determined that it expects the hedge to be highly effective over the life of the hedging instrument. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Details of these hedge accounting issues are disclosed in note 14.

Long-term loans and advances

Long-term loans and advances are measured at amortised cost, using the effective interest rate method, less any impairment recognised. Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Trade and other receivables

Trade and other receivables, which generally have 30 to 90-day terms, are recognised and carried at amortised cost using the effective interest rate method. Allowances for irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The allowance accounts in respect of trade and loan receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount is possible. At that point, the amount is considered irrecoverable and is written off against the financial asset directly.

The Group renegotiates terms for financial assets that would otherwise be past due or impaired in instances where the debtor provides evidence of ability to meet the obligations in terms of the renegotiated terms. The impact of renegotiated terms will be accounted for in the allowances for impairment amounts for these financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and instruments which are readily convertible, within 90 days, to known amounts of cash and are subject to an insignificant risk of change in value. Cash and cash equivalents are measured at amortised cost.

For the purposes of the consolidated cash flow statements, cash and cash equivalents include bank overdrafts.

Financial liabilities

After initial recognition, financial liabilities other than financial liabilities at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Financial liabilities at fair value through profit or loss are measured at fair value and the resultant gains and losses are included in profit or loss. Buybacks on bonds are performed on a first-in first-out (FIFO) basis.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Financial liabilities designated as at fair value through profit or loss

The financial liabilities designated as fair value through profit or loss represent a percentage of the Transnet bonds that otherwise would have been classified as financial liabilities measured at amortised cost.

Transnet makes a market in its bonds to ensure that the bonds remain attractive to investors. Positions in Transnet bonds are hedged with opposite positions in Government or corporate bonds. These bonds are managed and their performance evaluated on a fair value basis in accordance with Transnet's risk management strategy.

Trade payables and accruals

Liabilities for trade and other amounts payable which are settled within normal terms are stated at amortised cost.

Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of the asset is determined and an impairment loss is recognised for the difference between the recoverable amount and the carrying amount as follows:

- For financial assets held at either cost or amortised cost – the carrying amount of the asset is reduced to its discounted estimated recoverable amount (present value of estimated future cash flows, discounted at the original effective interest rate), and the resulting loss is recognised in the income statement for the period. Receivables with a short duration are not discounted. Assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.
- For available-for-sale financial assets – where a loss has been recognised directly in equity as a result of a previous downward fair value adjustment, the cumulative net loss recognised in equity is transferred to the income statement for the period.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss has been recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. An impairment loss in respect of a debt instrument classified as available-for-sale is reversed through profit and loss if its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was originally recognised in profit or loss.

Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or settle on a net basis, all related financial effects are offset.

Financial liabilities and equity

Financial instruments issued by the Group are classified according to their substance and definitions of financial liabilities and equity.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the value of the proceeds received, net of direct issue costs.

Derecognition

Financial assets (or a portion thereof) are derecognised when the Group's rights to the cash flow expire or when the Group transfers substantially all the risks and rewards related to the financial asset or when the entity loses control of the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity are included in the consolidated income statement.

Financial liabilities (or a portion thereof) are derecognised when the obligations specified in the contract are discharged, cancelled or expired. On derecognition, the difference between the carrying value of the financial liability, including related unamortised costs, and settlement amounts paid is included in the consolidated income statement.

Fair value methods and assumptions

The fair value of financial instruments traded in an active financial market is measured at the applicable quoted prices.

The fair value of financial instruments not traded in an active financial market, is determined using a variety of methods and assumptions that are based on market conditions and risks existing at balance sheet date, including independent appraisals and discounted cash flow methods.

The carrying amounts of financial assets and liabilities with a maturity of less than six months are assumed to approximate their fair value.

Gains and losses on financial instruments

Net gains or net losses on:

Financial liabilities designated as fair value through profit and loss represent fair value adjustments and arise as a result of the mark to market on the bonds using prices quoted on the Bond Exchange of South Africa, and as a result of derecognition. Interest is included in the fair value adjustments. These net gains or net losses are recognised directly in profit or loss for the period.

Financial liabilities at amortised cost represent the amortisation of discounts on or premiums given/received, interest costs as well as any derecognition gains or losses on these liabilities. Gains or losses on liabilities held at amortised cost are recognised directly in profit or loss for the period.

Available-for-sale financial assets are determined with reference to quoted share prices on the stock exchange and represent fair vale adjustments that are recognised directly in equity. Dividends are recognised in profit or loss when the right to receive payment is established. When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss even though the financial asset has not been derecognised.

Loans and receivables represent impairment losses or reversal of impairment losses, interest earned on outstanding balances, as well as gains or losses recognised on derecognition of the asset. These gains or losses are recognised in profit or loss for the period.

Financial assets and liabilities held-for-trading represent fair value adjustments and arise as a result of the mark to market of these instruments using market curves and as a result of derecognition. Interest is included in the fair value adjustments. These gains or losses are recognised directly in profit or loss for the period.

Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and selling.

Cost is determined as follows:

- Raw materials and consumable stores are stated at weighted average cost.
- Manufactured goods and work in progress are stated at weighted average cost valued at raw material cost, plus direct labour cost, and an appropriate portion of related manufacturing overhead cost, based on normal capacity.

Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

Construction contracts

Construction contracts represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work in progress is presented as part of trade and other receivables in the balance sheet. If payments received from customers exceed the income recognised, then the difference is presented as deferred income in the balance sheet.

Non-current assets classified as held-for-sale and discontinued operations

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Immediately before classification as held-for-sale, the measurement of the assets (and all assets and liabilities in a disposal group) is brought up-to-date in accordance with applicable IFRSs. Then, on initial classification as held-for-sale, non-current assets and disposal groups are recognised at the lower of carrying amount and the fair value less costs to sell.

Impairment losses on initial classification as held-for-sale are included in the income statement, even when the assets have been recorded at revalued amounts. The same applies to gains and losses on subsequent measurement. A gain or subsequent increase in fair value less costs to sell may not exceed the cumulative impairment losses previously recognised in terms of IFRS 5 or IAS 36.

Non-current assets classified as held-for-sale are not depreciated or amortised whilst classified as such.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resell.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held-for-sale, if earlier. A disposal group that is to be abandoned may also qualify as a discontinued operation.

Share capital

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of taxation, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are included in the cost of a business acquisition.

When share capital is repurchased, the amount of the consideration paid, including directly attributable costs, is deducted from equity. Repurchased shares are classified as treasury shares and presented as a deduction from the total equity until they are cancelled, reissued or disposed of.

Dividends are recognised as a liability in the period in which they are declared.

Employee benefits

The Group operates several defined benefit funds and a defined contribution fund. The assets of each scheme are held separately from those of the Group and are administered by the schemes' trustees. The defined benefit funds are actuarially valued for accounting purposes by professional independent consulting actuaries on an annual basis.

Defined contribution fund

The Group's contributions to the defined contribution fund are charged to the income statement during the year to which they relate.

Defined benefit funds

The benefit costs and obligations under the defined benefit funds are determined separately for each fund using the projected unit credit method. The benefit costs are recognised in the income statement. All actuarial gains and losses are recognised in the period in which they occur outside of the income statement, in the statement of recognised income and expenditure.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by the employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefit becomes vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the income statement.

The post-retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognised past service cost plus the present value of available refunds and reductions in the future contributions to the plan.

Post-retirement medical benefits

Post-retirement medical benefits are provided by the Group to qualifying employees and pensioners. The medical benefit costs are determined through annual actuarial valuations by independent consulting actuaries using the projected unit credit method. Actuarial gains or losses are recognised in line with the policy described above.

Short- and long-term benefits

The cost of all short-term employee benefits, such as salaries, bonuses, housing allowances, medical and other contributions is recognised during the period in which the employee renders the related service.

The Group's net obligation in respect of long-term service benefits, other than pension plans and post-retirement medical benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Leases

Group as a lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance lease liabilities and leased assets are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables.

The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases where the lessor retains a significant portion of the risks and rewards of ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease. Benefits received as an incentive to enter into an operating lease are recorded on a straight-line basis over the lease term.

Group as a lessor

When assets are leased out under a finance lease, the present value of the lease payments, as well as the initial direct costs, are recognised as a lease receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Assets leased to third parties under operating leases are included in property, plant and equipment in the balance sheet. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to the lessee) is recognised on a straight-line basis over the lease term.

Sale and leaseback

Where a sale and leaseback agreement is classified as a finance lease, any excess of the sale proceeds over the carrying values is deferred and recognised in the income statement over the period of the lease.

Where a sale and leaseback agreement is classified as an operating lease and the transaction took place at fair value, any excess or deficit of the sale proceeds over the carrying values of the assets sold is recognised in the income statement in the year in which it arises. If the deficit is compensated for by future lease payments at below market price, the deficit is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value shall be deferred and amortised over the period for which the asset is expected to be used.

Determining whether an arrangement contains a lease

The Group ensures that the following two requirements are met, in order for an arrangement transacted by the Group to be classified as a lease in terms of IAS 17:

- Fulfilment of the arrangement is dependent on the use of an asset or assets, and this fact is not necessarily explicitly stated by the contract but rather implied; and
- The arrangement conveys a right to use the asset, if one of the following conditions is met:
  - The purchaser has the ability or right to operate the asset or direct others to operate the asset, (while obtaining or controlling more than an insignificant amount of the output of the asset); or
  - the purchaser has the ability or right to control physical access to the asset, (while obtaining more than an insignificant amount of the output of the asset); or
  - there is only a remote possibility that parties other than the purchaser will take more than an insignificant amount of the output of the asset, and the price that the purchaser will pay is neither fixed per unit of output nor equal to the current market price at the time of delivery.

The Group's assessment of whether an arrangement contains a lease is made at the inception of the arrangement, with reassessment occurring in the event of limited changes in circumstances as specified by IFRIC 4.

Provisions

Provisions are recognised in the balance sheet when the Group has a present legal or constructive obligation, as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-taxation rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

Restructuring

A provision for restructuring costs is recognised when the Group has a detailed formal plan for the restructuring and the Group has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it. Restructuring provisions only include those direct expenditures which are necessarily entailed by the restructuring and not associated with the ongoing activities of the entity. Future operating costs are not provided for.

Environmental rehabilitation

In accordance with the Group's environmental policy and applicable legal requirements, a provision for environmental rehabilitation in respect of clean-up costs is recognised when it meets the recognition requirements for provisions. The provision also includes the estimated rehabilitation costs for the historical contamination caused by asbestos as well as other environmental costs.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Other provisions

Other provisions, for example, third-party claims, freight insurance, customer claims and leave pay provisions are recognised when they meet the recognition requirements as per IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of the debt instrument. The Group recognises financial guarantee contracts initially at fair values. Subsequently these are recognised at the higher of:

- the amount determined in accordance with IAS 37: Provisions, Contingent Liabilities and Contingent Assets; and
- the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18: Revenue.

Segment disclosure

Segment disclosure is reported in terms of the requirements of IFRS 8 and is based on the components of the entity that management monitors in making decisions. Such components (operating segments) are identified on the basis of internal reports that the entity's chief operating decision-maker reviews regularly in allocating resources to segments and in assessing their performance. Reportable segments are identified based on quantitative thresholds of revenue, profit or loss and assets.

Accounting policies relating to discontinued operations only

Critical judgements and estimation made in applying the accounting policies

Critical judgements made by the Transnet Board of Directors in applying accounting policies and key sources of estimation uncertainty are detailed below:

IFRS 5: Criteria for Recognition as a Completed Sale Within a Year from the Date of Classification.

Certain disposal groups were not disposed off within the one-year requirement of the standard. Management believes that the delay was caused by events or circumstances beyond Transnet's control and there is sufficient evidence that Transnet remains committed to its plan to sell the disposal groups. As such, an extension of the period required to complete these sales does not preclude any of these disposal groups from being classified as held-for-sale.

Significant accounting policies

Basis of preparation

Subsequent to the adoption of IFRS 5: Non-current Assets Held-for-Sale and Discontinued Operations on 1 April 2005, non-current assets classified as held-for-sale and disposal groups are stated at the lower of their carrying amount and fair value less costs to sell.

Foreign currency

Foreign currency translations

In the case of South African Express Airways (Pty) Ltd, the ruling exchange rate for translation of sales denominated in foreign currencies is the International Air Transport Association (IATA) five-day average rate applicable to the transaction month.

Income statements

for the year ended 31 March 2009

Company 2008* R million	Company 2009 R million		Notes	Group 2009 R million	Group 2008* R million
		Continuing operations			
30 041	**33 566**	Revenue	2	**33 592**	30 091
(17 451)	**(20 361)**	Net operating expenses excluding depreciation and amortisation	3	**(20 392)**	(17 281)
12 590	**13 205**	**Profit from operations before depreciation, amortisation and items listed below**		**13 200**	12 810
(3 797)	**(4 779)**	Depreciation and amortisation	4.1	**(4 779)**	(3 798)
8 793	**8 426**	**Profit from operations before the items listed below**	4.2	**8 421**	9 012
–	**–**	Profit on disposal of discontinued operations, net of taxation	4.3	**–**	–
(258)	**(264)**	Impairment of assets	4.4	**(324)**	(153)
111	**3 300**	Dividends received	4.5	**–**	122
686	**(436)**	Post-retirement benefit obligation (costs)/income	4.6	**(436)**	686
1 411	**941**	Fair value adjustments	5	**941**	1 416
		Income/(loss) from associates and joint ventures	13	**82**	(59)
10 743	**11 967**	**Profit from operations before net finance costs**		**8 684**	11 024
(2 446)	**(2 254)**	Finance costs	6	**(2 233)**	(2 692)
730	**299**	Finance income	7	**267**	761
9 027	**10 012**	**Profit before taxation**		**6 718**	9 093
(2 642)	**(1 644)**	Taxation	8	**(1 674)**	(2 642)
6 385	**8 368**	**Profit for the year from continuing operations**		**5 044**	6 451
		Discontinued operations			
(1 296)	**(604)**	Loss from discontinued operations, including (loss)/profit on disposal of discontinued operations and impairments	1	**(516)**	(1 921)
5 089	**7 764**	**Profit for the year**		**4 528**	4 530
5 089	**7 764**	Attributable to equity holder		**4 528**	4 526
		Attributable to minority interests	23	**–**	4

* *Refer note 37 for details of the restatements to prior year results.*

Balance sheets

as at 31 March 2009

Company				Group	
2008* R million	2009 R million		Notes	2009 R million	2008* R million
		ASSETS			
		Non-current assets			
78 354	**96 569**	Property, plant and equipment	9	**96 459**	78 256
4 470	**5 961**	Investment properties	10	**5 961**	4 515
326	**431**	Intangible assets	11	**431**	326
272	**246**	Investments in subsidiaries	12		
35	**10**	Investments in associates and joint ventures	13	**24**	48
533	**178**	Derivative financial assets	14	**178**	533
90	**77**	Long-term loans and advances	15	**77**	90
326	**138**	Other investments and long-term financial assets	16	**287**	452
84 406	**103 610**			**103 417**	84 220
		Current assets			
2 314	**2 589**	Inventories	17	**2 589**	2 319
4 065	**5 528**	Trade and other receivables	18	**5 503**	4 074
412	**335**	Derivative financial assets	14	**335**	412
550	**436**	Other short-term investments	16	**436**	550
5 699	**5 603**	Cash and cash equivalents	19	**5 880**	5 980
571	**349**	Assets classified as held-for-sale	20	**374**	1 131
13 611	**14 840**			**15 117**	14 466
98 017	**118 450**	**Total assets**		**118 534**	98 686
		EQUITY AND LIABILITIES			
		Capital and reserves			
12 661	**12 661**	Issued capital	21	**12 661**	12 661
35 047	**45 661**	Reserves	22	**45 673**	38 300
47 708	**58 322**	**Attributable to equity holder**		**58 334**	50 961
		Minority interests	23	**–**	–
		Non-current liabilities			
2 181	**2 324**	Post-retirement benefit obligations	24	**2 324**	2 181
16 889	**29 754**	Long-term borrowings	25	**29 758**	16 890
453	**18**	Derivative financial liabilities	14	**18**	453
1 990	**2 509**	Long-term provisions	26	**2 509**	1 989
6 660	**8 548**	Deferred taxation liabilities	27	**8 589**	6 695
28 173	**43 153**			**43 198**	28 208
		Current liabilities			
6 967	**6 476**	Trade payables and accruals	29	**6 491**	6 988
11 619	**7 255**	Short-term borrowings	30	**7 255**	8 382
786	**846**	Current taxation liability		**854**	803
113	**109**	Derivative financial liabilities	14	**109**	113
2 501	**2 279**	Short-term provisions	26	**2 279**	2 533
22	**–**	Bank overdrafts	19	**–**	22
128	**10**	Liabilities directly associated with assets classified as held-for-sale	20	**14**	676
22 136	**16 975**			**17 002**	19 517
98 017	**118 450**	**Total equity and liabilities**		**118 534**	98 686

* *Refer note 37 for details of the restatements to prior year results.*

Statements of recognised income and expenditure

for the year ended 31 March 2009

Company 2008* R million	Company 2009 R million		Notes	Group 2009 R million	Group 2008* R million
10 088	**3 305**	**Net gains on revaluation reserves**		**3 322**	10 084
13 901	**4 423**	Gains on revaluations		**4 446**	13 896
13 622	**3 506**	Net gain on revaluation of port facilities	22	**3 506**	13 622
324	**657**	Net gain on revaluation of pipeline networks	22	**657**	324
(103)	**193**	IFRIC 1 – decommissioning restoration liability adjustment		**193**	(103)
58	**67**	Net gain on revaluation of land, buildings and structures		**67**	58
–	**–**	Gain/(loss) on revaluation of other investments	22	**23**	(5)
182	**–**	Taxation effect from rate change		**–**	182
(3 995)	**(1 118)**	Taxation effect of revalued items	22	**(1 124)**	(3 994)
–	**–**	**Net movement on foreign currency translation reserve**	22	**(22)**	51
(436)	**(451)**	**Net actuarial loss on post-retirement benefit obligations**		**(451)**	(437)
(668)	**(626)**	Actuarial loss related to post-retirement benefit obligations	22	**(626)**	(670)
(360)	**(208)**	– Actuarial loss on the Transport Pension Fund – Transnet Sub-Fund	33.1.2	**(208)**	(362)
(638)	**(191)**	– Actuarial loss on the Transnet Second Defined Pension Fund	33.1.3	**(191)**	(638)
27	**3**	– Actuarial gains on the Transnet Top Management Pension Fund	33.1.4	**3**	27
(43)	**(93)**	– Actuarial loss on the Transnet Workmen's Compensation Act pensioners	33.1.4	**(93)**	(43)
(3)	**–**	– Actuarial loss on the Transnet Black Widows' Pension Fund	33.1.5	**–**	(3)
204	**(117)**	– Actuarial (loss)/gains on the Transnet SATS pensioners medical benefits	33.2.1	**(117)**	204
145	**(20)**	– Actuarial (loss)/gains on the Transnet employees medical benefits	33.2.2	**(20)**	145
41	**–**	Taxation effect from rate change		**–**	41
191	**175**	Taxation effect of net actuarial losses/(gains)		**175**	192
9 652	**2 854**	**Net income recognised directly in equity**		**2 849**	9 698
41	**(4)**	**Transferred (from)/to accumulated profit**		**(4)**	41
5 089	**7 764**	**Profit for the year**		**4 528**	4 530
14 782	**10 614**	**Total recognised income for the year**		**7 373**	14 269
14 782	**10 614**	Attributable to equity holder		**7 373**	14 265
		Attributable to minority interests	23	**–**	4
14 782	**10 614**			**7 373**	14 269

* *Restated.*

Cash flow statements

for the year ended 31 March 2009

Company 2008* R million	Company 2009 R million		Notes	Group 2009 R million	Group 2008* R million
9 888	**7 373**	**Cash flows from operating activities**		**7 400**	10 287
12 549	**13 095**	Cash generated from operations	35.1	**13 498**	13 159
184	**(2 334)**	Changes in working capital	35.2	**(2 647)**	273
12 733	**10 761**	**Cash generated from operations after working capital changes**		**10 851**	13 432
(2 497)	**(2 998)**	Finance costs	35.3	**(2 996)**	(2 782)
730	**299**	Finance income		**269**	768
(915)	**(671)**	Taxation paid	35.4	**(703)**	(928)
(223)	**(314)**	Settlement of post-retirement benefit obligations		**(317)**	(227)
60	**296**	Derivatives raised and settled		**296**	24
(13 570)	**(15 950)**	**Cash flows from investing activities**		**(19 084)**	(8 250)
(6 736)	**(5 145)**	*Investments to maintain operations*		**(8 200)**	(1 199)
(8 531)	**(8 493)**	Replacements to property, plant and equipment		**(8 498)**	(8 729)
(34)	**(27)**	Additions to intangible assets		**(27)**	(34)
(303)	**(764)**	Borrowing costs capitalised		**(764)**	(303)
–	**7**	Proceeds on the disposal of investment property		**7**	–
468	**210**	Proceeds on the disposal of property, plant and equipment		**222**	519
11	**–**	Proceeds on the disposal of intangible assets		**–**	11
990	**139**	Net proceeds on the disposal of subsidiaries/division	35.5	**135**	878
–	**–**	C-Class preference shares redeemed		**–**	5 622
47	**–**	Proceeds on the disposal of associates		**–**	47
–	**–**	Minorities acquired		**–**	(150)
111	**3 300**	Dividend income		**19**	9
(1)	**(6)**	Acquisition of associates		**(6)**	(1)
(440)	**203**	Net loans to subsidiaries and associates		**426**	(69)
1 291	**(7)**	Net (advances)/receipts of long-term loans and advances		**(7)**	1 291
(345)	**293**	Increase/(decrease) in other investments		**293**	(290)
(6 834)	**(10 805)**	*Investments to expand operations*		**(10 884)**	(7 051)
(6 834)	**(10 805)**	Expansions to property, plant and equipment		**(10 884)**	(7 051)
5 743	**8 502**	**Cash flows from financing activities**		**11 587**	9
12 044	**30 447**	Borrowings raised		**30 479**	8 952
(6 301)	**(21 945)**	Borrowings repaid		**(18 892)**	(8 943)
2 061	**(75)**	Net increase/(decrease) in cash and cash equivalents		**(97)**	2 046
3 617	**5 678**	Cash and cash equivalents at the beginning of the year		**6 002**	3 956
5 678	**5 603**	**Total cash and cash equivalents at the end of the year**	19	**5 905**	6 002
5 677	**5 603**	**Cash and cash equivalents at the end of the year**		**5 880**	5 958
1	**–**	**Disclosed as assets held-for-sale**		**25**	44
		Cash flows from discontinued operations			
431	**(1)**	Cash flows from/to operating activities		**36**	634
(107)	**–**	Cash flows from investing activities		**(193)**	(466)
(327)	**–**	Cash flows from financing activities		**154**	(376)
(3)	**(1)**	**Net (decrease)/increase in cash and cash equivalents**		**(3)**	(208)

* *Restated.*

Segment information

for the year ended 31 March 2009

Continuing operations #

	Freight Rail R million	Rail Engineering R million
For the year ended 31 March 2009		
External revenue*	18 427	1 405
Internal revenue	256	6 823
Total revenue	18 683	8 228
Energy costs	(2 434)	(108)
Maintenance	(2 513)	(181)
Materials	(453)	(3 276)
Personnel costs	(5 449)	(3 250)
Other costs	(2 161)	(649)
EBITDA	5 673	764
Depreciation and amortisation	(3 036)	(128)
Fair value adjustments, impairments and post-retirement benefit obligations	(620)	(42)
Dividends received and income from associates	23	18
Finance cost	(1 805)	(310)
Finance income	6	2
Profit before taxation	241	304
Total assets	40 996	6 145
Total liabilities	24 470	4 059
Capital expenditure	8 593	568
Cash generated from operations after working capital changes	3 457	341
EBITDA margin (%)	30,4	9,3
Number of employees	24 177	13 622

	Freight Rail R million	Rail Engineering R million
For the year ended 31 March 2008* **		
External revenue*	16 044	1 057
Internal revenue	554	7 099
Total revenue	16 598	8 156
Energy costs	(1 945)	(79)
Maintenance	(2 189)	(158)
Materials	(258)	(3 320)
Personnel costs	(4 929)	(2 865)
Other costs	(2 167)	(538)
EBITDA	5 110	1 196
Depreciation and amortisation	(2 311)	(129)
Fair value adjustments, impairments and post-retirement benefit obligations	192	129
Dividends received and income from associates	–	–
Finance cost	(1 725)	(132)
Finance income	5	5
Profit before taxation	1 271	1 069
Total assets	34 865	5 183
Total liabilities	23 264	3 187
Capital expenditure	9 177	764
Cash generated from operations after working capital changes	5 425	211
EBITDA margin (%)	30,8	14,7
Number of employees	24 577	13 486

* *Revenues from segments below the quantitative thresholds are attributable to two operating segments of the Group. These segments include Transnet Property that manages internal commercial and residential property and Transnet Capital Projects.*

** *Other adjustments include the Corporate Centre functions.*

*** *Restated.*

Discontinued operations have been disclosed in note 1 of the financial statements and are included in the other segments.

Strategic, operational and financial information relating to the segments are disclosed in the operational reports (refer to pages 122 – 174).

In terms of geographical split, South Africa accounts for 100% of the Transnet Group's revenue.
Revenues from one customer of the Transnet Freight Rail operating segment represents approximately 6% (2008: 7%) of the Group's total revenue.

A reconciliation between the total for reportable segments measure of profit or loss and the Group profit or loss before taxation and discontinued operations, is included in the Income Statement.

National Ports Authority R million	Port Terminals R million	Pipelines R million	Total for reportable segments R million	All other segments R million	Elimination of intersegment transactions R million	Other adjustments** R million	Total Transnet R million
6 573	5 036	1 462	32 903	629	–	60	**33 592**
537	1	1	7 618	2 288	(9 932)	26	**–**
7 110	5 037	1 463	40 521	2 917	(9 932)	86	**33 592**
(151)	(215)	(107)	(3 015)	(125)	–	(4)	**(3 144)**
(195)	(144)	(29)	(3 062)	(97)	2 909	91	**(159)**
(62)	(203)	(12)	(4 006)	(383)	2 645	(1)	**(1 745)**
(969)	(1 593)	(164)	(11 425)	(852)	3 144	(307)	**(9 440)**
(482)	(1 194)	(103)	(4 589)	(1 161)	832	(986)	**(5 904)**
5 251	1 688	1 048	14 424	299	(402)	(1 121)	**13 200**
(649)	(632)	(268)	(4 713)	(53)	68	(81)	**(4 779)**
1 075	(7)	(24)	382	236	–	(437)	**181**
–	–	–	41	7	(3 281)	3 315	**82**
(1 175)	(419)	(170)	(3 879)	(190)	9 150	(7 314)	**(2 233)**
10	120	4	142	221	(9 219)	9 123	**267**
4 512	750	590	6 397	520	(3 684)	3 485	**6 718**
44 686	11 088	9 183	112 098	3 636	(7 056)	9 482	**118 160**
22 894	6 920	5 284	63 627	235	(4 641)	965	**60 186**
4 237	3 144	2 772	19 314	48	(415)	339	**19 286**
5 446	1 768	1 428	12 440	121	–	(1 710)	**10 851**
73,9	33,5	71,6	35,6	10,3	–	–	**39,3**
3 254	5 569	477	47 099	1 214	–	465	**48 778**

National Ports Authority R million	Port Terminals R million	Pipelines R million	Total for reportable segments R million	All other segments R million	Elimination of intersegment transactions R million	Other adjustments** R million	Total Transnet R million
6 373	4 842	1 290	29 606	410	–	75	**30 091**
469	2	2	8 126	1 917	(10 181)	138	**–**
6 842	4 844	1 292	37 732	2 327	(10 181)	213	**30 091**
(115)	(170)	(61)	(2 370)	(99)	–	(95)	**(2 564)**
(142)	(126)	(24)	(2 639)	(54)	2 149	158	**(386)**
(51)	(195)	5	(3 819)	(317)	2 990	48	**(1 098)**
(830)	(1 516)	(143)	(10 283)	(747)	2 982	110	**(7 938)**
(513)	(1 032)	(87)	(4 337)	(950)	1 745	(1 753)	**(5 295)**
5 191	1 805	982	14 284	160	(315)	(1 319)	**12 810**
(527)	(500)	(266)	(3 733)	(53)	44	(56)	**(3 798)**
779	53	87	1 240	242	–	467	**1 949**
–	9	–	9	–	(102)	156	**63**
(694)	(244)	(271)	(3 066)	(196)	6 454	(5 884)	**(2 692)**
107	85	47	249	243	(6 575)	6 844	**761**
4 856	1 208	579	8 983	396	(494)	208	**9 093**
36 734	7 939	5 810	90 531	3 308	(6 650)	10 366	**97 555**
14 693	4 458	3 033	48 635	381	(4 483)	2 516	**47 049**
2 736	1 976	865	15 518	140	(601)	511	**15 568**
5 741	2 111	1 412	14 900	311	–	(1 779)	**13 432**
75,9	37,3	76,0	37,9	6,9	–	–	**42,6**
3 173	5 395	466	47 097	1 148	–	528	**48 773**

Company 2008* R million	Company 2009 R million		Notes	Group 2009 R million	Group 2008* R million
		1. Discontinued operations			
		The loss from discontinued operations, including (loss)/profit on disposal of discontinued operations and impairments, comprises:			
(830)	**(467)**	Loss from discontinued operations (refer below)		**(146)**	(661)
162	**(66)**	(Loss)/profit on disposal of discontinued operations, net of taxation	4.3	**(257)**	(266)
(628)	**(71)**	Impairments – Lower of carrying value and fair value less costs to sell		**(113)**	(994)
(1 296)	**(604)**			**(516)**	(1 921)
		Loss from discontinued operations			
951	**447**	Revenue	2	**2 294**	2 980
(1 776)	**(915)**	Net operating expenses excluding depreciation and amortisation	3	**(2 348)**	(3 440)
(825)	**(468)**	**Loss from operations before depreciation and amortisation and items listed below**		**(54)**	(460)
–	**–**	Depreciation and amortisation	4.1	**–**	(72)
(825)	**(468)**	**Loss from operations before the items listed below**		**(54)**	(532)
(5)	**1**	Impairment/(reversal of impairment) of assets	4.4	**1**	(7)
–	**–**	Fair value adjustments	5	**3**	(26)
(830)	**(467)**	**Loss from operations before net finance costs**		**(50)**	(565)
–	**–**	Finance costs	6	**(19)**	(44)
–	**–**	Finance income	7	**2**	7
(830)	**(467)**	**Loss before taxation**		**(67)**	(602)
–	**–**	Taxation	8	**(79)**	(59)
(830)	**(467)**	**Net loss for the year after taxation**		**(146)**	(661)
		Attributable to the shareholder		**(146)**	(665)
		Attributable to minority interests	23	**–**	4
		(For details of which entities are discontinued, refer annexure C.)			
		2. Revenue			
29 277	**31 803**	Rendering of services		**33 676**	31 349
676	**911**	Rental income		**911**	683
34	**29**	Finance income from lending activities		**29**	34
1 005	**1 270**	Construction contracts (refer note 28)		**1 270**	1 005
30 992	**34 013**			**35 886**	33 071
(951)	**(447)**	Discontinued operations		**(2 294)**	(2 980)
30 041	**33 566**	Continuing operations		**33 592**	30 091

* *Restated.*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		3.	**Net operating expenses excluding depreciation and amortisation**		
186	**347**		Accommodation and refreshments	**421**	247
441	**417**		Electronic data costs	**425**	451
2 730	**3 254**		Energy costs	**3 817**	3 131
154	**205**		Health and sanitation	**214**	162
211	**192**		Insurance	**222**	232
877	**577**		Maintenance	**656**	899
1 019	**988**		Managerial and technical consulting fees (refer note 4.2)	**995**	1 028
1 101	**1 753**		Material costs	**1 817**	1 164
–	**–**		Navigation, landing and parking fees	**86**	82
1 472	**1 364**		Operating leases (refer note 4.2)	**1 577**	1 422
–	**–**		Passenger handling, rescheduling and airline costs	**42**	51
8 812	**9 645**		Personnel costs	**10 103**	9 193
56	**60**		Printing and stationery	**65**	61
61	**(43)**		(Profit)/loss on disposal of property, plant and equipment (refer note 4.2)	**(53)**	62
(40)	**–**		Profit on sale of interest in divisions/subsidiaries	**–**	(40)
107	**115**		Promotions and advertising	**128**	114
342	**434**		Security	**443**	352
21	**224**		Telecommunications	**229**	30
48	**79**		Transport	**95**	93
1 629	**1 665**		Other	**1 458**	1 987
19 227	**21 276**			**22 740**	20 721
(1 776)	**(915)**		Discontinued operations	**(2 348)**	(3 440)
17 451	**20 361**		Continuing operations	**20 392**	17 281
		4.1	**Depreciation and amortisation**		
3 703	**4 664**		**Depreciation and derecognition (refer annexure B)**	**4 664**	3 776
3 307	**4 037**		*Depreciation – Owned assets at historic cost*	**4 037**	3 370
4	**9**		Aircraft	**9**	63
311	**353**		Land, buildings and structures	**353**	311
277	**350**		Machinery, equipment and furniture	**350**	281
220	**417**		Permanent way and works	**417**	220
132	**134**		Pipeline networks	**134**	132
510	**509**		Port facilities	**509**	510
1 812	**2 230**		Rolling stock and containers	**2 230**	1 812
41	**35**		Vehicles	**35**	41
342	**563**		*Depreciation – Owned assets revalued portion*	**563**	342
111	**112**		Pipeline networks	**112**	111
231	**451**		Port facilities	**451**	231
54	**64**		Depreciation – Leased assets	**64**	64
–	**–**		Aircraft	**–**	10
35	**48**		Rolling stock and containers	**48**	35
16	**11**		Machinery, equipment and furniture	**11**	16
3	**5**		Permanent way and works	**5**	3
–	**–**		Discontinued operations	**–**	(72)
3 703	**4 664**		Continuing operations	**4 664**	3 704

* *Restated.*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		4.1	**Depreciation and amortisation** (continued)		
94	**115**		**Amortisation of intangible assets (refer note 11)**	**115**	94
94	**115**		Software and licences	**115**	94
–	**–**		Discontinued operations	**–**	–
94	**115**		Continuing operations	**115**	94
3 797	**4 779**		**Total depreciation and amortisation – continuing operations**	**4 779**	3 798
		4.2	**Profit from operations before post-retirement benefit obligation costs, impairment of assets, dividends received and fair value adjustments**		
			is stated after taking into account the following amounts:		
			Auditors' remuneration		
72	**66**		**Group auditors**	**66**	72
51	**59**		Audit fees	**59**	51
5	**4**		Audit fees – prior year underprovision	**4**	5
14	**2**		Fees for audit related and other services	**2**	14
2	**1**		Expenses	**1**	2
			Other auditors		
–	**–**		Audit fees	**2**	2
(1)	**–**		Discontinued operations	**(2)**	(3)
71	**66**		Continuing operations	**66**	71
1 019	**988**		**Managerial and technical consulting fees**	**995**	1 028
(5)	**–**		Discontinued operations	**(7)**	(14)
1 014	**988**		Continuing operations	**988**	1 014
1 472	**1 364**		**Operating lease charges**	**1 577**	1 422
1	**1**		Aircraft	**142**	107
577	**633**		Land, buildings and structures	**650**	595
894	**730**		Other	**785**	720
(62)	**(26)**		Discontinued operations	**(239)**	(243)
1 410	**1 338**		Continuing operations	**1 338**	1 179
61	**(43)**		**(Profit)/loss on disposal of property, plant and equipment**	**(53)**	62
(1)	**(1)**		Discontinued operations	**9**	(2)
60	**(44)**		Continuing operations	**(44)**	60
84	**46**		**Research and development costs**	**46**	84
–	**–**		Discontinued operations	**–**	–
84	**46**		Continuing operations	**46**	84
91	**87**		**Directors' and executives' emoluments (full details are disclosed in the Report of the Directors)**	**98**	101
19	**15**		Executive Directors	**25**	29
6	**6**		Non-executive Directors	**7**	6
66	**66**		Senior executives	**66**	66
–	**–**		Discontinued operations	**(11)**	(10)
91	**87**		Continuing operations	**87**	91

* *Restated.*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		4.3	**(Loss)/profit on disposal of discontinued operations, net of taxation**		
162	**(66)**			**(257)**	(266)
(298)	**–**		Loss on sale of interest in freight*dynamics*	**–**	(298)
386	**–**		Profit/(loss) on sale of interest in Viamax (Pty) Ltd	**–**	(24)
24	**–**		Profit on sale of interest in VAE Perway (Pty) Ltd	**–**	6
17	**115**		Profit on sale of interest in V&A Waterfront Holdings (Pty) Ltd	**115**	17
	(20)		Loss on sale of interest in South African Express Airways (Pty) Ltd	**(227)**	–
	(71)		Loss on sale of interest in Shosholoza Meyl	**(71)**	–
	(58)		Loss on sale of interest in Autopax Passenger Services (Pty) Ltd	**(42)**	–
33	**(32)**		Taxation on disposal of discontinued operations	**(32)**	33
(162)	**66**		Discontinued operations	**257**	266
–	**–**		Continuing operations	**–**	–
		4.4	**Impairment of assets**		
263	**263**		Impairment of assets	**323**	160
(1)	**205**		Property, plant and equipment (refer annexure B)**	**205**	(1)
106	**(56)**		Loss-making subsidiaries and associates	**3**	1
–	**20**		Loans and advances (refer note 15)	**20**	–
158	**94**		Trade and other receivables	**95**	160
(5)	**1**		Discontinued operations – impairment/(reversal of impairment)	**1**	(7)
258	**264**		Continuing operations	**324**	153
		4.5	**Dividends received**		
102	**3 281**		Dividends from subsidiary	**–**	–
9	**19**		Dividends from associate	**–**	–
–	**–**		Dividend received on redemption of C-Class preference shares	**–**	122
–	**–**		Discontinued operations	**–**	–
111	**3 300**		Continuing operations	**–**	122
		4.6	**Post-retirement benefit obligation costs**		
(263)	**(182)**		Transport Pension Fund (formerly the Transnet Pension Fund)	**(182)**	(263)
(638)	**(191)**		Transnet Second Defined Benefit Fund	**(191)**	(638)
11	**7**		Top Management Pension	**7**	11
18	**25**		Workmen's Compensation Act pensioners	**25**	18
1	**–**		Black Widows' Pension Fund	**–**	1
112	**108**		SATS pensioners' post-retirement medical benefits	**108**	112
67	**64**		Transnet employees post-retirement medical benefits	**64**	67
–	**500**		SATS pensioners' post-retirement medical subsidy	**500**	–
–	**105**		Other	**105**	–
(692)	**436**			**436**	(692)
6	**–**		Discontinued operations	**–**	6
(686)	**436**		Continuing operations	**436**	(686)

* *Restated.*

** *The recoverable amounts of property, plant and equipment exceeds their carrying value consequently no impairment charges have been recorded in the current or prior years.*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		5.	**Fair value adjustments**		
134	**(145)**		Derivative fair value adjustments	**(145)**	135
1 145	**1 376**		Fair value adjustment of investment property	**1 376**	1 151
(59)	**(9)**		Fair value adjustments to treasury bonds	**(9)**	(59)
215	**21**		Gains on hedging instruments	**21**	215
(24)	**(302)**		Other fair value adjustments	**(299)**	(52)
1 411	**941**			**944**	1 390
–	**–**		Discontinued operations	**(3)**	26
1 411	**941**		Continuing operations	**941**	1 416
			Reconciliation of fair value adjustments to note 14		
1 411	**941**		Fair value adjustments per above	**944**	1 390
(1 145)	**(1 376)**		Fair value adjustment of investment property (refer note 10)	**(1 376)**	(1 151)
59	**9**		Treasury bonds	**9**	59
101	**408**		Fair value adjustment of firm commitments	**408**	101
(31)	**(16)**		Other realised fair value adjustments	**(19)**	(6)
395	**(34)**		**Fair value adjustments (refer note 14)**	**(34)**	393
		6.	**Finance costs**		
10	**45**		Net foreign exchange losses on translation	**45**	15
242	**(25)**		(Premium)/discounts on bonds amortised	**(25)**	242
14	**12**		Finance lease obligation	**12**	21
2 483	**2 986**		Interest cost – Financial liabilities at amortised cost	**2 984**	2 761
2 749	**3 018**			**3 016**	3 039
(303)	**(764)**		Borrowing costs capitalised	**(764)**	(303)
2 446	**2 254**			**2 252**	2 736
–	**–**		Discontinued operations	**(19)**	(44)
2 446	**2 254**		Continuing operations	**2 233**	2 692
		7.	**Finance income**		
–	**–**		Interest received on disposal of C-Class preference shares	**–**	70
668	**231**		Interest received – Loans and receivables	**269**	698
62	**68**		Interest received from subsidiaries – Loans and receivables	**–**	–
730	**299**			**269**	768
–	**–**		Discontinued operations	**(2)**	(7)
730	**299**		Continuing operations	**267**	761

* *Restated.*

Company			Group	
2008* R million	2009 R million		2009 R million	2008* R million
		8. Taxation		
		South African normal taxation		
1 219	**716**	– Current year	**739**	1 237
		Deferred taxation (refer note 27)		
1 286	**978**	– Current year	**1 057**	1 322
122	**(33)**	– Prior year	**(33)**	122
(18)		– Rate change		(18)
		Capital gains taxation		
–	**15**	– Current year	**15**	–
		Foreign taxation		
–	**–**	– Current year	**7**	5
2 609	**1 676**		**1 785**	2 668
33	**(32)**	Discontinued operations	**(111)**	(26)
–	**–**	Disclosed in note 1	**(79)**	(59)
33	**(32)**	Disclosed in note 4.3	**(32)**	33
2 642	**1 644**	Continuing operations	**1 674**	2 642
%	**%**	**Reconciliation of taxation rate**	**%**	%
29,00	**28,00**	Standard rate – South African normal taxation	**28,00**	29,00
4,89	**(10,25)**	Adjustment for differences	**0,27**	8,07
2,93	**(0,27)**	Expenses/(income) not included for taxation purposes	**0,55**	5,52
–	**0,16**	Capital gains taxation	**0,24**	–
–	**(9,79)**	Exempt local dividends	**–**	–
(0,25)	**–**	Rate change	**–**	(0,26)
2,21	**(0,35)**	Adjustment to prior year deferred taxation charge	**(0,52)**	2,81
33,89	**17,75**	**Effective rate of taxation**	**28,27**	37,07
2,48	**(5,59)**	Discontinued operations	**(27,41)**	(1,37)
29,27	**16,42**	Continuing operations	**24,92**	29,06
R million	**R million**		**R million**	R million
–	**–**	Total estimated taxation losses	**–**	608
–	**–**	Discontinued operations	**–**	(489)
–	**–**	Continuing operations	**–**	119

* *Restated.*

Company 2008* R million	Company 2009 R million		Group 2009 R million	Group 2008* R million
		9. Property, plant and equipment (refer annexure B)		
		Property, plant and equipment is stated at historical cost except for pipeline networks and port facilities, which are stated at revalued amounts.		
78 354	**96 569**	**Net book value**	**96 459**	78 256
112 259	**136 028**	Gross carrying value	**135 935**	112 196
(33 905)	**(39 459)**	Accumulated depreciation and impairment	**(39 476)**	(33 940)
		Comprising:		
		Historical cost		
58 416	**75 109**	**Gross carrying value**	**75 071**	58 408
65	**65**	– Aircraft	**65**	65
11 219	**12 117**	– Land, buildings and structures	**12 120**	11 222
3 995	**4 655**	– Machinery, equipment and furniture	**4 672**	4 039
9 092	**13 017**	– Permanent way and works	**12 961**	9 036
21 961	**24 878**	– Rolling stock and containers	**24 874**	21 958
669	**726**	– Motor vehicles	**728**	671
11 415	**19 651**	– Capital work in progress	**19 651**	11 417
(13 578)	**(16 071)**	**Accumulated depreciation**	**(16 081)**	(13 604)
(29)	**(38)**	– Aircraft	**(38)**	(29)
(1 967)	**(2 250)**	– Land, buildings and structures	**(2 251)**	(1 969)
(2 134)	**(2 365)**	– Machinery, equipment and furniture	**(2 374)**	(2 158)
(2 537)	**(2 850)**	– Permanent way and works	**(2 849)**	(2 535)
(6 495)	**(8 143)**	– Rolling stock and containers	**(8 143)**	(6 495)
(416)	**(425)**	– Motor vehicles	**(426)**	(418)
(292)	**(365)**	**Accumulated impairment**	**(377)**	(306)
(199)	**(178)**	– Land, buildings and structures	**(180)**	(201)
(31)	**(25)**	– Machinery, equipment and furniture	**(35)**	(42)
(20)	**(1)**	– Permanent way and works	**(1)**	(20)
–	**(94)**	– Rolling stock and containers	**(94)**	–
–	**–**	– Motor vehicles	**–**	(1)
(42)	**(67)**	– Capital work in progress	**(67)**	(42)
44 546	**58 673**	**Net book value of property, plant and equipment stated at historical cost**	**58 613**	44 498
		Revaluation		
53 843	**60 919**	**Gross carrying value**	**60 864**	53 788
12 488	**13 371**	– Pipeline networks	**13 365**	12 482
41 355	**47 548**	– Port facilities	**47 499**	41 306
(19 451)	**(22 434)**	**Accumulated depreciation**	**(22 429)**	(19 446)
(8 421)	**(8 802)**	– Pipeline networks	**(8 801)**	(8 420)
(11 030)	**(13 632)**	– Port facilities	**(13 628)**	(11 026)
(584)	**(589)**	**Accumulated impairment**	**(589)**	(584)
(57)	**(82)**	– Pipeline networks	**(82)**	(57)
(527)	**(507)**	– Port facilities	**(507)**	(527)
33 808	**37 896**	**Net book value of property, plant and equipment stated at revalued amounts**	**37 846**	33 758
78 354	**96 569**	**Total net book value**	**96 459**	78 256

* *Restated.*

Company 2008* R million	Company 2009 R million		Group 2009 R million	Group 2008* R million
		9. Property, plant and equipment (refer annexure B) (continued)		
		Aircraft		
–	–	Included in aircraft are capitalised leased assets with a net carrying value of	–	186
		These capitalised aircrafts are encumbered as security for the repayment of lease commitments (refer note 25 and 31.3).		
		Land, building and structures		
		A register of land, buildings and structures is open for inspection at the Company.		
		During the year, the Group transferred R85 million (2008: R140 million) from property, plant and equipment to investment properties. The carrying values of these properties have been restated to fair value in accordance with IAS 16.		
		These properties ceased being owner occupied and consequently the fair value adjustments have been recognised in reserves.		
		Rolling stock		
		Included in rolling stock are locomotives that were leased and leased back. The locomotives are leased to a third party, refurbished and then leased to a financier who in turn leases the assets back to the Company. This has been treated as a structured loan. The loan is secured by virtue of the lease agreements and a collateral covering bond over the refurbished locomotives.		
1 477	**1 491**	The book value of the refurbished locomotives which are so encumbered amounts to	**1 491**	1 477
426	**463**	Included in rolling stock assets are capitalised leased assets with a carrying value of	**463**	426
		These assets were part of a sale and lease back arrangement giving rise to a finance lease entered into in 1997. The present value of the lease commitments has been settled in full.		
		Pipeline networks		
		The Group's policy is to perform a revaluation of its pipeline networks every three years and apply appropriate valuation indices in the intervening years. A revaluation was performed in the current year, by Arthur D. Little Inc., an independent firm of professional valuers on the basis of the modern equivalent net asset value. The current year's revaluation resulted in a net increase of R636 million (2008: R324 million) to the carrying value of the Group's pipeline networks, which has been adjusted accordingly.		
		In determining these revalued amounts the use of certain assumptions and the application of judgement, was required – sensitivity analysis are included in annexure B.		
2 231	**2 267**	The historic cost carrying values of these assets amount to	**2 267**	2 231
		Port operating assets and port infrastructure		
		The Group's policy is to perform a revaluation of its port operating assets and port infrastructure every three years and apply appropriate valuation indices in the intervening years.		
		In the current year, the revaluation resulted in a net increase of R3 522 million (2008: R13 568 million) to the carrying value of the Group's port operating assets (R374 million) and port infrastructure (R3 148 million), which has been adjusted accordingly.		
		The estimated replacement cost of port infrastructure assets that are subject to revaluation amounts to R40,2 billion (2008: R38 billion) as determined by independent valuation experts, however the revaluation was limited to the present value of future discounted cash flows, amounting to R28,2 billion. Accordingly the revaluation of R3 148 million was recorded.		
		In determining these revalued amounts the use of certain assumptions and the application of judgement, was required – sensitivity analysis are included in annexure B.		
10 168	**11 345**	The historic carrying values of these assets amount to	**11 345**	10 168
		Included in Port facilities are encumbered assets of R1 179 million (2008: R1 061 million) as security for the repayment of the finance arrangement of these assets.		
		Useful lives and residual values		
		In terms of IAS 16: Property, Plant and Equipment the useful lives of property, plant and equipment must be reviewed at each balance sheet date. The useful lives are estimated by management based on historic analysis, benchmarking and other available information. In the current year, based on the recommendation of independent experts and international benchmarking the useful lives of certain port infrastructure assets were increased from 50 to 100 years, resulting in a decrease in depreciation of R142 million. The residual values of property, plant and equipment are reviewed at each balance sheet date. The residual values are based on the assessment of useful lives and other available information (refer note 37).		

* *Restated.*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		10.	**Investment properties**		
3 185	**4 470**		Fair value at the beginning of the year	**4 515**	3 224
140	**85**		Transferred from property, plant and equipment	**85**	140
1 145	**1 376**		Recognised in income statement	**1 376**	1 151
–	**45**		Acquired from subsidiary	**–**	–
–	**(7)**		Disposals	**(7)**	–
–	**(8)**		Transferred to assets held for sale	**(8)**	–
4 470	**5 961**		Fair value at the end of the year	**5 961**	4 515

The fair value of the Group's investment properties at 31 March 2009 was arrived at on the basis of valuations carried out at that date by Transnet Property valuers.

The assumptions utilised in the valuations, conform to the Property Valuers Profession Act, 47 of 2000. The valuations were computed by capitalising the first year's normalised net operating income at a market derived capitalisation rate.

The gross property rental income earned by the Group from its investment properties, which are leased out under gross operating leases, amounted to R911 million (2008: R683 million).

Direct operating expenses arising on the investment properties during the year amounted to R245 million (2008: R184 million).

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		11.	**Intangible assets**		
326	**431**		**Intangible assets**	**431**	326
767	**976**		Cost	**1 038**	829
(441)	**(545)**		Accumulated amortisation and impairment	**(607)**	(503)
			Comprising:		
			Finite life intangible assets		
326	**431**		Software and licences: carrying value**	**431**	326
767	**976**		**Cost**	**1 038**	829
555	**767**		Balance at the beginning of the year	**829**	623
34	**27**		Additions	**27**	34
(4)	**(11)**		Disposals	**(11)**	(4)
–	**–**		Transferred to assets classified as held-for-sale	**–**	(6)
182	**193**		Transfers in from property, plant and equipment	**193**	182
(441)	**(545)**		**Accumulated amortisation and impairment**	**(607)**	(503)
(351)	**(441)**		Balance at the beginning of the year	**(503)**	(416)
4	**11**		Disposals	**11**	4
(94)	**(115)**		Amortisation	**(115)**	(94)
–	**–**		Transferred to assets classified as held-for-sale	**–**	3
326	**431**			**431**	326

** Restated.*
*** Software and licences are assessed as having a finite life and are amortised on a straight-line basis over a period of three to five years.*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		12.	**Investments in subsidiaries (refer annexure C and D)**		
122	**44**		Shares at carrying value		
1 766	**964**		Net amounts owing by subsidiaries		
1 888	**1 008**				
(1 288)	**(762)**		Provision for impairment and losses		
600	**246**				
(328)	**–**		Included in assets classified as held-for-sale		
272	**246**				
			Loans to subsidiaries that have been subordinated amount to Rnil million (2008: R289 million). In addition, the Company has issued letters of support.		
			The financial support available in terms of these letters is as follows:		
–	**–**		– South African Express Airways (Pty) Ltd *		
120	**–**		– Autopax Passenger Services (Pty) Ltd *		
100	**–**		– Transhold Properties (Pty) Ltd **		
69	**–**		– Transwerk Foundries (Pty) Ltd **		
289	**–**				
			* *Sold during the current financial year.* ** *Assets and liabilities sold to a division within Transnet Limited. Entity in the process of being wound up.*		
		13.	**Investments in associates and joint ventures (refer annexure D)**		
35	**10**			**24**	48
28	**35**		Balance at the beginning of the year	**48**	47
1	**6**		Acquisitions	**6**	1
–	**–**		Equity accounted earnings/(losses)	**82**	(59)
–	**–**		Dividends received	**(19)**	(9)
69	**(90)**		(Repayments)/advances of loans	**(90)**	69
(63)	**59**		(Impairments)/reversal of impairments	**(3)**	(1)
–	**–**		Transferred to assets classified as held-for-sale (refer annexure C)	**–**	–
35	**10**		Directors' valuation of unlisted investments in associates and joint ventures	**24**	48
–	**–**		Total income/(losses) from associates and joint ventures amounted to	**82**	(59)
–	**–**		Continuing operations	**82**	(59)

* *Restated.*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		14.	**Derivative financial assets and liabilities**		
			Both the Company and the Group use approved financial instruments, in particular forward exchange contracts, cross-currency swaps and interest rate swaps to hedge the financial risks associated with underlying business activities. All derivative financial instruments have been recorded at fair value with the resulting gain or loss taken to the income statement.		
945	**513**		**Derivative financial assets**	**513**	945
513	**945**		Opening balance	**945**	5 979
727	**85**		Income statement credit	**85**	761
–	**–**		Redemption of C-Class preference shares*	**–**	(5 500)
–	**(147)**		Transferred to property, plant and equipment	**(147)**	–
(295)	**(370)**		Derivatives raised and settled	**(370)**	(295)
566	**127**		**Derivative financial liabilities**	**127**	566
405	**566**		Opening balance	**566**	405
332	**119**		Income statement debit/(credit)	**119**	368
–	**(417)**		Transferred to property, plant and equipment	**(417)**	–
(171)	**(141)**		Derivatives raised and settled	**(141)**	(207)
395	**(34)**		**Net income statement (debit)/credit (refer to note 5)**	**(34)**	393
			Comprise the following financial instruments:		
533	**178**		**Non-current assets**	**178**	533
352	**178**		Forward exchange contracts	**178**	352
181	**–**		Cross-currency swaps and options	**–**	181
412	**335**		**Current assets**	**335**	412
290	**292**		Forward exchange contracts	**292**	290
114	**43**		Cross-currency swaps and options	**43**	114
8	**–**		Interest rate swaps and options	**–**	8
453	**18**		**Non-current liabilities**	**18**	453
258	**11**		Forward exchange contracts	**11**	258
195	**7**		Cross-currency swaps and options	**7**	195
113	**109**		**Current liabilities**	**109**	113
111	**93**		Forward exchange contracts	**93**	111
2	**16**		Cross-currency swaps and options	**16**	2

* *Restated.*

** *Included in the Group's asset is an investment in a C-Class preference share which is owned by Newshelf 697 (Pty) Ltd in Newshelf 664 (Pty) Ltd. The share was subscribed for at a cost of R1 511 million as part of the sale process of the 309 million MTN Group Limited shares. The value of these preference shares moved in concert with movements in the MTN Group Limited's share price in terms of a gain share redemption formula. The shares were redeemed in the 31 March 2008 financial year for R5 692 million. The difference between the proceeds and the carrying value at 31 March 2008 has been disclosed in note 4.5, and note 7. The effects of the fair valuation are disclosed in note 5.*

Company			Group	
2008* R million	2009 R million		2009 R million	2008* R million
		14. Derivative financial assets and liabilities (continued)		
		Fair value hedges of firm commitments		
		The Group entered into fair value hedges of the foreign exchange risk on firm commitments of the Group to import items of equipment (i.e. locomotives and port equipment). The Group is settling the contract price of these items by making predetermined progress payments (in foreign currency) to the relevant suppliers as specified milestones are achieved.		
		At 31 March 2009, the Group held a series of forward exchange contracts as hedging instruments for this purpose. These hedges were assessed to be effective. The ineffective portion of the hedge has been recorded in the income statement.		
		The fair values of these forward exchange contracts at 31 March 2009 are as follows:		
409	**367**	Currency bought forward – Japanese yen – gain	**367**	409
217	**(3)**	Currency bought forward – Euros (loss)/gain	**(3)**	217
		The net fair value gain recognised in the income statement on these fair value hedges during the year was R22 million (2008: R48 million). This net fair value gain comprised a loss of R201 million (2008: R435 million) with respect to foreign exchange risk on the firm commitments, and a gain of R179 million (2008: R483 million) on the forward exchange contracts.		
		The nominal values of these forward exchange contracts at 31 March 2009 are as follows:		
		Currency bought forward – rand equivalent		
2 080	**2 407**	Japanese yen	**2 407**	2 080
983	**987**	Euros	**987**	983
3 063	**3 394**		**3 394**	3 063
		Currency bought forward – foreign currency		
million	million		million	million
27 454	**27 643**	Japanese yen	**27 643**	27 454
93	**74**	Euros	**74**	93

* *Restated.*

Company 2008* R million	Company 2009 R million		Group 2009 R million	Group 2008* R million
		15. Long-term loans and advances		
90	**77**		**77**	90
123	**90**	Balance at the beginning of the year	**90**	123
36	**11**	Advances	**11**	37
34	**29**	Capitalised interest	**29**	34
(103)	**(33)**	Repayments	**(33)**	(104)
–	**(20)**	Impairment	**(20)**	–
		Comprising:		
–	**–**	**Directors' and managers' loans**	**–**	–
1	**–**	Balance at the beginning of the year	**–**	1
(1)	**–**	Repayments	**–**	(1)
85	**71**	**Employee housing and other loans**	**71**	85
117	**85**	Balance at the beginning of the year	**85**	117
34	**29**	Capitalised interest	**29**	34
36	**10**	Advances	**10**	37
(102)	**(33)**	Repayments	**(33)**	(103)
–	**(20)**	Impairment	**(20)**	–
5	**6**	**Other loans and advances**	**6**	5
5	**5**	Balance at the beginning of the year	**5**	5
–	**1**	Advances	**1**	–
90	**77**		**77**	90

* *Restated.*

Included in Directors' and managers' loans are the following loans to senior executives:

	Opening balance R thousand	Capitalised interest/ advances R thousand	Repaid R thousand	Total 2009 R thousand	Total 2008 R thousand
Mr S Gama	317	–	(317)	**–**	317
Mr T Morwe	146	–	(146)	**–**	146
Mr KXT Socikwa	7	–	(7)	**–**	7
	470	–	(470)	**–**	470

These loans are secured and bear variable interest that is linked to the prime interest rate. The current rates are 15% to 16,5% and relate to housing loans.

Housing loans are secured by first mortgage bonds over the related property and other guarantees.

During the current year the Directors' and managers' loans were repaid.

Company				Group	
2008* R million	2009 R million			2009 R million	2008* R million
		16.	**Other investments and long-term financial assets**		
–	**–**		Listed investments at market value	**149**	126
326	**138**		Other financial assets	**138**	326
326	**138**			**287**	452
–	**–**		Transferred to assets classified as held-for-sale	**–**	–
326	**138**		**Total long-term investments and long-term financial assets**	**287**	452
550	**436**		Short-term portion of other investments including market making positions held-for-trading	**436**	550
–	**–**		Transferred to assets classified as held-for-sale	**–**	–
550	**436**		**Total short-term investments**	**436**	550
		17.	**Inventories**		
			At weighted average cost		
1 711	**2 175**		Maintenance material	**2 175**	1 716
66	**91**		Consumables	**91**	105
65	**51**		Finished goods	**51**	70
85	**135**		Work in progress**	**135**	86
(416)	**(443)**		Provision for stock obsolescence	**(443)**	(417)
1 511	**2 009**			**2 009**	1 560
			At net realisable value		
852	**631**		Maintenance material	**631**	852
33	**26**		Consumables	**26**	33
(82)	**(70)**		Provision for stock obsolescence	**(70)**	(82)
803	**587**			**587**	803
–	**(7)**		Transferred to assets classified as held-for-sale	**(7)**	(44)
2 314	**2 589**			**2 589**	2 319

* *Restated.*

** *Included in work in progress are costs for construction contacts in progress (refer to note 28).*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		18.	**Trade and other receivables****		
3 241	**4 678**		Trade receivables – net of allowances for credit losses	**4 653**	3 440
822	**850**		Prepayments and other amounts receivable	**850**	900
2	**1**		Short-term portion of loans and advances	**1**	2
4 065	**5 529**			**5 504**	4 342
–	**(1)**		Transferred to assets classified as held-for-sale	**(1)**	(268)
4 065	**5 528**			**5 503**	4 074
			Reconciliation of allowance account for credit losses (refer annexure A)		
			Low risk		
(17)	**(4)**		Opening balance	**(3)**	(16)
–	**(4)**		Raised	**(4)**	–
13	**3**		Utilised	**2**	13
–	**–**		Transferred to assets held for sale	**–**	–
(4)	**(5)**		Closing balance	**(5)**	(3)
			Medium risk		
(48)	**(82)**		Opening balance	**(83)**	(48)
(35)	**(38)**		Raised	**(38)**	(35)
1	**1**		Utilised	**2**	–
–	**2**		Disposal	**2**	–
(82)	**(117)**		Closing balance	**(117)**	(83)
			High risk		
(128)	**(125)**		Opening balance	**(125)**	(128)
(15)	**(52)**		Raised	**(53)**	(15)
18	**8**		Utilised	**9**	18
(125)	**(169)**		Closing balance	**(169)**	(125)
			Total provisions		
(193)	**(211)**		Opening balance	**(211)**	(192)
(50)	**(94)**		Raised	**(95)**	(50)
32	**12**		Utilised	**13**	31
–	**2**		Transferred to assets held for sale	**2**	–
(211)	**(291)**		Closing balance	**(291)**	(211)
		19.	**Cash and cash equivalents**		
5 699	**5 603**		Cash and cash equivalents	**5 880**	5 986
–	**–**		Transferred to assets classified as held-for-sale	**–**	(6)
5 699#	**5 603**			**5 880**	5 980#
(22)	**–**		Bank overdrafts	**–**	(22)

* *Restated.*
** *Included in trade and other receivables are amounts due from customers in respect of construction contracts (refer note 28).*
# *Restated to take into account the effect of cash transactions between 26 March 2008 and 31 March 2008.*

20. Assets classified as held-for-sale and liabilities directly associated with assets classified as held-for-sale (refer annexure C)

Company 2008* R million	Company 2009 R million		Group 2009 R million	Group 2008* R million
		Non-current assets classified as held-for-sale		
37	**331**	Property, plant and equipment	**331**	37
–	**8**	Investment property	**8**	–
328	**–**	Investments in subsidiaries	**–**	–
78	**–**	Investments in associates	**–**	78
443	**339**		**339**	115
		Effect of the sale of disposal groups		
		Assets classified as held-for-sale		
80	**82**	Luxrail	**82**	80
472	**–**	Shosholoza Meyl	**–**	472
–	**–**	Autopax Passenger Services (Pty) Ltd	**–**	78
–	**–**	Freight Dynamics Guardrisk	**25**	25
–	**–**	South African Express Airways (Pty) Ltd	**–**	1 096
(424)	**(72)**	Effect of intercompany eliminations and impairment of disposal groups	**(72)**	(735)
128	**10**		**35**	1 016
571	**349**	**Total assets transferred to non-current assets classified as held-for-sale**	**374**	1 131
		Liabilities directly associated with assets classified as held-for-sale		
		Effect of the sale of disposal groups		
9	**10**	Luxrail	**10**	9
119	**–**	Shosholoza Meyl	**–**	119
–	**–**	Autopax Passenger Services (Pty) Ltd	**–**	181
–	**–**	Freight Dynamics Guardrisk	**4**	7
–	**–**	South African Express Airways (Pty) Ltd	**–**	1 025
–	**–**	Effect of intercompany eliminations and impairments of disposal groups	**–**	(665)
128	**10**		**14**	676
128	**10**	**Total liabilities transferred to liabilities directly associated with assets classified as held-for-sale**	**14**	676

* *Restated.*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		21.	**Issued capital**		
			Authorised		
30 000	**30 000**		30 000 000 000 ordinary par value shares of R1 each	**30 000**	30 000
			Issued		
12 661	**12 661**		12 660 986 310 ordinary par value shares of R1 each (2008: 12 660 986 310).	**12 661**	12 661

The unissued share capital is under the control of the South African Government, the sole shareholder of the Company.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence to support future growth of the business. Capital efficiency is measured in terms of returns on equity and the asset base, and the gearing ratio. This is monitored by the Board. The capital structure of the Group consists of equity attributable to the equity holder, the South African Government, comprising issued capital, reserves and retained earnings as disclosed in notes 21 and 22. Other than loan covenants, Transnet is not subject to any other externally imposed capital requirements.

The Board seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by sound capital position. Based on the risk profile of the company and its revenue generating ability, the Group's target debt to equity ratio is less than 50% and forms part of the Shareholder's Compact with the Shareholder.

There were no changes to the Group's approach to capital management during the year.

* *Restated.*

Company 2008* R million	Company 2009 R million		Group 2009 R million	Group 2008* R million
		22. Reserves		
17 148	**20 453**	**Revaluation reserves**	**20 560**	17 238
19 934	**23 440**	*Revaluation of port facilities*	**23 440**	19 934
6 312	**19 934**	Balance at the beginning of the year	**19 934**	6 312
13 568	**3 522**	Revaluation during the current year	**3 522**	13 568
95	**1**	Other movements	**1**	95
(41)	**(17)**	Realised through disposal	**(17)**	(41)
2 197	**3 047**	*Revaluation of pipeline networks*	**3 047**	2 197
1 976	**2 197**	Balance at the beginning of the year	**2 197**	1 976
324	**636**	Revaluation during the current year	**636**	324
(103)	**193**	IFRIC 1 – decommissioning restoration liability adjustment	**193**	(103)
–	**21**	Other movements	**21**	–
58	**125**	*Revaluation of land, buildings and structures*	**125**	58
–	**58**	Balance at the beginning of the year	**58**	–
58	**67**	Fair value movement during the current year	**67**	58
–	**–**	*ALL Group Limited – revaluation of investment to market value*	**142**	119
–	**–**	Balance at the beginning of the year	**119**	124
–	**–**	Fair value movement during the current year	**23**	(5)
(5 041)	**(6 159)**	*Deferred taxation impact of items relating to revaluation reserves*	**(6 194)**	(5 070)
–	**–**	**Foreign currency translation reserve**	**21**	43
–	**–**	Balance at the beginning of the year	**43**	(8)
–	**–**	Arising during the current year	**(22)**	51
2 849	**2 398**	**Net actuarial gains on post-retirement benefit obligations**	**2 394**	2 845
3 957	**3 331**	*Actuarial gains on post-retirement benefit obligations*	**3 326**	3 952
4 625	**3 957**	Balance at the beginning of the year	**3 952**	4 622
(668)	**(626)**	Current year movement	**(626)**	(670)
(1 108)	**(933)**	*Deferred taxation impact of net actuarial gains*	**(932)**	(1 107)
250	**250**	**Other reserves**	**249**	249
5	**5**	Other transfers	**4**	4
245	**245**	Share of pension fund surplus (retained for application against pensioners)	**245**	245
14 800	**22 560**	**Accumulated profit for the year**	**22 449**	17 925
9 670	**14 800**	Balance at the beginning of the year	**17 925**	13 358
–	**(4)**	Transfers into distributable reserves	**(4)**	–
41	**–**	Other transfers into distributable reserves	**–**	41
5 089	**7 764**	Profit for the year attributable to the equity holder	**4 528**	4 526
35 047	**45 661**		**45 673**	38 300

* *Restated.*

22. Reserves (continued)

Reconciliation of movement in capital and reserves

Group

	Issued capital R million	Re-valuation reserves R million	Foreign currency reserve translation R million	Actuarial gains and losses R million	Other R million	Accu-mulated profit R million	Minority interests R million	Total R million
Restated opening balances as at 1 April 2007	12 661	7 154	(8)	3 282	249	13 358	122	36 818
Opening balance as previously reported	12 661	7 007	(8)	3 282	249	13 837	122	37 150
Borrowing costs adjustment	–	–	–	–	–	38	–	38
Deferred taxation adjustment	–	147	–	–	–	–	–	147
Decommissioning and environmental provision adjustment	–	–	–	–	–	(703)	–	(703)
Taxation effect of the above adjustments	–	–	–	–	–	186	–	186
Restated total recognised income and expenditure	–	13 937	51	(670)	–	4 526	4	17 848
As previously reported	–	13 937	51	(519)	–	4 307	4	17 780
Restatements	–	–	–	(151)	–	219	–	68
Deferred taxation adjustment	–	–	–	–	–	(63)	–	(63)
Borrowing costs adjustment	–	–	–	–	–	16	–	16
Foreign exchange adjustments	–	–	–	–	–	64	–	64
Pension fund adjustment	–	–	–	(151)	–	151	–	–
Decommissioning and environmental provision adjustment	–	–	–	–	–	110	–	110
Capital work in progress adjustment	–	–	–	–	–	50	–	50
Taxation effect of the above adjustments	–	–	–	–	–	(109)	–	(109)
Restated taxation effect of items recorded in equity	–	(3 812)	–	233	–	–	–	(3 579)
As previously reported	–	(3 812)	–	191	–	–	–	(3 621)
Taxation adjustment	–	–	–	42	–	–	–	42
Minorities repurchased	–	–	–	–	–	–	(126)	(126)
Transfers into distributable reserves	–	(41)	–	–	–	41	–	–
Restated opening balances at 31 March 2008	12 661	17 238	43	2 845	249	17 925	–	50 961
Total recognised income and expenditure	**–**	**4 442**	**(22)**	**(626)**	**–**	**4 528**	**–**	**8 322**
Taxation effect of items recorded in equity	**–**	**(1 124)**	**–**	**175**	**–**	**–**	**–**	**(949)**
Transfers into distributable reserves	**–**	**4**	**–**	**–**	**–**	**(4)**	**–**	**–**
Balances at 31 March 2009	**12 661**	**20 560**	**21**	**2 394**	**249**	**22 449**	**–**	**58 334**

22. Reserves (continued)

Reconciliation of movement in capital and reserves

Company

	Issued capital R million	Re-valuation reserves R million	Foreign currency reserve translation R million	Actuarial gains and losses R million	Other R million	Accu-mulated profit R million	Minority interests R million	Total R million
Restated opening balances as at 1 April 2007	12 661	7 060	–	3 285	250	9 670	–	32 926
Opening balance as previously reported	12 661	6 913	–	3 285	250	10 149	–	33 258
Borrowing costs adjustment	–	–	–	–	–	38	–	38
Deferred taxation adjustment	–	147	–	–	–	–	–	147
Decommissioning and environmental provision adjustment	–	–	–	–	–	(703)	–	(703)
Taxation effect of the above adjustments	–	–	–	–	–	186	–	186
Restated total recognised income and expenditure	–	13 942	–	(668)	–	5 089	–	18 363
As previously reported	–	13 942	–	(517)		4 870	–	18 295
Restatements	–	–	–	(151)	–	219	–	68
Deferred taxation adjustment	–	–	–	–	–	(63)	–	(63)
Borrowing costs adjustment	–	–	–	–	–	16	–	16
Foreign exchange adjustments	–	–	–	–	–	64	–	64
Pension fund adjustment	–	–	–	(151)	–	151	–	–
Decommissioning and environmental provision adjustment	–	–	–	–	–	110	–	110
Capital work in progress adjustment	–	–	–	–	–	50	–	50
Taxation effect of the above adjustments	–	–	–	–	–	(109)	–	(109)
Restated taxation effect of items recorded in equity	–	(3 813)	–	232	–	–	–	(3 581)
As previously reported	–	(3 813)	–	190	–	–	–	(3 623)
Taxation adjustment	–	–	–	42	–	–	–	42
Transfers into distributable reserves	–	(41)	–	–	–	41	–	–
Restated opening balances at 31 March 2008	12 661	17 148	–	2 849	250	14 800	–	47 708
Total recognised income and expenditure	**–**	**4 419**	**–**	**(626)**	**–**	**7 764**	**–**	**11 557**
Taxation effect of items recorded in equity	**–**	**(1 118)**	**–**	**175**	**–**	**–**	**–**	**(943)**
Transfers into distributable reserves	**–**	**4**	**–**	**–**	**–**	**(4)**	**–**	**–**
Balances at 31 March 2009	**12 661**	**20 453**	**–**	**2 398**	**250**	**22 560**	**–**	**58 322**

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		23.	**Minority interests**		
			Balance at the beginning of the year	–	122
			Transfer from the income statement	–	4
			Minorities repurchased	–	(126)
			Total minority interests	–	–
		24.	**Post-retirement benefit obligations**		
2 181	**2 324**			**2 324**	2 181
2 422	**2 181**		Balance at the beginning of the year	**2 181**	2 422
(686)	**(169)**		Income statement credit	**(169)**	(686)
(223)	**(314)**		Settlements during the year	**(317)**	(225)
668	**626**		Actuarial loss	**626**	670
–	**–**		Transferred from assets held for sale	**3**	–
			Comprising:		
–	**–**		Transport Pension Fund – Transnet Sub-Fund (formerly the Transnet Pension Fund) (refer note 33.1.2)	**–**	–
–	**–**		Transnet Second Defined Benefit Fund (refer note 33.1.3)	**–**	–
89	**84**		Top Management Pension (refer note 33.1.4.1)	**84**	89
280	**368**		Workmen's Compensation Act pensioners (refer note 33.1.4.2)	**368**	280
–	**–**		Black Widows' Pension Fund (refer note 33.1.5)	**–**	–
1 223	**1 240**		SATS pensioners' post-retirement medical benefits (refer note 33.2.1)	**1 240**	1 223
589	**632**		Transnet employees post-retirement medical benefits (refer note 33.2.2)	**632**	589
2 181	**2 324**			**2 324**	2 181

Various assumptions have been applied by management and actuaries in the calculation of post-retirement benefit obligations.

The assumptions and their sensitivities are disclosed in note 33.

* *Restated.*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		25.	**Long-term borrowings (refer annexure A)**		
16 889	**29 754**			**29 758**	16 890
17 241	**16 889**		Total long-term borrowings at the beginning of the year	**16 890**	17 535
4 311	**14 592**		Raised	**14 595**	6 763
(1 100)	**(512)**		Repaid	**(512)**	(1 328)
22	**15**		Foreign exchange movement	**15**	22
242	**(25)**		Amortisation of discount	**(25)**	242
(3 827)	**(1 205)**		Current portion of long-term borrowings redeemable within one year transferred to short-term borrowings (refer note 30)	**(1 205)**	(6 282)
–	**–**		Transferred to liabilities directly associated with assets classified as held-for-sale	**–**	(62)
			Unsecured liabilities		
17 591	**26 609**		**Rand denominated**	**26 609**	17 591
17 987	**19 584**		Bonds at nominal value	**19 584**	17 987
(396)	**(770)**		Unamortised discounts	**(770)**	(396)
17 591	**18 814**		Bonds at carrying value	**18 814**	17 591
–	**7 795**		Other unsecured liabilities	**7 795**	–
30	**–**		**Unsecured foreign currency denominated**	**–**	30
3 095	**4 350**		**Secured loans and capitalised leases**	**4 354**	3 100
2 954	**4 250**		Rand denominated	**4 252**	3 018
141	**100**		Foreign currency denominated	**102**	144
–	**–**		Transferred to liabilities directly associated with assets classified as held-for-sale	**–**	(62)
–	**–**		**Rand denominated promissory notes****		2 451
20 716	**30 959**		Total long-term borrowings	**30 963**	23 172
(3 827)	**(1 205)**		Current portion of long-term borrowings redeemable within one year transferred to short-term borrowings (refer note 30)	**(1 205)**	(6 282)
16 889	**29 754**			**29 758**	16 890

The rand denominated unsecured local guaranteed bonds of which the T004 bond has been redeemed on 1 April 2008 and the rest are redeemable between 1 April 2010 and 15 July 2014 and bear interest at rates ranging between 10,5% and 16,5% (refer annexure A). Rand denominated unsecured euro bonds bear interest between 10% and 13,5% and are repayable in 2028 and 2029 (refer annexure A).

The rand denominated unsecured and non-guaranteed bonds are redeemable between 15 December 2011 and 14 November 2027 and bear interest at a rate between 8,9% and 10,8%.

Rand denominated capitalised finance lease liabilities bear interest at rates ranging between 11,00% and 16,93% with all rates linked to prime. These liabilities are repayable over periods between 2009 and 2027.

Rand denominated domestic loans bear interest at rates ranging between 8,81% and 15,33%. These liabilities are repayable over periods between 17 April 2009 and 20 December 2021.

Foreign currency secured loans are denominated in Japanese yen and United States dollars and bear interest between 3,00% and 6,02%. One USD loan was redeemed on 24 November 2008 and the rest are repayable between 24 March 2009 and 24 November 2010.

* *Restated.*
** *The promissory notes were redeemed on 23 December 2008.*

Company 2008* R million	Company 2009 R million		Group 2009 R million	Group 2008* R million
		26. Provisions		
1 990	**2 509**	*Comprising*	**2 509**	1 989
1 602	**1 990**	Total provisions at the beginning of the year	**1 989**	1 605
3 845	**3 655**	Provisions raised during the year and unwinding of discounts	**3 684**	3 853
(3 323)	**(3 351)**	Provisions released/utilised	**(3 411)**	(3 305)
(134)	**222**	Decrease/(increase) in short-term provisions classified as current liabilities	**254**	(157)
–	**(7)**	Transferred to liabilities directly associated with assets classified as held-for-sale	**(7)**	(7)
129	**139**	**Third-party claims**	**139**	129
96	**129**	Balance at the beginning of the year	**129**	96
418	**289**	Provisions made during the year	**289**	418
(385)	**(279)**	Utilised during the year	**(279)**	(385)
37	**26**	**Customer claims**	**26**	38
60	**37**	Balance at the beginning of the year	**38**	60
(5)	**–**	Provisions (reversed)/made during the year	**–**	(5)
(18)	**(11)**	Utilised during the year	**(12)**	(17)
971	**1 067**	**Leave pay**	**1 067**	973
1 024	**971**	Balance at the beginning of the year	**973**	1 030
799	**686**	Provisions made during the year	**686**	802
(852)	**(584)**	Utilised during the year	**(586)**	(853)
–	**(6)**	Transferred to liabilities directly associated with assets classified as held-for-sale	**(6)**	(6)
219	**149**	**Onerous contracts**	**149**	219
43	**219**	Balance at the beginning of the year	**219**	43
201	**39**	Provisions made during the year	**39**	201
(25)	**(109)**	Utilised during the year	**(109)**	(25)
1 087	**906**	**Decommissioning and environmental liabilities**	**906**	1 087
974	**1 087**	Balance at the beginning of the year	**1 087**	974
119	**69**	Provisions made during the year and unwinding of discounts	**69**	119
(6)	**(250)**	Utilised during the year	**(250)**	(6)
1 484	**1 457**	**Incentive bonuses**	**1 457**	1 511
1 232	**1 484**	Balance at the beginning of the year	**1 511**	1 232
1 387	**1 337**	Provisions made during the year	**1 366**	1 387
(1 135)	**(1 363)**	Utilised during the year	**(1 419)**	(1 107)
–	**(1)**	Transferred to liabilities directly associated with assets classified as held-for-sale	**(1)**	(1)
127	**78**	**Restructuring**	**78**	127
237	**127**	Balance at the beginning of the year	**127**	237
117	**–**	Provisions made during the year	**–**	117
(227)	**(49)**	Utilised during the year	**(49)**	(227)
437	**966**	**Other**	**966**	438
303	**437**	Balance at the beginning of the year	**438**	309
809	**1 235**	Provisions made during the year	**1 235**	814
(675)	**(706)**	Utilised during the year	**(707)**	(685)
–	**–**	Transferred to liabilities directly associated with assets classified as held-for-sale	**–**	–
4 491	**4 788**	**Total provisions**	**4 788**	4 522

* *Restated.*

Company 2008* R million	Company 2009 R million		Group 2009 R million	Group 2008* R million
		26. Provisions (continued)		
2 501	**2 279**	**Less: Short-term provisions classified as current liabilities**	**2 279**	2 533
129	**139**	Third-party claims	**139**	129
37	**26**	Customer claims	**26**	37
547	**602**	Leave pay	**602**	555
207	**149**	Onerous contracts	**149**	207
32	**63**	Decommissioning and environment liabilities	**63**	32
1 145	**907**	Incentive bonuses	**907**	1 174
62	**23**	Restructuring	**23**	62
342	**371**	Other	**371**	344
–	**(1)**	Transferred to liabilities directly associated with assets classified as held-for-sale	**(1)**	(7)
1 990	**2 509**	**Total long-term provisions**	**2 509**	1 989

Various assumptions are applied in arriving at the carrying value of provisions that are recognised in terms of the requirements of IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

Management further relies on input from the Group's lawyers in assessing the probability on matters of a contingent nature. Contingent liabilities are disclosed in note 32.

Third-party claims
The provision represents the best estimate of known third-party claims together with an allowance for claims incurred but not yet reported based on historical experience.

Customer claims
Provision for claims made by customers arising from non-performance on contracts or damage to goods in transit. Settlement of claims is expected in the following year.

Leave pay
This is a provision for unutilised leave at year-end. The leave is expected to be taken over the next two financial years and is calculated based on employee total cost to company.

Onerous contracts
Provision for the maintenance and repairs of buildings and structures in terms of a lease agreement. Estimated costs for the refurbishment and general overhaul of locomotives and coaches. Provision for access and haulage costs on the Transnet rail network in terms of the Shosholoza Meyl sale agreement.

Decommissioning and environmental liabilities
Provision for the dismantling and removal of an asset as a result of the requirement to restore the site on which the asset is located. The provision has been computed by discounting future cash flows.

A provision for the estimated cost of rehabilitating the contamination caused by asbestos has been raised. This obligation arises from certain legislation that governs asbestos contamination. Transnet engaged external consultants to perform a countrywide asbestos risk assessment on areas affected by the historic spillage of asbestos and the Group's related rehabilitation obligation. A number of factors were considered in determining the obligation which included:
- The cost of remediation per running line kilometre of track and remediation per hectare of yards.
- The estimated yard area and line kilometres to be remediated.
- The costs estimated for the removal and replacement of asbestos roof sheeting and cladding.

Incentive bonuses
Provision for incentive bonuses in terms of the incentive bonus scheme.

Restructuring
Provision for restructuring costs in terms of strategic plans. The majority of this provision is expected to be settled in the next financial year.

Post-retirement and medical benefits
Included in other provisions is an amount of R500 million for the restructuring of the SATS post-retirement medical subsidy.

* *Restated.*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		27.	**Deferred taxation liabilities**		
6 660	**8 548**		*Comprising*	**8 589**	6 695
1 689	**6 660**		Opening balance	**6 695**	1 726
1 390	**945**		Income statement charge (refer note 8)	**1 024**	1 426
3 804	**943**		Raised in reserves	**949**	3 802
6 883	**8 548**		Total deferred taxation liability	**8 668**	6 954
(223)	**–**		Effect of rate change recorded in equity	**–**	(223)
–	**–**		Transferred to liabilities directly associated with assets classified as held-for-sale	**(79)**	(36)
			Analysis of major categories of temporary differences		
2 882	**3 294**		**Deferred taxation assets**	**3 294**	3 015
970	**1 351**		Provisions	**1 351**	970
–	**–**		Estimated taxation loss	**–**	133
608	**650**		Post-retirement benefit obligation	**650**	608
69	**46**		Income received in advance	**46**	69
1 182	**1 247**		Capitalised lease liability	**1 247**	1 182
52	**–**		Revaluation of assets	**–**	52
1	**–**		Other	**–**	1
9 542	**11 842**		**Deferred taxation liabilities**	**11 883**	9 713
3	**194**		Deferred expenditure	**194**	3
9 447	**11 429**		Property, plant and equipment	**11 429**	9 618
10	**19**		Future expenditure allowance	**19**	10
82	**80**		Doubtful debts	**80**	82
–	**120**		Other	**161**	–
(6 660)	**(8 548)**		Net deferred taxation liability	**(8 589)**	(6 698)
–	**–**		Deferred taxation assets not raised**	**–**	(33)
–	**–**		Transferred to liabilities directly associated with assets classified as held-for-sale	**–**	36
(6 660)	**(8 548)**		Total deferred taxation liability	**(8 589)**	(6 695)
–	**–**		Estimated taxation losses available for off-set against future taxable income (refer note 8)	**–**	608

* *Restated.*

** *The subsidiaries have not raised deferred taxation assets in the current and prior year. The probability of there being sufficient taxable profit against which the deferred taxation asset can be utilised is uncertain.*

As the capital losses arising on the sale of SA Express Airways (Pty) Ltd and Autopax Passenger Services (Pty) Ltd to the Government and PRASA respectively, will not be available for set off against capital gains realised on the sale of assets to non-Government third parties, the deferred taxation asset arising on the sales has not been recognised.

No deferred taxation asset has been raised in respect of secondary taxation on companies credits available as they are unlikely to be utilised given the capital requirements of the company and the change in regime from secondary taxation on companies to a dividend taxation, from which the company is exempt.

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		28.	**Construction contracts**		
			Contracts in progress at the balance sheet date:		
190	**303**		Construction costs incurred plus recognised profits less losses to date	**303**	190
(1)	**(7)**		Less: Progress billings	**(7)**	(1)
189	**296**			**296**	189
			Recognised and included in the financial statements		
			Income statement		
1 005	**1 270**		Contract revenue	**1 270**	1 005
			Balance sheet		
96	**240**		Amounts due from customers under construction contracts (refer note 18)	**240**	96
18	**–**		Advances received (refer note 29)	**–**	18
13	**33**		Retention debtors (refer note 18)	**33**	13
			Contract revenue for coaches is recognised when the completed stage has been signed off as proof of quality satisfaction by the external customer.		
		29.	**Trade payables and accruals****		
2 316	**1 224**		**Trade payables**	**1 212**	2 398
4 651	**5 266**		**Accruals**	**5 293**	4 838
2 137	**2 975**		Accrued expenditure	**3 000**	2 263
36	**42**		Deposits received	**42**	37
53	**4**		Deferred income	**4**	88
900	**1 083**		Interest	**1 083**	900
742	**378**		Personnel costs	**378**	743
687	**527**		Public creditors	**529**	690
76	**199**		Revenue received in advance	**199**	76
20	**58**		SARS – value added taxation	**58**	41
–	**(14)**		Transferred to liabilities directly associated with assets classified as held-for-sale	**(14)**	(248)
6 967	**6 476**			**6 491**	6 988

** Restated.*
*** Included in trade payables and accruals are amounts due to customers in respect of construction contracts (refer note 28).*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		30.	**Short-term borrowings**		
5 692	**–**		Loan from subsidiary (refer annexure D)**	**–**	–
3 827	**1 205**		Current portion of long-term interest-bearing borrowings (refer note 25)	**1 205**	6 282
2 100	**6 050**		Other short-term borrowings	**6 050**	2 248
–	**–**		Transferred to liabilities directly associated with assets classified as held-for-sale	**–**	(148)
11 619	**7 255**			**7 255**	8 382
			Other short-term borrowings relate to the market making portfolio and comprises the Group's position on bonds and other financial instruments.		
			The short-term borrowings bear interest at rates between 9,745% and 13,08%, is repayable between 2 May 2009 and 2 April 2010 and are not guaranteed.		
		31.	**Commitments**		
			31.1 Capital commitments* **		
33	**53**		Contracted for in US dollars	**53**	33
7 848	**2 432**		Contracted for in Japanese yen	**2 432**	7 848
406	**1 667**		Contracted for in euros	**1 667**	406
20 953	**21 475**		Contracted for in SA rands	**21 475**	20 953
3	**7**		Contracted for in various other currencies	**7**	3
29 243	**25 634**		Total capital commitments contracted for	**25 634**	29 243
51 100	**54 867**		Authorised by the Directors but not yet contracted for	**54 867**	51 100
80 343	**80 501**			**80 501**	80 343
			Total capital commitments are expected to be incurred as follows:		
19 965	**21 912**		Within one year	**21 912**	19 965
60 378	**58 589**		After one year, but not more than five years	**58 589**	60 378
80 343	**80 501**			**80 501**	80 343
			These capital commitments will be financed by the net cash flow from operations, debt capital markets, through project finance and the use of operating leases.		
			31.2 Operating lease commitments		
			Future minimum rentals under non-cancellable leases are as follows:		
			Aircraft		
1	**1**		Within one year	**1**	35
1	**–**		After one year, but not more than five years	**–**	1
2	**1**			**1**	36
–	**–**		Commitments directly associated with assets classified as held-for-sale	**–**	(34)
2	**1**			**1**	2

Restated.
** *The promissory notes were redeemed on 23 December 2008.*
*** *Excludes capitalised borrowing costs of R7 068 million.*

Company 2008* R million	Company 2009 R million		Group 2009 R million	Group 2008* R million
		31. Commitments (continued)		
		31.2 Operating lease commitments (continued)		
		Land, buildings and structures		
45	**62**	Within one year	**62**	48
125	**157**	After one year, but not more than five years	**157**	131
268	**245**	More than five years	**245**	271
438	**464**		**464**	450
–	**–**	Commitments directly associated with assets classified as held-for-sale	**–**	(12)
438	**464**		**464**	438
		Machinery, equipment, furniture and motor vehicles		
267	**327**	Within one year	**327**	267
508	**544**	After one year, but not more than five years	**544**	508
8	**11**	More than five years	**11**	8
783	**882**		**882**	783
–	**–**	Commitments directly associated with assets classified as held-for-sale	**–**	–
783	**882**		**882**	783
		Security and maintenance contracts		
25	**77**	Within one year	**77**	25
9	**77**	After one year, but not more than five years	**77**	9
–	**–**	More than five years	**–**	–
34	**154**		**154**	34
		Other		
13	**20**	Within one year	**20**	17
26	**11**	After one year, but not more than five years	**11**	36
2	**–**	More than five years	**–**	2
41	**31**		**31**	55
–	**–**	Commitments directly associated with assets classified as held-for-sale	**–**	(9)
41	**31**		**31**	46
		31.3 Finance lease commitments		
		Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:		
		Aircraft, machinery, equipment and furniture		
23	**7**	Within one year	**7**	179
50	**6**	After one year, but not more than five years	**6**	51
166	**60**	More than five years	**60**	166
239	**73**	Total minimum lease payments	**73**	396
(161)	**–**	Amount representing finance charges	**–**	(171)
78	**73**	Present value of minimum lease payments	**73**	225

* *Restated.*

Company 2008* R million	Company 2009 R million		Group 2009 R million	Group 2008* R million
		31. Commitments (continued)		
		31.4 Lease rentals receivable		
		Future minimum rentals under operating leases are as follows:		
		Property		
649	**739**	Within one year	**739**	656
1 833	**1 957**	After one year, but not more than five years	**1 957**	1 843
4 505	**2 736**	More than five years	**2 736**	4 517
6 987	**5 432**		**5 432**	7 016
		Other		
81	**90**	Within one year	**114**	105
360	**360**	After one year, but not more than five years	**360**	360
810	**720**	More than five years	**720**	810
1 251	**1 170**		**1 194**	1 275
		32. Contingent liabilities and guarantees		
		Continuing operations		
95	**95**	Various contingent liabilities where no material losses are expected to materialise	**95**	95

33. Post-retirement benefit obligations

The Group offers pension benefits through two defined benefit pension funds and one defined contribution fund. The Group also offers post-retirement medical benefits to its employees. Specific retirement benefits are offered to top management and under the Workmen's Compensation Act. The following sections summarise the relevant components of the pension benefits and post-retirement medical benefits:

33.1 Pension benefits

Transnet has three pension funds, namely the Transnet Retirement Fund; Transport Pension Fund; Transnet Sub-Fund and Transnet Second Defined Benefit Fund. Except for the Transnet Retirement Fund, the IAS 19 *Employee benefits* actuarial valuations for the funds are performed annually. The Transnet pension funds are governed by the Transnet Pension Fund Act, 62 of 1990, as amended.

With regard to the defined benefit funds, the expected return on plan assets has been calculated based on market expectations at the beginning of the period for returns over the entire life of the related obligation, except where settlements have occurred during the year. In these instances the return on assets is adjusted immediately before settlement. The estimated return is determined in conjunction with actuaries and market analysts based on the underlying asset base within each fund.

33.1.1 Transnet Retirement Fund

The fund was structured as a defined contribution fund from 1 November 2000. All employees of the Group are eligible members of the fund. There were 61 407 members at 31 March 2009 (2008: 63 039). Actuarial valuations are done at intervals not exceeding three years to determine the financial position. An actuarial valuation was performed as at 31 March 2008. The actuaries were satisfied with the status of the members' credit account then. The total contributions to this fund constitute member contributions of R677 million (2008: R604 million) and employer contributions of R669 million (2008: R605 million).

33.1.2 Transport Pension Fund: Transnet Sub-Fund

The fund is a defined benefit pension fund. The fund has been closed to new members since 1 December 2000. Members are current employees of Transnet who elected to remain as members of the fund at 1 November 2000 and pensioner members who retired subsequent to that date.

The Transnet Pension Fund Amendment Act, promulgated in the latter part of 2007, changed the name of the fund with effect from 11 November 2005 to the Transport Pension Fund. This Act restructured the Transport Pension Fund (formerly the Transnet Pension Fund) into a multi-employer pension fund. From the date this Act came into operation, all existing members, pensioners, dependant pensioners, liabilities, assets, rights and obligations, of the Transport Pension Fund, were attributable to a Sub-Fund, with Transnet as the principal employer. In terms of these Act amendments a Sub-Fund in the name of South African Airways (Pty) Ltd was also established as at 1 April 2006, with South African Airways (Pty) Limited as the principal employer of that Sub-Fund. All active members and pensioners members relating to South African Airways (Pty) Ltd and the Passenger rail Agency of South Africa (previously SARCC) have therefore been assigned to these new Sub-Funds. The Transport Pension Fund therefore comprises three independent and separate Sub-Funds, each with their own principal employer. An employer's liabilities to the Transport Pension Fund are limited to those attributable to its members. There were 5 583 members and pensioners at 31 March 2009 (2008: 6 401). The fund gives members the option to transfer to the Transnet Retirement Fund twice a year. Approximately 463 members opted to transfer to the Transnet Retirement Fund in the current year. The effect of this transfer is as follows:

** Restated.*

	Group	
	2009 R million	2008* R million
33. Post-retirement benefit obligations (continued)		
33.1 Pension benefits		
33.1.2 Transport Pension Fund: Transnet Sub-Fund		
An actuarial valuation was done as at 31 March 2009 based on the projected unit credit method. The principal actuarial assumptions used are as follows:		
Discount rate (%)	**9,03**	9,07
Salary increases		
– Inflation (%)	**5,77**	6,15
– Promotional (%)	**1,00**	1,50
Expected return on plan assets (%)	**9,74**	11,50
Pension increases (%)	**2,00**	2,00
The results of the actuarial valuation are as follows:		
Benefit liability		
Present value of obligation	**(2 957)**	(3 192)
Fair value of plan assets	**3 658**	4 924
Surplus	**701**	1 732
Unrecognised asset	**(701)**	(1 732)
Net liability per the balance sheet	**–**	–
The liability recognised for this fund relating to the Company amounts to Rnil (2008: Rnil).		
The surplus was not recognised as the rules of the fund do not provide for the surpluses to be distributed.		
Credit/(charge) to the income statement		
Expected return on assets	**499**	560
Current service cost	**(36)**	(106)
Settlements/(gains)	**(18)**	151
Interest cost	**(263)**	(342)
	182	263
The credit to the income statement relating to the Company amounts to R182 million (2008: R263 million).		
Actual return on plan assets	**(677)**	487
Actuarial loss recognised in statement of recognised income and expenditure	**(208)**	(362)
– Actuarial (loss)/gain	**(1 239)**	224
– Net asset not recognised	**1 031**	(578)
– Disposal of businesses	**–**	(8)
The actuarial loss recognised in the statement of recognised income and expenditure relating to the Company amounts to R208 million (2008: R209 million).		
The cumulative actuarial losses recognised in equity	**(1 078)**	(870)
	(1 078)	(870)
Movements in the net asset/(liability) recognised in the balance sheet		
Opening net asset	**1 732**	1 154
Income as above	**182**	263
Actuarial (loss)/gain recognised in equity	**(1 239)**	224
Disposal of businesses	**–**	(8)
Contributions paid	**26**	99
Surplus	**701**	1 732
Asset not recognised	**(701)**	(1 732)
Closing net asset	**–**	–

* *Restated.*

	Group	
	2009 R million	2008* R million
33. Post-retirement benefit obligations (continued)		
33.1 Pension benefits (continued)		
33.1.2 Transport Pension Fund: Transnet Sub-Fund (continued)		
Reconciliation of movement in benefit liability		
Opening benefit liability	**(3 192)**	(4 456)
Current service cost	**(36)**	(106)
Contributions by employer and members	**(18)**	
Interest cost	**(263)**	(342)
Actuarial gain/(loss) recognised in equity	**(63)**	297
Benefits paid	**323**	268
	(3 249)	(4 339)
Disposal of businesses	**–**	22
Transfer to the Transnet Retirement Fund	**292**	1 125
Closing benefit liability	**(2 957)**	(3 192)
Reconciliation of movement in fair value of plan assets		
Opening fair value of plan assets	**4 924**	5 610
Expected return	**499**	560
Actuarial (loss)/gain	**(1 176)**	(73)
Contributions by employer and members	**44**	99
Benefits paid	**(323)**	(268)
	3 968	5 928
Disposal of businesses	**–**	(30)
Transfer to the Transnet Retirement Fund	**(310)**	(974)
Closing fair value of plan assets	**3 658**	4 924

Summary of actuarial valuation results for past periods:

	2009 R million	2008 R million	2007 R million	2006 R million	2005 R million
Present value of defined benefit obligation	**(2 957)**	(3 192)	(4 456)	(5 405)	(4 950)
Fair value of plan assets	**3 658**	4 924	5 610	5 568	4 818
Surplus/(deficit)	**701**	1 732	1 154	163	(132)
Asset not recognised	**(701)**	(1 732)	(1 154)	(163)	–
Net liability	**–**	–	–	–	(132)

The estimated contributions by both employer and members for the year beginning 1 April 2009 amount to R44 million (2008: R99 million).

	Group	
	2009 %	2008 %
The major category of plan assets as a % of total plan assets are:		
Equity – Local and international	**67**	65
Property	**2**	10
Bonds	**30**	20
Cash	**1**	5
Total	**100**	100

* *Restated.*

	Group	
	2009 R million	2008* R million
33. Post-retirement benefit obligations (continued)		
33.1 Pension benefits (continued)		
33.1.3 Transnet Second Defined Benefit Fund		
The fund was established on 1 November 2000 for the benefit of existing retired members and qualifying beneficiaries. As of the current financial year, the fund includes the spouses of black pensioners who retired from Transnet between 16 December 1974 and 1 April 1986 (previously reported as the Black Widows' Pension Fund – refer to 33.1.5). There were 32 521 members at 31 March 2009 (2008: 36 846). This excludes widows and children of pensioners, as well as the black widows. The all inclusive membership is 78 780 at 31 March 2009 (2008: 79 467). The entire obligation relates to Transnet Limited.		
The actuarial valuation was based on the projected unit credit method. The principal actuarial assumptions used are as follows:		
Discount rate (%)	**8,49**	9,36
Expected return on assets (%)	**7,29**	9,00
Inflation (%)	**5,42**	6,25
Pension increases (%)	**2,00**	2,00
The results of the actuarial valuation are as follows:		
Benefit liability		
Present value of obligation	**(17 550)**	(17 194)
Fair value of plan assets	**20 316**	19 966
Surplus	**2 766**	2 772
Unrecognised asset	**(2 766)**	(2 772)
Net liability per the balance sheet	**–**	–
Credit/(charge) to the income statement	**(1 512)**	(1 427)
Interest cost	**1 703**	2 065
Expected return on plan assets	**191**	638
Actual return on plan assets	**2 615**	757
Actuarial loss recognised in statement of recognised income and expenditure	**(191)**	(638)
– Actuarial (loss)/gain	**(214)**	205
– Net asset not recognised	**23**	(843)
The cumulative actuarial gains recognised in equity	**4 559****	4 734
Movements in the net liability recognised in the balance sheet		
Opening net asset/(liability)	**2 772**	1 929
Transfer from Black Widows' Pension Fund	**17**	–
Income as above	**191**	638
Actuarial (loss)/gain recognised in equity	**(214)**	205
Surplus	**2 766**	2 772
Asset not recognised	**(2 766)**	(2 772)
Net asset per balance sheet	**–**	–
In the current year, the surplus was not recognised as the rules of the fund do not provide for surpluses to be distributed.		
Reconciliation of movement in benefit liability		
Opening benefit liability	**(17 194)**	(19 548)
Transfer from Black Widows' Pension Fund	**(59)**	–
Interest cost	**(1 512)**	(1 427)
Actuarial (loss)/gain	**(1 126)**	1 513
Benefits paid	**2 341**	2 268
Closing benefit liability	**(17 550)**	(17 194)

* *Restated.*

** *The movement for the period included the current year loss and the transfer of the Black Widows' Pension Fund cumulative loss of R16 million.*

	Group	
	2009 R million	2008* R million
33. Post-retirement benefit obligations (continued)		
33.1 Pension benefits (continued)		
33.1.3 Transnet Second Defined Benefit Fund (continued)		
Reconciliation of movement in fair value of plan assets		
Opening fair value of plan assets	**19 966**	21 477
Transfer from Black Widows' Pension Fund	**76**	–
Expected return	**1 703**	2 065
Actuarial gain/(loss)	**912**	(1 308)
Benefits paid	**(2 341)**	(2 268)
Closing fair value of plan assets	**20 316**	19 966
The major category of plan assets as a % of total plan assets are:		
Equity (%)	**21**	21
Property (%)	**1**	2
Bonds (%)	**73**	74
Cash and net current assets (%)	**5**	3
Total assets at market value (%)	**100**	100

Summary of actuarial valuation results for the past periods:

	2009 R million	2008 R million	2007 R million	2006 R million	2005 R million
Present value of defined benefit obligation	**(17 550)**	(17 194)	(19 548)	(20 887)	(20 405)
Fair value of plan assets	**20 316**	19 966	21 477	19 259	16 090
Surplus/(deficit)	**2 766**	2 772	1 929	(1 628)	(4 315)
Asset not recognised	**(2 766)**	(2 772)	(1 929)	–	–
Net liability	**–**	–	–	(1 628)	(4 315)

33.1.4 Top Management Pension Fund and Workmen's Compensation Act pensioners

The Top Management Pension Fund are additional benefits to top up pensions received to eliminate the effects of any early retirement and resignation penalties applied under the Group's existing pension fund schemes to management appointed prior to 1 April 1999. There were 424 members at 31 March 2009 (2008: 458). The entire obligation relates to Transnet Ltd.

The Workmen's Compensation Act benefit relates to the pension benefits that the Company pays to current and former employees who were disabled whilst in service prior to the corporatisation of Transnet in 1990. There were 1 537 members at 31 March 2009 (2008: 1 612).

Actuarial valuations for both benefits were performed to determine the present value of the obligations. Similar valuations were done at the previous balance sheet date. The projected unit credit method was used to value the obligations. There are no plan assets held to fund these obligations.

The following summarises the components of expense and liability recognised in the financial statements together with the assumptions adopted:

* *Restated.*

	Group	
	2009 R million	2008* R million
33. Post-retirement benefit obligations (continued)		
33.1 Pension benefits (continued)		
33.1.4 Top Management Pension Fund and Workmen's Compensation Act pensioners (continued)		
33.1.4.1 Top Management Pension Fund		
The principal assumptions in determining the benefits are as follows:		
Discount rate (%)	**8,49**	9,36
Salary increases		
Inflation (%)	**5,42**	6,25
Promotional (%)	**1,00**	1,50
Pension increase (%)	**2,00**	2,00
Benefit liability		
Present value of obligations	**(84)**	(89)
Liability recognised in the balance sheet	**(84)**	(89)
Charge to the income statement		
Interest cost	**(6)**	(9)
Current service cost	**(1)**	(2)
	(7)	(11)
Actuarial gain recognised in the statement of recognised income and expenditure	**3**	27
The cumulative actuarial gains recognised in equity	**35**	32
Reconciliation of movement in benefit liability		
Opening benefit liability		
Expense as above	**(89)**	(113)
Actuarial gain	**(7)**	(11)
Contribution	**3**	27
Benefit liability at year-end	**9**	8
	(84)	(89)

Summary of actuarial valuation results for the past periods:

	2009 R million	2008 R million	2007 R million	2006 R million	2005 R million
Present value of defined benefit obligation	**(84)**	(89)	(113)	(116)	(99)
Deficit	**(84)**	(89)	(113)	(116)	(99)

The estimated contributions (based on current year contribution) for the year beginning 1 April 2009 amount to R9 million (2008: R8 million).

* *Restated.*

		Group	
		2009 R million	2008* R million
33.	**Post-retirement benefit obligations** (continued)		
	33.1 Pension benefits (continued)		
	33.1.4 Top Management Pension Fund and Workmen's Compensation Act pensioners (continued)		
	33.1.4.2 Workmen's Compensation Act pensioners		
	The principal assumptions in determining the benefits are as follows:		
	Discount rate (%)	**9,03**	9,36
	Pension increase (%)	**5,77**	6,25
	Inflation rate (%)	**5,77**	6,25
	Benefit liability		
	Present value of obligations	**(368)**	(280)
	Liability recognised in the balance sheet	**(368)**	(280)
	Charge to the income statement		
	Interest cost	**(25)**	(18)
		(25)	(18)
	Actuarial loss recognised in statement of recognised income and expense	**(93)**	(43)
	The cumulative actuarial losses recognised in equity	**(155)**	(62)
	Reconciliation of movement in benefit liability		
	Opening benefit liability	**(280)**	(238)
	Interest cost	**(25)**	(18)
	Actuarial loss	**(93)**	(43)
	Benefits paid	**30**	19
	Benefit liability at year-end	**(368)**	(280)

Summary of actuarial results for the past periods:

	2009 R million	2008 R million	2007 R million	2006 R million	2005 R million
Present value of defined benefit obligation	**(368)**	(280)	(238)	(247)	(224)
Deficit	**(368)**	(280)	(238)	(247)	(224)

The estimated contributions (based on current year contribution) for the year beginning 1 April 2009 amount to R30 million (2008: R19 million).

* *Restated.*

	Group	
	2009 R million	2008* R million
33. Post-retirement benefit obligations (continued)		
33.1 Pension benefits (continued)		
33.1.5 Black Widows' Pension benefit		
The benefit relates to payments (not pensions) that the Group, during 2000, voluntarily elected to make payable to the widows of black pensioners who retired from Transnet during the period 16 December 1974 to 1 April 1986, subsequently died prior to 1 November 2000, and whose spouses are currently not entitled to a spouse's pension from either the Transport Pension Fund or the Transnet Second Defined Benefit Fund. The period within which these benefits could be claimed, is now closed. During the current financial year, this obligation was transferred into the Transnet Second Defined Benefit Fund.		
The actuarial valuation was based on the projected unit credit method. The principal actuarial assumptions used are:		
Discount rate (%)	–	9,36
Inflation rate (%)	–	6,25
Expected return on assets (%)	–	6,36
Pension increase (%)	–	2,00
Benefit liability	–	
Present value of obligation	–	(59)
Fair value of plan assets	–	76
Surplus	–	17
Unrecognised asset	–	(17)
Net asset per the balance sheet	–	–
Charge to the income statement	–	
Expected return on assets	–	4
Interest cost	–	(5)
	–	(1)
Actual return on plan assets	–	7
Actuarial loss recognised in the statement of recognised income and expenditure	–	(3)
– Actuarial gains	–	14
– Net asset not recognised	–	(17)
The cumulative actuarial gains recognised in equity	–	16
Movements in the net asset recognised in the balance sheet	–	–
Opening net asset	–	4
Expense as above	–	(1)
Actuarial gain recognised in equity	–	14
Surplus	–	17
Asset not recognised	–	(17)
Net asset per balance sheet	–	–
Reconciliation of movement in benefit liability	–	
Opening benefit liability	**(59)**	(73)
Transfer to Transnet Second Defined Benefit Fund	**59**	–
Interest cost	–	(5)
Actuarial gain	–	11
Benefits paid	–	8
Closing benefit liability	–	(59)

* *Restated.*

	Group	
	2009 R million	2008* R million
33. Post-retirement benefit obligations (continued)		
33.1 Pension benefits (continued)		
33.1.5 Black Widows' Pension benefit (continued)		
Reconciliation of movement in fair value of plan assets		
Opening fair value of plan assets	**76**	77
Transfer to Second Defined Benefit Fund	**(76)**	–
Expected return on assets	**–**	4
Actuarial gains	**–**	3
Benefits paid	**–**	(8)
Closing fair value of plan assets	**–**	76

Summary of actuarial results for the past periods:

	2009 R million	2008 R million	2007 R million	2006 R million	2005 R million
Present value of defined benefit obligation	**–**	(59)	(73)	(78)	(75)
Fair value of plan assets	**–**	76	77	79	83
Surplus	**–**	17	4	1	8
Asset not recognised	**–**	(17)	–	–	–
Net asset	**–**	–	4	1	8

33.1.6 HIV/Aids benefits

Transnet Group offers certain assistance to employees diagnosed with Aids. As this programme is in its infancy, the related data is not sufficient to actuarially value any liability that the Group may have in this regard.

33.2 Post-retirement medical benefits

SATS Pensioners' post-retirement medical benefits

The SATS pensioners are the retired employees of the former South African Transport Services (SATS) and their dependants. The liability is in respect of pensioners and their dependants who have elected to belong to the Transnet in-house medical scheme, Transmed, whose membership is voluntary.

A post-retirement medical aid benefit liability was created at the corporatisation of Transnet. With effect from 1 April 2000, the liability has been actuarially valued at each balance sheet date. Actual benefits contributed on behalf of the pensioners are settled against the provision.

Transnet subsidises members by way of a lump sum subsidy each year. The amount of the subsidy is calculated based on the number of SATS families as at 31 December of each year multiplied by a flat R800 per month for each family. The entire obligation relates to Transnet Ltd.

During the current financial year the Company took a decision to enhance the subsidy values. The consultation process was still in progress as at 31 March 2009 and accordingly a provision of R500 million has been raised in long-term provisions – refer to note 26.

Transnet employees post-retirement medical benefits

This includes the current and past employees of Transnet who are members of Transnet's in-house medical aid, Transmed Medical Fund. Membership is voluntary.

Transnet subsidises members at a flat contribution of R213 per month per member family.

To enable the Company to fully provide for such post-retirement medical liabilities, since April 2000 actuarial valuations are obtained annually. There are no assets held to fund the obligation.

Analysis of benefit expense

The following summarises the components of the net benefit expense recognised in both the income statement and balance sheet as at 31 March 2009 for both SATS pensioners and Transnet Employees. The projected unit credit method has been used for the purposes of determining the actuarial valuation for both the funds.

* *Restated.*

	Group	
	2009 R million	2008* R million
33. Post-retirement benefit obligations (continued)		
33.2 Post-retirement medical benefits (continued)		
33.2.1 SATS pensioners		
Discount rate (%)	**8,44**	9,36
Benefit liability		
Present value of obligations	**(1 240)**	(1 223)
Liability recognised in the balance sheet	**(1 240)**	(1 223)
Charge to the income statement		
Interest cost	**(108)**	(112)
	(108)	(112)
Actuarial gain recognised in the statement of recognised income and expense	**(117)**	204
The cumulative actuarial losses recognised in equity	**(199)**	(82)
Reconciliation of movement in benefit liability		
Opening benefit liability	**(1 223)**	(1 369)
Interest cost	**(108)**	(112)
Company contributions	**208**	54
Actuarial gain	**(117)**	204
Closing benefit liability	**(1 240)**	(1 223)
Transnet subsidises members by way of a lump sum subsidy each year. The amount of the subsidy is calculated based on the number of SATS families as at 31 December of each year multiplied by a flat R800 per month for each family. The medical inflation has no impact on the aggregate current service cost and interest cost and the benefit liability, however, the assumed discount rate has an impact. The sensitivity of the obligation to a change in the assumed discount rate of 8,44% on the present value of the obligation is as follows:		
Closing benefit liability based on changes in discount rate:		
7,44% (2008: 8,36%)	**(1 304)**	(1 286)
9,44% (2008: 10,36%)	**(1 181)**	(1 166)

Summary of actuarial valuation results for past periods:

	2009 R million	2008 R million	2007 R million	2006 R million	2005 R million
Benefit liability	**(1 240)**	(1 223)	(1 369)	(1 607)	(1 629)
Deficit	**(1 240)**	(1 223)	(1 369)	(1 607)	(1 629)

The estimated contribution (based on current year contribution) for the year beginning 1 April 2009 is R208 million (2008: R221 million).

* *Restated.*

	Group	
	2009 R million	2008* R million
33. Post-retirement benefit obligations (continued)		
33.2 Post-retirement medical benefits (continued)		
33.2.2 Transnet employees		
Closing benefit liability based on changes in discount rate (%)	**8,44**	9,36
Benefit liability		
Present value of obligations	**(632)**	(592)
Liability recognised in the balance sheet	**(632)**	(592)
The liability recognised for this fund relating to the Company amounts to R632 million (2008: R589 million).		
Charge to the income statement		
Current service cost	**(11)**	(12)
Interest cost	**(53)**	(55)
	(64)	(67)
The charge to the income statement relating to the Company amounts to R64 million (2008: R67 million).		
Actuarial (loss)/gain recognised in the statement of recognised income and expense	**(20)**	145
The actuarial loss recognised in the statement of recognised income and expenditure relating to the Company amounts to R20 million (2008: R145 million).		
The cumulative actuarial gain recognised in equity	**165**	185
Reconciliation of movement in benefit liability		
Opening benefit liability	**(592)**	(720)
Expense as above	**(64)**	(67)
Member and Company contributions	**44**	45
Actuarial (loss)/gain	**(20)**	145
Closing benefit liability	**(632)**	(597)
Disposal of businesses	**–**	5
Net benefit liability	**(632)**	(592)
Discontinued operations	**–**	(3)
Continuing operations	**(632)**	(589)
Transnet subsidises members at a flat contribution of R213 per month per member family. The medical inflation has no impact on the aggregate current service cost and interest cost and the benefit liability, however, the assumed discount rate has an impact. The sensitivity of the obligation to a change in the assumed discount rate of 8,44% on the present value of the obligation is as follows:		
Closing benefit liability based on changes in discount rate:		
7,44% (2008: 8,36%)	**(699)**	(658)
9,44% (2008: 10,36%)	**(575)**	(549)

Summary of actuarial valuation results for past periods:

	2009 R million	2008 R million	2007 R million	2006 R million	2005 R million
Benefit liability	**(632)**	(592)	(720)	(812)	(808)
Deficit	**(632)**	(592)	(720)	(812)	(808)

The estimated contribution (based on current year contribution) for the year beginning 1 April 2009 is R44 million (2008: R45 million).

* *Restated.*

Company			Group	
2008* R million	2009 R million		2009 R million	2008* R million

34. Related party transactions

The Transnet Group is a Schedule 2 Public Entity in terms of the Public Finance Management Act (PFMA). It therefore has a significant number of related parties including other State-owned entities, Government departments and all other entities within the national sphere of Government. The Group has utilised the database maintained by the National Treasury to identify related parties. A list of all related parties is available at the National Treasury website at www.treasury.gov.za or at the Company's registered office.

South African Airways (Pty) Ltd and South African Express Airways (Pty) Ltd conduct a number of transactions via intermediaries who act as agents. Services rendered by these companies to related parties are measured with reference to their frequent flyer corporate contracts. These contracts qualify for rebates on reaching a specified qualifying limit, which are similar to other third parties who participate in this frequent flyer programme. These transactions are included in the disclosure of transactions below. Transactions between related parties that are not reported in terms of these contracts are not disclosed as such.

In addition, the Company has a related party relationship with its subsidiaries (see note 12). The Group and Company have related party relationships with its associates (see note 13) and with its directors and senior executives (key management).

Unless otherwise disclosed, all transactions with the above related parties are concluded on an arm's length basis.

Furthermore, neither the Group nor any of its related parties is obligated to procure from or render services to their related parties.

Transactions with related entities

Services rendered to related parties comprise principally transportation (aviation, rail and road) services. Services purchased from related parties comprised principally energy, telecommunications, information technology and property related services.

The following is a summary of transactions with related parties during the year and balances due at year-end according to Transnet's records:

Company 2008* R million	Company 2009 R million		Group 2009 R million	Group 2008* R million
		Services rendered		
892	**1 020**	Major public enterprises	**1 020**	904
88	**112**	Other public enterprises	**112**	119
1 244	**1 672**	National Government business enterprises	**1 673**	1 255
70	**56**	Associates	**56**	70
110	**90**	Subsidiaries	**–**	–
2 404	**2 950**		**2 861**	2 348
		Services received		
723	**848**	Major public enterprises	**849**	904
157	**210**	Other public enterprises	**210**	174
965	**870**	National Government business enterprises	**890**	1 519
261	**203**	Associates	**203**	261
374	**69**	Subsidiaries	**–**	–
2 480	**2 200**		**2 152**	2 858

* *Restated.*

Company 2008* R million	Company 2009 R million		Group 2009 R million	Group 2008* R million
		34. Related party transactions (continued)		
		Amount due from/(to)		
259	**(249)**	Major public enterprises	**(249)**	257
20	**30**	Other public enterprises	**30**	20
(6 139)	**(6 407)**	National Government business enterprises**	**(6 407)**	(6 150)
68	**143**	Associates	**143**	68
1 415	**477**	Subsidiaries	**–**	–
(4 377)	**(6 006)**		**(6 483)**	(5 805)

During the year the Group expensed Rnil (2008: R1 million) in relation to bad debts on related parties and at year-end the Group had a provision of Rnil (2008: R11 million) against bad debts in relation to related parties.

Transactions with key management personnel

Loans to key management are included in "Long-term loans and advances" (refer note 15).

Details of key management compensation are set out in the Report of Directors on page 186 to the annual financial statements.

None of key management has or had significant influence in any entity with whom the Group had significant transactions during the year.

* *Restated.*
** *Includes R6 720 million relating to bonds issued to National Government business enterprises (2008: R6 467 million).*

35. Cash flow information

35.1 Cash generated from operations

Company 2008* R million	Company 2009 R million		Group 2009 R million	Group 2008* R million
8 197	**9 545**	Profit before taxation	**6 651**	8 491
9 027	**10 012**	– Continuing operations	**6 718**	9 093
(830)	**(467)**	– Discontinued operations	**(67)**	(602)
2 497	**2 998**	Finance costs (refer note 35.3)	**2 996**	2 782
(730)	**(299)**	Finance income	**(269)**	(768)
(111)	**(3 300)**	Dividend income	**–**	(122)
2 696	**4 151**	Elimination of non-cash items	**4 120**	2 776
3 797	**4 779**	– Depreciation, amortisation and derecognition	**4 779**	3 870
(692)	**(169)**	– Increase in provision for post-retirement benefit obligation	**(169)**	(692)
106	**(56)**	– (Reversal of impairment)/impairment of loss-making subsidiaries and associates	**3**	1
158	**114**	– Impairment of trade and other receivables and loans and advances	**115**	160
(1)	**205**	– Impairment/(reversal of impairment) of property, plant and equipment	**205**	(1)
284	**618**	– Movement in provisions	**602**	305
59	**9**	– Fair value adjustments of Treasury bonds	**9**	59
(17)	**–**	– Dividend in specie received for shares in HSA (Pty) Ltd	**–**	–
–	**–**	– Earnings from associates	**(82)**	59
(395)	**(34)**	– Fair value adjustments on derivatives	**(34)**	(393)
22	**23**	– Unrealised foreign exchange losses	**1**	22
61	**(43)**	– (Profit)/loss on sale of property, plant and equipment	**(53)**	62
(40)	**–**	– (Profit)/loss on disposal of the division/subsidiary	**–**	(40)
–	**(45)**	– Acquisition of Transhold (Pty) Ltd, Transwerk Foundaries (Pty) Ltd and Proptrade (Pty) Ltd assets	**–**	–
242	**(25)**	– Discount on bonds amortised	**(25)**	242
171	**15**	– Provision for inventory obsolescence	**14**	172
101	**138**	– Release of firm commitments	**138**	101
(1 145)	**(1 376)**	– Fair value adjustment of investment property	**(1 376)**	(1 151)
(15)	**(2)**	– Other non-cash items	**(7)**	–
12 549	**13 095**		**13 498**	13 159

Company			Group	
2008* R million	2009 R million		2009 R million	2008* R million
		35. Cash flow information (continued)		
		35.2 Changes in working capital		
(734)	**(296)**	Increase in inventories	**(323)**	(747)
(413)	**(1 503)**	Decrease/(increase) in receivables	**(1 860)**	(483)
1 331	**(535)**	(Decrease)/increase in payables	**(464)**	1 503
184	**(2 334)**		**(2 647)**	273
		35.3 Finance costs		
2 749	**3 018**	Total finance costs	**3 016**	3 039
(10)	**(45)**	Net foreign exchange (gains)/losses on translation	**(45)**	(15)
(242)	**25**	Premium discounts on bonds amortised	**25**	(242)
2 497	**2 998**		**2 996**	2 782
		35.4 Taxation paid		
		Balance at the beginning of the year		
(482)	**(786)**	– normal taxation (net)	**(803)**	(494)
		Taxation as per income statement		
(1 219)	**(731)**	– normal taxation	**(754)**	(1 237)
		Balance at the end of the year		
786	**846**	– normal taxation (net)	**854**	803
(915)	**(671)**		**(703)**	(928)
		35.5 Disposal of division/subsidiary		
288	**145**	Property, plant and equipment	**708**	1 289
–	**–**	Intangible assets and goodwill	**3**	–
562	**558**	Investment in subsidiaries	**–**	–
2	**7**	Inventory	**67**	12
176	**2**	Accounts receivable and prepayments	**668**	300
(4)	**1**	Cash and cash equivalents/(bank overdraft)	**5**	108
(6)	**–**	Employee benefits	**–**	(6)
–	**–**	Borrowings	**(54)**	–
–	**–**	Deferred taxation liability	**(115)**	(95)
(32)	**(32)**	Provisions	**(51)**	(39)
(128)	**(56)**	Trade and other payables	**(415)**	(272)
–	**–**	Current taxation liability	**–**	(29)
858	**625**	Net asset value	**816**	1 268
986	**476**	Selling price	**476**	986
4	**(1)**	Net cash (disposal)/acquired	**(5)**	(108)
–	**(336)**	Loans repaid by the subsidiary	**(336)**	–
990	**139**	Net proceeds	**135**	878

* *Restated.*

Company 2008* R million	Company 2009 R million			Group 2009 R million	Group 2008* R million
		36.	**Headline earnings**		
5 089	**7 764**		Profit for the year attributable to equity holder	**4 528**	4 526
(162)	**66**		Loss/(profit) from discontinued operations, net of taxation	**257**	266
628	**71**		Impairments – Lower of carrying value and fair value less costs to sell	**113**	994
5 555	**7 901**		Profit for the year from continuing and discontinued operations	**4 898**	5 786
61	**(43)**		Loss/(profit) on disposal of property, plant and equipment (refer note 4.2)	**(53)**	62
(1 145)	**(1 376)**		Fair value adjustments on investment properties (refer note 5)	**(1 376)**	(1 151)
(1)	**205**		Impairment/(reversal of impairment) of property, plant and equipment (refer note 4.4)	**205**	(1)
106	**(56)**		Impairment/(reversal of impairment) of loss-making subsidiaries and associates (refer note 4.4)	**3**	1
4 576	**6 631**		**Headline earnings before tax effects**	**3 677**	4 697
			Taxation effects		
(17)	**12**		Loss/(profit) on disposal of property, plant and equipment	**15**	(17)
235	**196**		Fair value adjustments on investment properties	**196**	237
–	**(57)**		Impairment of property, plant and equipment (refer note 4.4)	**(57)**	–
4 794	**6 782**		**Headline earnings**	**3 831**	4 917

* *Restated.*

37. Change in accounting policy and other restatements

Change in accounting policies

During the year, the Group adopted IFRS 8 *Operating* Segments (IFRS 8). IFRS 8 replaces IAS 14 Segment Reporting (IAS 14). The core principle of IFRS 8 is that an entity shall disclose information to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

The standard adopts a 'management' approach for purposes of identifying operating segments and reporting segment information. This approach involves the identification of information used by management to make resource allocation and to assess performance. IFRS 8 is a disclosure standard and consequently has not impacted reported results. A restatement of comparatives has been performed in line with the requirements of the standard. Refer to Segment Information on pages 206 and 207.

Furthermore, three interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are:

1. IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14)

2. IFRIC 12 – Service Concession Agreements (IFRIC 12)

3. IFRIC 13 – Customer Loyalty Programmes (IFRIC 13)

The adoption of IFRIC 14 has had an insignificant impact on the Group's results. The adoption of IFRIC 12 and IFRIC 13 has not impacted the Group's results.

Change in accounting estimate

During the current financial year, the Group assessed the useful lives of property, plant and equipment in line with the accounting policy and IAS 16: Property, Plant and Equipment. The review has resulted in the following:

	Gross R million	Taxation R million	Net R million
Change in accounting estimates as a result of a change in useful lives and its financial impact			
Increase in the useful lives of wet port assets from 50 years to 100 years based on the average design service life			
This change has impacted the current year results as follows:			
Decrease in depreciation	142	(40)	102

Restatements

IAS 12: Income Taxes

In the prior year management estimated the split between taxable depreciable assets and non-taxable depreciable assets in respect of pipelines assets for the purposes of calculating the deferred taxation liability. This split was reviewed in the current financial year, which resulted in a decrease in the proportion of taxation depreciable assets to non-taxation depreciable assets. Accordingly an adjustment was required in the prior year.

In addition, deferred taxation was duplicated on a finance arrangement in the prior year and has subsequently been corrected.

IAS 23: Borrowing Costs

All borrowing costs incurred on qualifying assets are capitalised to the cost of property, plant and equipment. However in the prior year this was incorrectly applied and this has resulted in a reduction in finance costs of R16 million.

IAS 21: The Effects of Changes in Foreign Exchange Rates

An assessment of foreign exchange gains and losses on derivative financial instruments resulted in a restatement of fair value gains. The financial effect of this restatement has resulted in a reduction in fair value gains by R64 million before tax in the prior financial year.

IAS 19: Employee Benefits

An assessment of the manner in which transfers from the funds were treated resulted in a reduction of the actuarial gains and losses in the prior year, of R151 million before taxation.

IAS 16: Property, Plant and Equipment

In terms of an approved incentive bonus scheme, certain contractors that are engaged to construct assets were entitled to an incentive payment. This payment in terms of IAS 16 should have been recognised as part of the carrying value of the asset but was expensed. Consequently, an adjustment of R50 million was recorded.

IAS 37: Provisions, Contingent Liabilities and Contingent Assets

The Group has had a legal obligation as defined in terms of IAS 37 for the rehabilitation of asbestos contamination since the enactment of certain legislation in 1998, and accordingly a provision has been recorded for the estimated costs of this restoration. This has resulted in the recognition of a provision of R700 million and an increase in the depreciation charge of R3 million recorded against opening reserves.

Company			Group	
1 April 2007 R million	31 March 2008 R million		31 March 2008 R million	1 April 2007 R million
		37. Change in accounting policy and other restatements (continued)		
		The changes in accounting policies and other restatements had the following impact on the financial statements:		
		INCOME STATEMENT		
		IAS 12 adjustments		
–	**(63)**	Increase in deferred taxation charge	**(63)**	–
–	**(63)**	Decrease in net profit for the year	**(63)**	–
		IAS 23 adjustments		
38	**16**	Decrease in finance costs	**16**	38
(11)	**(4)**	Increase in deferred taxation charge	**(4)**	(11)
27	**12**	Increase in net profit for the year	**12**	27
		IAS 21 adjustments		
–	**64**	Increase in fair value gains	**64**	–
–	**(18)**	Increase in current taxation charge	**(18)**	–
–	**46**	Increase in net profit for the year	**46**	–
		IAS 19 adjustments		
–	**151**	Decrease in post-retirement benefit expense	**151**	–
–	**(42)**	Increase in deferred taxation charge	**(42)**	–
–	**109**	Increase in net profit for the year	**109**	–
		IAS 16 adjustments		
–	**50**	Decrease in incentive bonus expense	**50**	–
–	**(14)**	Increase in deferred taxation charge	**(14)**	–
–	**36**	Increase in net profit for the year	**36**	–
		IAS 37 adjustments		
(700)	**110**	Increase in decommissioning and environmental provision expense	**110**	(700)
(3)	**–**	Increase in depreciation charge	**–**	(3)
197	**(31)**	(Increase)/decrease in deferred taxation charge	**(31)**	197
(506)	**79**	Increase in net profit for the year	**79**	(506)
		BALANCE SHEET		
		IAS 12 adjustments		
147	**84**	Decrease in deferred taxation liability	**84**	147
147	**84**	Cumulative increase in reserves	**84**	147
		IAS 23 adjustments		
38	**54**	Cumulative increase in property, plant and equipment – Capital work in progress	**54**	38
27	**39**	Cumulative increase in reserves	**39**	27
(11)	**(15)**	Cumulative increase in deferred taxation	**(15)**	(11)
		IAS 21 adjustments		
–	**64**	Cumulative increase in property, plant and equipment – Capital work in progress	**64**	–
–	**46**	Cumulative increase in reserves	**46**	–
–	**(18)**	Cumulative increase in current taxation	**(18)**	–

Company 1 April 2007 R million	Company 31 March 2008 R million		Group 31 March 2008 R million	Group 1 April 2007 R million
		37. Change in accounting policy and other restatements (continued)		
		IAS 19 adjustments		
–	–	Cumulative impact on reserves	–	–
–	–	Cumulative impact on deferred taxation	–	–
		IAS 16 adjustments		
–	50	Cumulative increase in property, plant and equipment	50	–
–	36	Cumulative increase in reserves	36	–
–	(14)	Cumulative increase in deferred taxation	(14)	–
		IAS 37 adjustments		
(26)	(26)	Cumulative decrease in property, plant and equipment – Land and buildings	(26)	(26)
(677)	(567)	Cumulative increase in provisions	(567)	(677)
197	166	Cumulative decrease in deferred taxation	166	197
(506)	(427)	Cumulative decrease in reserves	(427)	(506)
		STATEMENT OF RECOGNISED INCOME AND EXPENSE		
–	219	Increase in profit for the year	219	–
–	219	Increase in total income recognised	219	–
		The above changes in accounting policies and other restatements can be summarised as follows:		
		BALANCE SHEET		
33 258	47 930	Equity attributable to equity holder as previously reported	51 183	37 028
(332)	(222)	Net effect of restatements	(222)	(332)
333	221	Deferred taxation adjustment including taxation effects of other adjustments	221	333
(26)	(26)	Property, plant and equipment – Land and buildings	(26)	(26)
–	(18)	Current taxation adjustment	(18)	–
38	168	Property, plant and equipment – Capital work in progress	168	38
(677)	(567)	Decommissioning and environmental provision adjustment	(567)	(677)
32 926	47 708	**Restated equity attributable to equity holder**	50 961	36 696
		INCOME STATEMENT		
	4 870	**Net profit attributable to equity holder as previously reported**	4 307	
	219	**Net effect of restatements**	219	
–	5 089	**Restated net profit attributable to equity holder**	4 526	–
	328	Gross effect of restatements	328	
	(63)	Deferred taxation adjustment	(63)	
	16	Borrowing costs adjustment	16	
	64	Fair value foreign exchange adjustment	64	
	151	Pension fund adjustment	151	
	50	Property, plant and equipment adjustment	50	
	110	Decommissioning and environmental provision adjustment	110	
	(109)	Taxation effect of restatements	(109)	
	–	Deferred taxation adjustment	–	
	(4)	Borrowing costs adjustment	(4)	
	(18)	Foreign exchange adjustment	(18)	
	(42)	Pension fund adjustment	(42)	
	(14)	Property, plant and equipment adjustment	(14)	
	(31)	Decommissioning and environmental provision adjustment	(31)	

Annexure A

for the year ended 31 March 2009

Introduction

The Group has a centralised Treasury function which performs a supporting role to the Transnet operating divisions. It has the responsibility for the management of treasury and financial risks, which the Group is exposed to in pursuit of its business. Treasury is also charged with ensuring that Transnet is optimally funded.

The Financial Risk Management policies are contained in a Board approved Financial Risk Management (FRM) Framework. The objectives of the FRM are to ensure that the financial, operational, and strategic risks applicable to the funding, trading and investment activities are identified, monitored and appropriately managed in compliance with the Group Enterprise Wide Risk Management Framework (ERM), Public Finance Management Act 1 of 1999 (as amended) (PFMA) and other applicable legislation and regulations.

Impact of the global economic crisis

The 2009 financial year was characterised by liquidity and solvency challenges in the global financial sector, which initially started in the third quarter of 2007 in the form of the subprime crisis and further deteriorated in 2008 with the failure of a large USA-based investment banks. Consequently, concerns over counterparty risk increased, leading to widening spreads across asset classes and widespread losses. Numerous authorities, including some in the USA, UK and Japan attempted to stabilise markets through various economic remedies, such as injecting liquidity into the market; cutting interest rates; recapitalising banks; and issuing financial guarantees. However, none of these measures were sufficient as the extent of the losses were of a systemic nature. This caused confidence to remain low, as reflected by a lack of liquidity.

The South African economy was also affected by these economic factors, albeit to a lesser degree. The domestic economy was faced with rising consumer prices and escalating oil prices which fuelled inflation and increased Government bond yields. As liquidity dried up, risk premiums increased and the issuance of bonds both domestically and internationally decreased significantly, increasing the challenge of meeting Transnet's financing requirements. Despite these challenges, objectives were met including managing interest rate risk; diversifying sources of funding; matching assets and liabilities; and diversifying the investor base. This is evidenced by the Company concluding the following:

- Bilaterial loans worth R7 billion with local and international financial institutions;
- Japan Bank for International Cooperation (JBIC) has offered an untied facility of ¥35 billion; and
- An agreement with Finnvera , the Finnish Export Credit Agency, for R915 million.

Risk philosophy

The overall risk management philosophy of Transnet is to the extent possible, avoid undue risks and manage business risks. However, given the nature of Transnet's business and its major Capital Investment Plan, it is not always possible to avoid risk. Transnet accepts, reduces or transfers risks (particularly financial risks) provided that the residual exposure accepted is within the risk appetite or tolerance limits of Transnet as determined by the Board from time to time. Integral to Transnet's risk management philosophy and process, is the ERM, which was developed by Transnet management and approved by the Board. In pursuit of its business, the Group is exposed to a myriad of risks, including but not limited to market, credit, liquidity, and operational risks. The long-term viability, continued success and reputation of Transnet are critically dependent on the credibility of risk management, and commitment to applying leading practice in risk management.

Risk profile and risk management

Financial risk assessment and analysis are disclosed on a monthly basis to the Group Finance Committee and the Group Executive Committee. These committees are responsible for reporting financial risk exposures to the Transnet Board of Directors on a bi-monthly basis.

The Group's business operations expose it to liquidity, credit, and market risk (comprising foreign currency, commodity, interest rate and other price risk), which are discussed under the headings below. Transnet does not envisage unmanageable change to risks, but given the level of volatility in the market, Treasury will continuously manage all risks closely so as to implement mitigating initiatives timeously when required. The Board approved an updated FRM during October 2008, which is an enhancement of the previous policy, but it does not incorporate any significant changes.

Liquidity risk

Liquidity risk at Transnet refers particularly to the risk of the Company's inability, to advance funds for capital investments, redeem and service loans in money and capital markets, finance operational costs and generate sufficient cash for unanticipated financial commitments.

Liquidity risk is managed by spreading the maturity profiles of new debt issues, doing prefunding for all major rollover risk exposures and by ensuring that daily operational cash requirements are adequately funded by means of cash on hand and/or commercial paper issues and/or bank facility utilisation. During 2009, Transnet's commercial paper was extensively used under the DMTN programme as a bridging financing instrument, mainly as a result of the global credit crisis and risk aversion profile of investors. A new 15 year bond TN23 was issued in November 2008 to continue building a Transnet yield curve without a Government guarantee. Certain thresholds, which are a combination of available cash and unutilised credit facilities, are minimum requirements of the approved policy to ensure effective liquidity risk management. The maximum tenor of money market investments may not exceed 120 days. The focal points in managing liquidity risk include the following:

- Measuring and managing the contractual maturity mismatch gap between assets and liabilities, and management of current and projected cash flows; and
- Managing the level of reliance on particular funding sources by ensuring there are various diverse sources of funding that can be utilised at any point in time.

Transnet also produces a "five-year cash flow projection" as part of the annual corporate planning process. These provide Treasury with an estimate of the Group's future cash positions.

Credit risk

Credit risk is the risk of an economic loss arising from the failure of the counterparty to fulfil its contractual obligations. Its effect is measured by the cost of replacing cash flows if the other party

defaults resulting in a capital loss if the counterparty is unable to meet its obligation.

The credit risk policy of the Group is aligned with the detailed requirements of the Treasury Regulations as referred to in the PFMA:

- Selection of counterparties through credit risk analysis.
- Establishment of investment limits per institution.
- Establishment of investment limits per investment instrument.
- Monitoring of investments against limits.
- Reassessment of investment policies on a regular basis.
- Reassessment of counterparty credit risk based on credit ratings.
- Assessment of investment instruments based on liquidity requirements.

Financial assets that potentially subject the Group to concentrations of credit risk consist primarily of cash, short-term deposits, Government and public corporations bonds listed on the Bond Exchange of South Africa and the market value of derivatives and trade receivables. The Group's exposures to credit risks in respect of all Treasury related transactions are confined to credible counterparties and are managed within Board approved credit limits. Limits are reviewed and approved by the Board on an annual basis. Trade receivables are presented net of impairments. It is Treasury's policy to perform ongoing credit evaluations of the financial position of its counterparties. Guarantees are issued under specific powers granted in terms of the PFMA, and in accordance with an approved Delegations of Authority Framework (DF).

Investments are only allowed with international counterparties with a minimum international long-term credit rating of A- and domestic counterparties with a minimum national long-term credit rating of A- (zaf) as rated by a recognised rating agency and approved by the Board as an approved counterparty. In addition to this the counterparty must have a minimum short-term credit rating of A-1 (F1 zaf) to qualify for cash type of investments.

With the global economic crisis, Transnet implemented the following process to manage and reduce the risk around trade receivables:

- Consolidated customers across all operating divisions to have a combined view of credit risk;
- Performed detailed risk evaluations on all the customers especially the top 72 customers (credit limits in excess of R10 million) via KreditInform;
- Reviewed all guarantees held by the operating divisions to ensure they were valid and all obligations were fulfilled; and
- A credit committee was formed to look at the combined risk of the Group and reports to the Finance Committee.

Market risk

This will be discussed under the following headings: Foreign currency risk, Commodity risk, Interest rate risk and Other price risk.

Foreign currency risk

Foreign currency risk arises mainly as a result of the Group's imports capital and operational expenditure programmes, where goods are imported from foreign countries and are exposed to currency fluctuations. Indirect foreign currency risk arises as a result of imports by local suppliers, resulting in fluctuating rand payments as well as the inherent foreign currency component in fuel risk exposures. Transnet does not take foreign currency risk and all foreign currency risk exposures are hedged within the approved FRM and DF as soon as the supplier agreements are signed. It is Transnet's preference to enter into rand-based financing contracts, if this can be achieved at an acceptable cost, with no FX risk recourse to Transnet. The net foreign currency position is monitored on a monthly basis, by obtaining the net foreign currency position in all the major currencies i.e. US dollar (USD), euro, pound sterling (GBP) and Japanese yen (JPY) and other foreign currencies. Foreign currency risk exposures are fully hedged until maturity with vanilla hedging instruments after careful consideration and analysis of the tax and accounting implications. Hedge accounting is applied wherever possible to minimise income statement volatility.

Commodity risk

Commodity risk refers to the potential variability in Transnet's financial condition owing to the changes in commodity prices such as Brent crude oil, steel, iron ore and others. Only fuel risk exposures are actively monitored on a regular basis and are hedged in terms of the approved FRM and DF. At the reporting date, no hedges have been entered into to hedge fuel risk exposures. Major customer agreements are structured in such a way that tariffs can be adjusted to compensate for changes in fuel prices and does provide an amount of natural risk offset.

Interest rate risk

This refers to the potential variability in Transnet's financial condition owing to changes in interest rate levels. The Group's borrowings and investments in interest-bearing instruments creates an exposure to this risk. The Group's objectives in managing interest rate risk are as follows:

- Manage the ratio of floating rate exposures versus fixed rate exposures.
- Reduce the weighted average cost of debt to ensure the gap to prevailing market rates is reduced.
- Take advantage of interest rate cycles.
- Support the business strategy insofar as interest rates are concerned.
- Minimise the negative impact of adverse interest rate movements on the Group's net income to within an acceptable risk profile.
- Minimise the basis risk exposure where interest rate risk is netted between investments and borrowings.
- Manage the duration of the debt portfolio to try and achieve alignment with the duration of the average payback periods of assets.

The Group measures interest rate risk by calculating the impact of standardised interest rate shocks on the annual external finance cost budget.

Other price risk

The only other market risk the Company and Group is exposed to, is equity price risk. Equity price risk is the risk of fair value changes in future cash flows of a financial instrument as a result of changes in the underlying share price. Transnet do not trade in equities and the only exposure of this nature at report date was a small exposure in Brazil.

Liquidity risk

Bonds at carrying and nominal values:

Domestic rand bonds

Transnet issues domestic bonds listed on the Bond Exchange of South Africa. The following rand bonds were in issue at 31 March 2009:

			2009		2008	
Bond	Redemption date	Coupon rate %	Carrying value R million	Nominal value R million	Carrying value R million	Nominal value R million
T004*	1 Apr/08	7,50	**Redeemed**	**Redeemed**	4 122	4 128
T011*	1 Apr/10	16,50	**1 089**	**1 050**	1 399	1 325
T018*	15 Jul/14	10,75	**6 086**	**6 000**	6 100	6 000
TN17	14 Nov/17	9,25	**4 829**	**5 042**	1 722	1 750
TN23	6 Nov/23	10,8	**1 062**	**1 050**	–	–
TN27	14 Nov/27	8,9	**2 772**	**2 942**	1 277	1 284
			15 838	**16 084**	14 620	14 487

Eurorand bonds

The following eurorand bonds were in issue at 31 March 2009:

			2009		2008	
Bond	Redemption date	Coupon rate %	Carrying value R million	Nominal value R million	Carrying value R million	Nominal value R million
Euro 42*	18 Apr/28	13,50	**1 952**	**2 000**	1 951	2 000
Euro 42A*	30 Mar/29	10,00	**1 024**	**1 500**	1 020	1 500
			2 976	**3 500**	2 971	3 500
			18 814	**19 584**	17 591	17 987

- *These domestic rand bonds and eurorand bonds are reflected on the balance sheets of both the Company and the Group. The bonds are guaranteed by the Government of the Republic of South Africa, and the Company paid R19,2 million in guarantee fees (2008: R19,2 million). The TN17, TN23 and TN27 bonds are not guaranteed. The amounts in the above tables are only in respect of bonds held at amortised cost, as the bonds designated at fair value through profit and loss are disclosed elsewhere in this annexure.*

Concentration of liquidity risk

The Group's sources of funding are tabled below. 70% of the Group's borrowings are widely held (2008: 87%).

Company			Group	
2008 R million	2009 R million		2009 R million	2008 R million
1 725	**4 023**	Standard Bank	**4 023**	1 725
1 417	**3 177**	Rand Merchant Bank	**3 177**	1 417
–	**1 000**	Absa Capital	**1 000**	–
–	**150**	Investec Bank	**150**	–
–	**140**	China Construction Bank	**140**	–
–	**250**	Citi Group	**250**	–
–	**1 775**	Nedbank	**1 775**	–
–	**100**	Momentum	**100**	–
–	**650**	Omsfin	**650**	–
–	**–**	Various holders of promissory notes, widely held, and traded	**–**	2 451
19 459	**25 619**	Various holders of Transnet bonds and commercial paper, widely held, and traded*	**25 619**	19 459
5 692	**–**	Cash and cash equivalents held on behalf of Newshelf 697 (Pty) Limited	**–**	–
215	**125**	Other	**129**	220
28 508	**37 009**		**37 013**	25 272

* *Includes bonds held at amortised cost R18 814 million, bonds held at fair value R466 million, and commercial paper R6 339 million (*2008: Includes bonds held at amortised cost R17 591 million, bonds held at fair value R1 223 million, and commercial paper R645 million).*

Funding plan

As a result of the Group's Capital Investment Plan, the funding requirements, including loan redemptions of R5 205 million, over the next five years will amount to R25 984 million and is reflected below.

	Target	Projections				Total
	2010 R million	2011 R million	2012 R million	2013 R million	2014 R million	R million
Capital investments	**(21 912)**	(19 442)	(16 336)	(13 331)	(9 480)	(80 501)
Cash flow from operating activities	**10 572**	11 696	13 169	14 474	16 941	66 852
Capitalised borrowing costs	**(1 850)**	(1 854)	(2 212)	(663)	(489)	(7 068)
Other investing activities	**324**	159	(217)	(146)	(182)	(62)
Cash surplus/(shortfall)	**(12 866)**	(9 441)	(5 596)	334	6 790	(20 779)
Loan redemptions	**(1 964)**	(908)	(1 241)	(535)	(557)	(5 205)
Funding requirements	**(14 830)**	(10 349)	(6 837)	(201)	6 233	(25 984)

The following schedule indicates the probable sources of funding that may be utilised during the year ahead.

	Q1 R million	Q2 R million	Q3 R million	Q4 R million	Total R million
Commercial paper	500	500	500	330	**1 830**
Domestic bonds	1 250	1 250	1 250	1 250	**5 000**
Bank loans	250	250	250	250	**1 000**
ECA supported	500	500	500	500	**2 000**
Development funds	–	2 000	–	–	**2 000**
Other foreign market instruments *	–	3 000*	–	–	**3 000**
Total	2 500	7 500	2 500	2 330	**14 830**

* *If foreign market bond issuance is too expensive, additional domestic bonds will be issued.*

Contractual maturity analysis

The following are the contractual maturities of financial liabilities, including interest payment and excluding the impact of netting arrangements for the Group and the Company:

	Carrying value 2009 R million	Contractual cash flows 2009 R million	0 to 12 months R million	1 to 2 years R million	2 to 3 years R million	3 to 4 years R million	4 to 5 years R million	More than 5 years R million
Non derivative financial liabilities								
Bonds	**19 280**	**43 295**	2 200	3 402	1 907	1 907	1 907	31 972
Secured bank loans Group	**3 548**	**7 468**	(190)	625	574	766	1 742	3 951
Secured bank loans Company	**3 544**	**7 464**	(194)	625	574	766	1 742	3 951
Unsecured bank loans Group	**7 795**	**10 607**	444	970	7 075	276	271	1 571
Unsecured bank loans Company	**7 795**	**10 607**	444	970	7 075	276	271	1 571
Commercial paper	**6 339**	**7 568**	6 640	76	852	–	–	–
Other short-term borrowings Group	**51**	**49**	49	–	–	–	–	–
Other short-term borrowings Company	**51**	**49**	49	–	–	–	–	–
Total borrowings Group	**37 013**	**68 987**	9 143	5 073	10 408	2 949	3 920	37 494
Total borrowings Company	**37 009**	**68 983**	9 139	5 073	10 408	2 949	3 920	37 494

Contractual maturity analysis (continued)

	Carrying value 2009 R million	Contractual cash flows 2009 R million	0 to 12 months R million	1 to 2 years R million	2 to 3 years R million	3 to 4 years R million	4 to 5 years R million	More than 5 years R million
Trade payables and accruals Group	**6 491**	**6 491**	6 491	–	–	–	–	–
Trade payables and accruals Company	**6 476**	**6 476**	6 476	–	–	–	–	–
Derivative financial liabilities								
Cross currency swaps	**24**	**29**	17	12	–	–	–	–
Forward exchange contracts used for hedging	**99**	**154**	123	31	–	–	–	–
– outflow	**99**	**1 923**	1 642	281	–	–	–	–
– inflow		**(1 769)**	(1 519)	(250)	–	–	–	–
Other forward exchange contracts	**4**	**9**	9	–	–	–	–	–
– outflow	**4**	**357**	357	–	–	–	–	–
– inflow		**(348)**	(348)	–	–	–	–	–
Total derivative financial liabilities	**127**	**192**	149	43	–	–	–	–

	Carrying value 2008 R million	Contractual cash flows 2008 R million	0 to 12 months R million	1 to 2 years R million	2 to 3 years R million	3 to 4 years R million	4 to 5 years R million	More than 5 years R million
Bonds	**18 814**	**38 889**	5 551	1 745	3 228	1 478	1 478	25 409
Secured bank loans Group	**5 755**	**11 533**	1 977	(412)**	975	837	1 526	6 630
Secured bank loans Company	**3 303**	**8 855**	(701)**	(412)**	975	837	1 526	6 630
Unsecured bank loans Group	**30**	**29**	29	–	–	–	–	–
Unsecured bank loans Company	**5 722**	**2 721**	2 721*	–	–	–	–	–
Commercial paper	**645**	**645**	645	–	–	–	–	–
Other short-term borrowings Group	**28**	**28**	28	–	–	–	–	–
Other short-term borrowings Company	**24**	**28**	28	–	–	–	–	–
Total borrowings Group	**25 272**	**51 124**	8 230	1 333	4 203	2 315	3 004	32 039
Total borrowings Company	**28 508**	**51 138**	8 244	1 333	4 203	2 315	3 004	32 039
Trade payables and accruals Group	**6 988**	**6 988**	6 988	–	–	–	–	–
Trade payables and accruals Company	**6 967**	**6 967**	6 967	–	–	–	–	–
Derivative financial liabilities								
Cross currency swaps	**197**	**245**	111	69	65	–	–	–
Forward exchange contracts used for hedging	**349**	**49**	115	9	(54)	(21)	–	–
– outflow	**349**	**2 559**	1 147	811	489	112	–	–
– inflow	**–**	**(2 510)**	(1 032)	(802)	(543)	(133)	–	–
Other forward exchange contracts	**20**	**28**	28	–	–	–	–	–
– outflow	**20**	**135**	135	–	–	–	–	–
– inflow	**–**	**(107)**	(107)	–	–	–	–	–
Total derivative financial liabilities	**566**	**322**	254	78	11	(21)	–	–

* *Subsequent to 2008 year-end R3 billion of the R5,7 billion Newshelf 697 (Pty) Limited loan was declared as a dividend in specie.*
** *In the period zero months to two years, drawdowns on certain structured loans exceed the repayments on all loans. Hence payments in those periods are shown as net inflows.*

Credit risk

Maximum exposure and analysis of exposures to credit risk

The following maximum exposures to credit risk existed at 31 March 2009 in respect of financial assets:

Group

	2009				2008			
	Carrying value R million	Neither past due nor impaired R million	Past due but not impaired R million	Impaired R million	Carrying value R million	Neither past due nor impaired R million	Past due but not impaired R million	Impaired R million
Trade and other receivables:								
Low risk	**3 633**	**3 335**	**298**	**(5)**	1 980	1 879	101	(3)
Medium risk	**637**	**616**	**21**	**(117)**	790	567	223	(83)
High risk	**183**	**154**	**29**	**(169)**	249	237	12	(125)
Other	**200**	**200**		**–**	198	198	–	–
Trade receivables****	**4 653**	**4 305**	**348**	**(291)**	3 217	2 881	336	(211)
Miscellaneous receivables**	**654**	**615**	**39**	**(167)**	514	476	38	(74)
Investments – current	**285**	**285**	**–**	**–**	550	550	–	–
Other investments shareholders' loan	**–**	**–**	**–**	**–**	198	198	–	–
Long and short short-term loans and advances*	**76**	**76**	**–**	**–**	92	4	88	–
Guarantees issued	**3 005**	**–**	**–**	**–**	4 746	–	–	–
Investment (call and fixed deposits) and price risk***	**7 540**	**–**	**–**	**–**	8 115	–	–	–
Bond issuer risk	**–**	**–**	**–**	**–**	9	–	–	–

Company

	2009				2008			
	Carrying value R million	Neither past due nor impaired R million	Past due but not impaired R million	Impaired R million	Carrying value R million	Neither past due nor impaired R million	Past due but not impaired R million	Impaired R million
Trade and other receivables:								
Low risk	**3 633**	**3 335**	**298**	**(5)**	1 978	1 877	101	(3)
Medium risk	**637**	**616**	**21**	**(117)**	790	568	222	(83)
High risk	**183**	**154**	**29**	**(169)**	248	236	12	(125)
Other	**197**	**197**	**–**	**–**	199	199	–	–
Trade receivables****	**4 650**	**4302**	**348**	**(291)**	3 215	2 880	335	(211)
Miscellaneous receivables**	**654**	**615**	**39**	**(167)**	512	474	38	(74)
Investments – current	**285**	**285**	**–**	**–**	550	550	–	–
Other investments shareholders loan	**–**	**–**	**–**	**–**	198	198	–	–
Long and short short-term loans and advances*	**76**	**76**	**–**	**–**	92	4	88	–
Loans to subsidiaries and associates	**2**	**2**	**–**	**–**	245	245	–	(980)
Guarantees issued	**2 460**	**–**	**–**	**–**	2 367	–	–	–
Investment (call and fixed deposits) and price risk***	**7 540**	**–**	**–**	**–**	8 115	–	–	–
Bond issuer risk	**–**	**–**	**–**	**–**	9	–	–	–

*** *The high investment risk exposure for 2009 is as a result of prefunding done to minimise liquidity risk to fund the capital expenditure programme.*

* *Long term*	*R76 million (2008: R90 million)*	
Short term	*Rnil (2008: R2 million)*	
	Group	***Company***
** *Miscellaneous receivables*	*R654 million (2008: R514 million)*	*R654 million (2008: R512 million)*
Prepayments	*R196 million (2008: R386 million)*	*R196 million (2008: R310 million)*
Total prepayments and miscellaneous receivables	***R850 million (2008: R900 million)***	***R850 million (2008: R822 million)***
**** *Trade and other receivables as per above*	*R4 653 million (2008: R3 217 million)*	*R4 650 million (2008: R3 215 million)*
Transferred to non-current assets held for sale	*Rnil (2008: R223 million)*	*Rnil (2008: Rnil)*
Group debtors	*Rnil (2008: Rnil)*	*R28 million (2008: R26 million)*
Total trade and other receivables	***R4 653 million (2008: R3 440 million)***	***R4 678 million (2008: R3 241 million)***

Credit risk (continued)

Low risk: No guarantee is required from the customer.
Medium risk: 50% – 75% guarantee required by the customer.
High risk: In such instances, customers are required either to provide 100% guarantee or transact on a cash basis only.
The balances for other receivables and loans and advances are not disaggregated for internal reporting purposes.
Price risk: The risk that financial derivatives and bond transactions have to be closed-out at a market value loss as a result of the unfavourable movements in market rates.
Bond issuer risk: The risk that an issuer of bonds will not be able to fulfil its financial obligations on maturity date in accordance with the terms and conditions of the bond issues.

IFRS 7 Financial Instruments: Disclosure, defines credit risk as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As such Transnet will suffer financial losses on guarantees issued as the Group would be required to make good the failure by a third party to discharge an obligation.

Credit enhancements in the form of title deeds and pension fund cessions for loans and advances and deposits and guarantees in respect of amounts included in trade and other receivables and loans and advances, are held by the Group. The Group did not take possession of any collateral during the current financial year (2008: less than R1 million).

Transnet is a registered credit provider in terms of section 40 of the National Credit Act, No 34 of 2005 (The Act) and ensures compliance thereto. Trading on credit with a customer only commences when a fully executed credit agreement, as defined in the Act, is established with the customer. Before accepting any new customer a full credit assessment is conducted. The Group ensures credit checks from an independent source are performed. Customers are assigned a credit risk profile based on the outcome of the credit risk assessment. Customers who are assessed to be a credit risk are required to provide security. Based on this process, Transnet is comfortable with the value of unimpaired trade receivables.

The following represents the ageing of the carrying value of financial assets past due but not impaired at 31 March 2009 for the Group and Company:

R million	1 – 30 days Past due	Low risk	Medium risk	High risk	31 – 60 days Past due	Low risk	Medium risk	High risk	Greater than 60 days Past due	Low risk	Medium risk	High risk
2009												
Trade receivables Group	**252**	**210**	**24**	**18**	**18**	**19**	**(1)**	**–**	**78**	**70**	**(2)**	**10**
Trade receivables Company	**252**	**210**	**24**	**18**	**18**	**19**	**(1)**	**–**	**78**	**70**	**(2)**	**10**
Other receivables	**8**	**–**	**–**	**–**	**8**	**–**	**–**	**–**	**23**	**–**	**–**	**–**
Loans and advances	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2008												
Trade receivables Group	162	51	109	2	22	6	16	–	152	44	98	10
Trade receivables Company	161	50	109	2	22	6	16	–	151	44	97	10
Other receivables Group	7	–	–	–	6	–	–	–	25	–	–	–
Other receivables Company	–	–	–	–	–	–	–	–	88	–	–	–
Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–

Guarantees and deposits to the value of R91 million were held as collateral (2008: R78 million).

The following financial assets have been specifically impaired for the Group and Company at 31 March 2009:

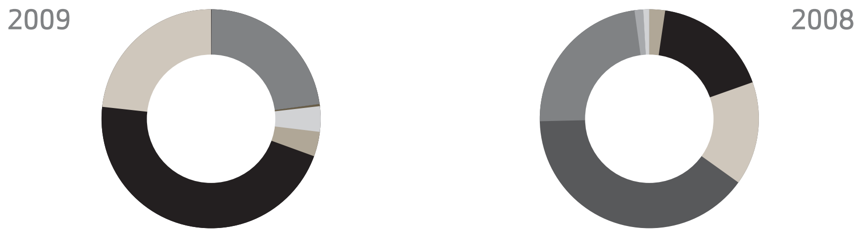
R million	2009 Trade receivables	2009 Other receivables	2009 Loans and advances	2008 Trade receivables	2008 Other receivables	2008 Loans and advances
Group						
Low risk	**267**	**1**	**–**	80	–	–
Medium risk	**158**	**–**	**–**	150	–	–
High risk	**18**	**–**	**–**	405	2	–
Company						
Low risk	**267**	**1**	**–**	80	–	–
Medium risk	**158**	**–**	**–**	150	–	–
High risk	**18**	**–**	**–**	405	2	–

Financial assets have been impaired based on the age of the debt and the inability to recover these specified assets. Guarantees and deposits amounting to R119 million (2008: R1 million) are held with respect to these. Payment terms were renegotiated with certain counterparties in respect of trade receivables during the year.

Concentration of credit risk

The Group's and Company's 12 most significant customers (South African industrial enterprises) comprise 46% of the trade receivables carrying amount at 31 March 2009 (2008: 43%).

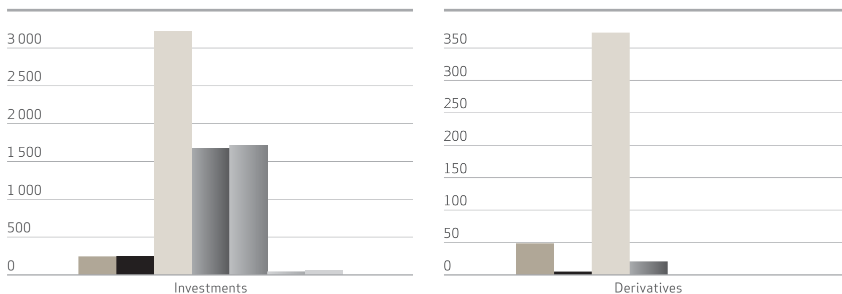
The following diagram reflects the distribution of credit risk, expressed in terms of long-term credit ratings, excluding guarantees and trade receivables. The non-rated banks are financial institutions situated in Africa where rated banks are not available. These accounts are monitored on a regular basis to ensure that credit limits are not breached. The exposures below include cash investments (call and fixed deposits), price risk exposures, operational bank balances as well as long positions in bonds in the market making portfolio (bond issuer risk) as at 31 March 2009:



Risk per long-term rating

	2009	2008
A	R256,1 million	R141,6 million
AA	R3 585,7 million	R1 482,5 million
AA-	R1 693,3 million	R1 245,0 million
AA+ –	Rnil	R3 176,6 million
AAA	R1 713,8 million	R1 985,7 million
Unrated	R0,1 million	R1,9 million
A+	R287,3 million	R90,7 million
Bond exchange	R3,7 million	Rnil

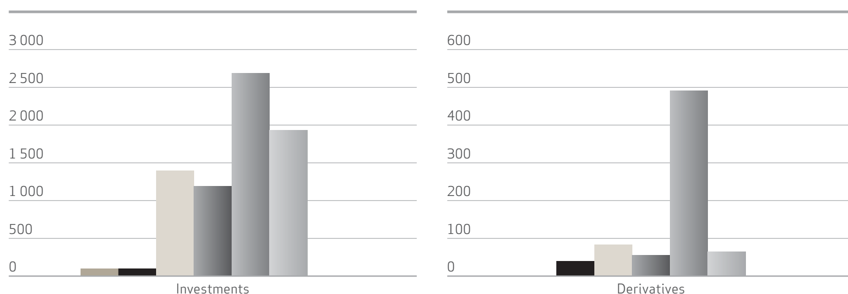
The graph below reflects the distribution of credit risk per financial instrument per long-term credit rating category, excluding guarantees and receivables.



Risk per instrument per long-term rating (2009)

	Investments (million)	Derivatives (million)
A+	R240,39	R46,86
A	R251,29	R4,78
AA	R3 221,22	R364,45
AA-	R1 673,68	R19,60
AAA	R1 713,83	Rnil
Unrated	R0,10	Rnil
Bond exchange	R3,66	Rnil

Concentration of credit risk (continued)



Risk per instrument per long-term rating (2008)

	Investments (million)	Derivatives (million)
A+	R90,73	Rnil
A	R101,33	R40,32
AA	R1 399,13	R83,38
AA-	R1 189,55	R55,44
AA+	R2 684,86	R491,68
AAA	R1 930,01	R55,73
Bond exchange	R1,86	Rnil

Market risk

Foreign currency risk

The Group's and Company's net long (short) foreign currency risk exposures at 31 March 2009 are reflected below (expressed in notional amounts).

	2009					2008				
	USD US$/m	JPY ¥/m	EUR €m	AUD AU$/m	Other currencies exp in USD US$/m	USD US$/m	JPY ¥/m	EUR €m	AUD AU$/m	Other currencies exp in USD US$/m
Secured bank loans	**(11)**	**–**	**–**	**–**	**–**	(17)	–	–	–	–
Unsecured bank loans	**–**	**–**	**–**	**–**	**–**	–	(355)	–	–	–
Brazil equity investment	**16**	**–**	**–**	**–**	**–**	16*	–	–	–	–
Gross balance sheet exposure	**5**	**–**	**–**	**–**	**–**	(1)	(355)	–	–	–
Exposures for future expenditure	**(25)**	**(27 634)**	**(159)**	**(2)**	**–**	(116)	(27 462)	(190)	–	(5)
Gross foreign currency exposure	**(20)**	**(27 643)**	**(159)**	**(2)**	**–**	(117)	(27 817)	(190)	–	(5)
Forward exchange contracts and currency options	**13**	**27 643**	**127**	**–**	**–**	2	27 817	166	–	4
Cross currency swaps	**11**	**–**	**–**	**–**	**–**	17	–	–	–	–
Net uncovered exposure	**4**	**–**	**(32)**	**(2)**	**–**	(98)	–	(24)	–	(1)

* *The $16 million Brazil equity investment is only applicable to Group level.*

Sensitivity analysis

The table below shows the impact on profit and loss of a stronger and weaker rand for the Group and Company, as a result of fair value movements of cross-currency interest rate swaps and forward exchange contracts.

Currency	2009 Currency exposure in millions of currency	Fair value R million	Impact of rand strengthening	Impact of rand weakening	2008 Currency exposure in millions of currency	Fair value R million	Impact of rand strengthening	Impact of rand weakening
EUR*	**50**	**6**	**(182)**	**182**	67	148	(121)	121
JPY*	**9**	**120**	**(0,5)**	**0,5**	1 651	118	(28)	28
USD Group	**13**	**(23)**	**(55)**	**55**	21	(55)	(28)	28
USD Company	**13**	**(23)**	**(55)**	**55**	21	(55)	(28)	28

* *Transactions in these currencies are designated as fair value hedges as detailed in note 14. The sensitivity analysis above includes the impact of fair value movements on derivative instruments that are part of effective fair value hedge accounting. The sensitivity analysis was calculated using a 95% confidence interval over a 90 day horizon, based on a strengthening/weakening of the rand, ranging from 29% – 45% (2008: 14% – 26%), and assumes all other variables remain unchanged. There has been no change in the methods used since the previous financial year to calculate the sensitivities.*

The table below shows the impact on profit and loss of a stronger and weaker Rand for the Group and Company as a result of fair value movements of foreign currency options:

Currency	2009 Nominal amount of options CCY/m	Fair market value R million	Impact of profit/(loss) R million*	Impact of profit/(loss) R million**	2008 Nominal amount of options CCY/m	Fair market value R million	Impact of profit/(loss) R million*	Impact of profit/(loss) R million**
AUD	**–**	**–**	**–**	**–**	2	2	1	(1)
EUR	**21**	**43**	**60**	**(61)**	64	153	51	(49)
Total	**21**	**43**	**60**	**(61)**	66	155	52	(50)

* *Weaker rand and higher volatilities are based on a 95% confidence level, with a 100 basis point (bp) increase in interest rates.*
** *Stronger rand and lower volatilities are based on a 95% confidence level, with a 100 basis point (bp) decrease in interest rates.*

Value at risk

The value at risk (VaR) for direct committed and uncommitted capital and operational exposures and the Brazilian equity investment is R94 million (2008: R183 million). VaR calculates the maximum pre-tax loss expected (or worst case scenario) on a position held, over a 90 day horizon given a 95% confidence level. The VaR methodology is a statistically defined, probability-based approach that takes into account, inter alia, market volatilities relative to a position held. The Group uses historical simulation and the model assumes that historical patterns will repeat into the future.

Foreign exchange rates

The mid rates of exchange against rand used for conversion purposes at year end were:

	2009	2008
US dollar	**9,5187**	8,1085
Pound sterling	**13,8784**	16,1894
Japanese yen	**10,2817**	12,3019
Euro	**12,8274**	12,6355
Australian dollar	**6,6450**	7,3958

Interest rate risk

The Group's exposure to fixed and floating interest rates on domestic financial liabilities is as follows:

Company 2008 R million	Company 2009 R million		Group 2009 R million	Group 2008 R million
(19 221)	**(27 760)**	Fixed rate liabilities	**(27 764)**	(19 225)
(2 767)	**(10 087)**	Floating rate liabilities	**(10 088)**	(5 218)
(21 988)	**(37 847)**	Total	**(37 852)**	(24 443)

The above table excludes liabilities held at fair value of R485 million (2008: R1 248 million).

The exposure to floating interest rates on foreign financial liabilities is R100 million (2008: R140 million) for the Group and R100 million (2008: R140 million) for the Company. The full foreign currency loan portfolio has been swapped to a fixed rand interest rate risk exposure by means of cross-currency interest rate swaps. The Board approved a targeted range of fixed interest rates that may be managed to enable management to utilise interest rate yields.

Sensitivity analysis (continued)

The sensitivity analyses below have been determined based on the exposure to floating interest rates for both derivatives and non-derivative financial instruments at the balance sheet date. The analysis covers the 2010 financial year and illustrates the possible impact on finance cost and profit and (loss) as a result of changes in domestic interest rates. Similar shifts are used internally when reporting interest rate risk to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

	Group							
	2009				2008			
Impact	Shift + 100bp R million	Shift - 100bp R million	Shift + 200bp R million	Shift - 200bp R million	Shift + 100bp R million	Shift - 100bp R million	Shift + 200bp R million	Shift - 200bp R million
Finance cost impact (increase) Group	**(68)**	**68**	**(135)**	**137**	(35)	35	(70)	71
Finance cost impact (increase) Company	**(68)**	**68**	**(135)**	**137**	(23)	23	(47)	47
Impact on profit and (loss) as a result of fair value movements on market making bonds, designated funding bonds and repos – Group	**(9)**	**10**	**(16)**	**21**	(3)	4	(5)	8
Impact on profit and (loss) as a result of fair value movements on market making bonds, designated funding bonds and repos – Company	**(9)**	**10**	**(16)**	**21**	(3)	4	(5)	8

The impact on profit and loss of higher and lower foreign interest rates on the Group and Company is in significant as all foreign debt has been swapped to a fixed rand interest rate risk.

The sensitivity analysis was performed by doing non parallel shifts of the swap curve (plus/minus 100 and 200 basis points). The sensitivity ranges utilised are based on historical trends. The above tables assume no change in other variables.

Other price risk

The Group has an exposure to equity price risk the risk of price movements on the Brazilian Stock Exchange. At year-end, the quoted value of the Group's investment in Brazil was R149 million (2008: R126 million). Management believes that the foreign exchange exposure on this investment is significantly greater than that of equity price risk and as such the sensitivity for this investment has been included in the foreign currency risk net position and VaR calculations.

Commodity price risk

The table below shows the cash flow at risk scenarios against budget at various levels of Brent crude in relation to the USD/ZAR ($/R) exchange rates:

31 March 2009	Fuel price in dollars per barrel				
Cash inflow/(outflow) – R million	**$/R5,26**	**$/R7,50**	**$/R9,52**	**$/R13,76**	**$/R15,00**
Brent @ $28	**817**	**719**	**630**	**444**	**390**
Brent @ $53	**612**	**426**	**259**	**(94)**	**(196)**
Brent @ $78	**406**	**133**	**(113)**	**(633)**	**(782)**
Brent @ $100	**223**	**(128)**	**(445)**	**(1 112)**	**(1 304)**

31 March 2008	Fuel price in dollars per barrel				
Cash inflow/(outflow) – R million	$/R6,87	$/R7,49	$/R8,11	$/R8,73	$/R9,35
Brent @ $71	108	40	(29)	(97)	(166)
Brent @ $100	(208)	(305)	(402)	(500)	(597)
Brent @ $120	(419)	(535)	(652)	(768)	(884)
Brent @ $130	(524)	(650)	(776)	(902)	(1 028)

Analysis, classification and fair values of financial instruments

Categories of financial instruments

Company 2008 R million	Company 2009 R million		Group 2009 R million	Group 2008 R million
		Financial assets		
9 832	**11 208**	Loans and receivables (including bank and cash, trade and other receivables)	**11 460**	10 122
–	**–**	Held to maturity investments	**–**	–
–	**–**	Available for sale financial assets	**149**	126
		Fair value through profit and loss		
1 495	**949**	– Held-for-trading	**949**	1 495
–	**–**	– Designated as at fair value through profit and loss	**–**	–
		Financial liabilities		
28 867	**43 000**	Liabilities measured at amortised cost (including trade and other payables)	**43 019**	31 400
		Fair value through profit and loss		
453	**224***	– Held-for-trading	**224***	453
1 248	**387**	– Designated as at fair value through profit and loss	**387**	1 248
79	**78**	Other – Finance lease liabilities	**78**	225

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

Company 2008 Fair value R million	Company 2008 Carrying value R million	Company 2009 Fair value R million	Company 2009 Carrying value R million		Group 2009 Fair value R million	Group 2009 Carrying value R million	Group 2008 Fair value R million	Group 2008 Carrying value R million
203	90	**77**	**77**	Long-term loans and advances	**77**	**77**	203	90
29 368	28 440	**38 837**	**36 932**	Borrowings	**38 837**	**36 936**	26 139	25 204
21	68	**36**	**77**	Finance lease obligations	**36**	**77**	21	68

* *Included in this amount is R78 million that relate to market-making bonds.*

Analysis, classification and fair values of financial instruments (continued)

The net gains and losses on financial instruments are detailed below:

	Group		
	Net gain/ (loss)	Less: Discontinued operations	Continuing operations
2009			
Liabilities held-for-trading	*	***	
Liabilities designated at fair value through profit and loss	**(47)**		**(47)**
Liabilities measured at amortised cost	**(2 972)**	**19**	**(2 953)**
Loans and receivables	**183**	**1**	**182**
Available-for-sale financial assets	**23**	**–**	**23**
Assets held-for-trading	**–**	**–**	**–**
2008			
Liabilities held-for-trading			
Liabilities designated at fair value through profit and loss	(39)	–	(39)
Liabilities measured at amortised cost	2 717	44	2 673
Loans and receivables	642	7	635
Available-for-sale financial assets	(5)	–	(5)
Assets held-for-trading	–	–	–

	Company
	Net gain (loss)
2009	
Liabilities held-for-trading	**
Liabilities designated at fair value through profit and loss	**(47)**
Liabilities measured at amortised cost	**(2 973)**
Loans and receivables	**214**
Available-for-sale financial assets	**23**
Assets held-for-trading	**–**
2008	
Liabilities held-for-trading	
Liabilities designated at fair value through profit and loss	(39)
Liabilities measured at amortised cost	2 439
Loans and receivables	606
Available-for-sale financial assets	(5)
Assets held-for-trading	–

* *The net gain on Group financial assets and financial liabilities held-for-trading is R40 million (2008: R214 million).*
** *The net gain on Company financial assets and financial liabilities held-for-trading is R40 million (2008: R241 million).*
*** *The net gain on financial assets and financial liabilities held-for-trading pertinent to discontinued operations is Rnil (2008: R26 million).*

Basis for determining fair values

Bonds

Bonds are fair valued by applying BESA closing rates on the SA bond formula. This is in respect of bonds held for trading, and for bonds designated as held at fair value.

Other non-derivative assets and liabilities

The fair values of other non-derivative financial assets and liabilities are calculated by determining the net present value of all future cash flows, discounted at prevailing market curves of the different currencies at reporting date.

Derivatives

Black-Scholes principles are used for valuing options. No estimates are used as all market rates are sourced from Bloomberg and all are market related.

Other financial instruments

The carrying amounts of financial assets and liabilities with a maturity of less than six months are assumed to approximate their fair value.

Reconciliation of liabilities designated at fair value through profit and loss for the Group and Company.

	Contractual value payable on maturity	Accrued interest	Fair value movements	Carrying value
2009	**333**	**26**	**30**	**389**
2008	1 153	56	39	1 248

Based on the fact that the above liabilities are guaranteed by the South African Government and the fact that Transnet's credit rating has not changed from the previous financial year, there has been no element of the change in the fair value that is attributable to credit risk.

Annexure B

for the year ended 31 March 2009

Property, plant and equipment reconciliation

	Aircraft R million	Land, buildings and structures R million	Machinery, equipment and furniture R million
Company			
Restated balance at the beginning of the year			
Historical cost and revaluation	65	11 216	3 995
Accumulated depreciation	(29)	(1 964)	(2 134)
Accumulated impairment	–	(199)	(31)
Restated opening net carrying value at 1 April*	36	9 053	1 830
Current year movements			
Additions	–	434	348
Acquired from subsidiaries	–	–	12
Disposals	–	(9)	(3)
Depreciation	(9)	(350)	(361)
Derecognition	–	(3)	–
Revaluation	–	67	–
(Impairment)/reversal – historical cost and revaluation	–	19	2
Disposal of division	–	–	–
Transferred to intangibles assets	–	–	–
Transfers to non-current assets classified as held-for-sale	–	(106)	(7)
Transfer to investment property	–	(85)	–
Transfers within categories	–	26	8
Borrowing cost capitalised	–	1	5
Release of firm commitment to income statement	–	–	–
Transferred from derivative assets and liabilities	–	–	–
Transfer from capital work in progress to assets	–	642	431
	(9)	636	435
Closing carrying value	27	9 689	2 265
Made up as follows:			
Historical cost and revaluation	**65**	**12 117**	**4 655**
Accumulated depreciation	**(38)**	**(2 250)**	**(2 365)**
Accumulated impairment	**–**	**(178)**	**(25)**
Carrying value at year-end	**27**	**9 689**	**2 265**

* *Refer note 37 for impact of restatements.*

Permanent way and works R million	Pipeline networks R million	Port facilities R million	Rolling stock and containers R million	Vehicles R million	Capital work in progress	31 March 2009 Total R million	31 March 2008 Total R million
9 092	12 488	41 355	21 961	669	11 415	**112 256**	81 021
(2 537)	(8 421)	(11 030)	(6 495)	(416)	–	**(33 026)**	(26 541)
(20)	(57)	(527)	–	–	(42)	**(876)**	(1 084)
6 535	4 010	29 798	15 466	253	11 373	**78 354**	53 396
9	57	45	129	2	18 262	**19 286**	15 378
–	–	–	–	–	–	**12**	–
(1)	–	(8)	(110)	(1)	(35)	**(167)**	(311)
(317)	(246)	(960)	(1 952)	(35)	–	**(4 230)**	(3 346)
(105)	–	–	(326)	–	–	**(434)**	(357)
–	636	3 522	–	–	–	**4 225**	13 950
16	(25)	24	(216)	–	(25)	**(205)**	1
–	–	–	–	–	–	**–**	(3)
–	–	–	–	–	(193)	**(193)**	(182)
–	–	–	(216)	(1)	(20)	**(350)**	(298)
–	–	–	–	–	–	**(85)**	(140)
2	(21)	1	1	(2)	(15)	**–**	–
–	–	–	–	–	758	**764**	303
–	–	–	–	–	(138)	**(138)**	(37)
–	–	–	–	–	(270)	**(270)**	–
4 027	76	987	3 865	85	(10 113)	**–**	–
3 631	477	3 611	1 175	48	8 211	**18 215**	24 958
10 166	4 487	33 409	16 641	301	19 584	**96 569**	78 354
13 017	**13 371**	**47 548**	**24 878**	**726**	**19 651**	**136 028**	112 256
(2 850)	**(8 802)**	**(13 632)**	**(8 143)**	**(425)**	**–**	**(38 505)**	(33 026)
(1)	**(82)**	**(507)**	**(94)**	**–**	**(67)**	**(954)**	(876)
10 166	**4 487**	**33 409**	**16 641**	**301**	**19 584**	**96 569**	78 354

Property, plant and equipment reconciliation

	Aircraft R million	Land, buildings and structures R million	Machinery, equipment and furniture R million
Group			
Restated balance at the beginning of the year			
Historical cost and revaluation	65	11 219	4 039
Accumulated depreciation	(29)	(1 966)	(2 158)
Accumulated impairment	–	(201)	(42)
Restated opening net carrying value at 1 April*	36	9 052	1 839
Current year movements			
Additions	–	434	360
Disposals	–	(9)	(3)
Depreciation	(9)	(350)	(361)
Derecognition	–	(3)	–
Revaluation	–	67	–
(Impairment)/reversal – historical cost and revaluation	–	19	2
Disposal of division	–	–	–
Transferred to intangibles assets	–	–	–
Transfers to non-current assets classified as held-for-sale	–	(106)	(7)
Transfer to investment property	–	(85)	–
Transfers within categories	–	27	(3)
Borrowing cost capitalised	–	1	5
Release of firm commitment to income statement	–	–	–
Transferred from derivative assets and liabilities	–	–	–
Transfer from capital work in progress to assets	–	642	431
	(9)	637	424
Closing carrying value	27	9 689	2 263
Made up as follows:			
Historical cost and revaluation	**65**	**12 120**	**4 672**
Accumulated depreciation	**(38)**	**(2 251)**	**(2 374)**
Accumulated impairment	**–**	**(180)**	**(35)**
Carrying value at year-end	**27**	**9 689**	**2 263**

* *Refer note 37 for impact of restatements.*

Revaluation and impairment of property, plant and equipment

Port operating assets, (Transnet Port Terminals), pipeline networks, (Transnet Pipelines), and port infrastructure assets, (Transnet National Ports Authority) are carried at revalued amounts. Formal revaluations are performed every three years by independent experts for all asset classes. Appropriate indices, as determined by the independent experts, continue to be applied in the intervening periods to ensure that the assets are carried at fair value at the balance sheet date. Fair value as determined by the independent experts is derived by applying internationally acceptable and appropriately benchmarked valuation techniques such as depreciated optimised replacement cost or modern equivalent asset valuation methods which are dependent on the asset class being revalued.

IAS 16: Property, Plant and Equipment requires that the carrying value of PPE exceed its recoverable amount based on future cash flows. Consequently all asset classes that are subject to a revaluation was tested against a discounted cash flow model to ensure that the carrying value of assets are recoverable.

In addition as required by IAS 36: Impairment of Assets, an entity is required to assess at each reporting period whether there is any indication that an asset is impaired and if so, the recoverable amount of these assets must be determined. In the current year the global economic crisis led to indicators of impairment being identified with respect to rail assets, (Transnet Freight Rail), and consequently the recoverable amount of these assets were determined by using a discounted cash flow model.

As with all discounted cash flow models various assumptions were made in order to derive the net present value of future cash flows. These assumptions were arrived at after wide consultation with subject matter experts, both internal and external, benchmarked with peer companies, compared to international trends and adjusted for local market conditions.

Permanent way and works R million	Pipeline networks R million	Port facilities R million	Rolling stock and containers R million	Vehicles R million	Capital work in progress	**31 March 2009 Total R million**	31 March 2008 Total R million
9 036	12 482	41 306	21 958	671	11 417	**112 193**	82 108
(2 535)	(8 420)	(11 026)	(6 495)	(418)	–	**(33 047)**	(27 090)
(20)	(57)	(527)	–	(1)	(42)	**(890)**	(1 110)
6 481	4 005	29 753	15 463	252	11 375	**78 256**	53 908
9	57	45	129	2	18 250	**19 286**	15 618
(1)	–	(8)	(110)	(1)	(35)	**(167)**	(313)
(317)	(246)	(960)	(1 952)	(35)	–	**(4 230)**	(3 419)
(105)	–	–	(326)	–	–	**(434)**	(357)
–	636	3 522	–	–	–	**4 225**	13 950
16	(25)	24	(216)	–	(25)	**(205)**	1
–	–	–	–	–	–	**–**	(3)
–	–	–	–	–	(193)	**(193)**	(182)
–	–	–	(216)	(1)	(20)	**(350)**	(1 073)
–	–	–	–	–	–	**(85)**	(140)
1	(21)	1	–	–	(5)	**–**	–
–	–	–	–	–	758	**764**	303
–	–	–	–	–	(138)	**(138)**	(37)
–	–	–	–	–	(270)	**(270)**	–
4 027	76	987	3 865	85	(10 113)	**–**	–
3 630	477	3 611	1 174	50	8 209	**18 203**	24 348
10 111	4 482	33 364	16 637	302	19 584	**96 459**	78 256
12 961	**13 365**	**47 499**	**24 874**	**728**	**19 651**	**135 935**	112 193
(2 849)	**(8 801)**	**(13 628)**	**(8 143)**	**(426)**	**–**	**(38 510)**	(33 047)
(1)	**(82)**	**(507)**	**(94)**	**–**	**(67)**	**(966)**	(890)
10 111	**4 482**	**33 364**	**16 637**	**302**	**19 584**	**96 459**	78 256

The more critical assumptions made were:

- Future cash flows were based on the five year approved budgets and operational plans and were amended for the latest available volume and pricing indicators as well as economic indicators.
- The rate used to discount cash flows for the purposes of determining value in use was the individual operating divisions post-taxation weighted average cost of capital (WACC) as this would ensure that the appropriate risk profile of the business was incorporated into the asset valuation.
- The WACC rates used were between 11,21% and 11,86% for the various operating divisions.
- A discounting period of 15 years was used due to the long-term use and life cycle of assets, long-term funding arrangements and long-term customer contracts.

Based on the above the carrying value of port infrastructure assets would have been adjusted from R25,1 billion to R40,2 billion (estimated replacement cost) at 31 March 2009, a proposed revaluation amount of R15,1 billion. However this amount was limited to R3,1 billion based on the recoverable amount of port infrastructure assets. In the case of all other classes of revalued assets their recoverable amount exceeded the carrying value. In addition no impairment of rail assets was recorded as the recoverable amount exceeded the carrying value of these assets.

Sensitivity analysis

	Port infrastructure assets	Port operating assets	Pipeline network	Rail assets
Carrying value of assets	R28,2 billion	R10,2 billion	R4,5 billion	R34,8 billion
WACC 0,5% impact #	R1,4 billion	R1,9 billion	R300 million	R1,2 billion
Revenue 0,5% impact#	R196 million	R370 million	R62 million	R1,5 billion

Increasing/decreasing WACC or revenue by 0,5% will result in the carrying value of assets being adjusted by these values.

Annexure C

for the year ended 31 March 2009

Disposal groups classified as held-for-sale

	Company					
		A	B	C	C	D	E

	Notes	A Shosholoza Meyl R million	B Luxrail R million	C Inter-company eliminations and impairment of disposal group R million	C = A + B + C Disposal groups R million	D Non-current assets held for sale R million	E = C + D Total R million
Assets classified as held-for-sale							
Property, plant and equipment	a	–	79	(71)	8	331	339
Investment properties	b	–	–	–	–	8	8
Intangible assets and goodwill	c	–	–	–	–	–	–
Investments in subsidiaries	d	–	–	–	–	–	–
Investments in associates	e	–	–	–	–	–	–
Loans and advances	f	–	–	–	–	–	–
Inventories	g	–	1	(1)	–	–	–
Trade and other receivables	h	–	2	–	2	–	2
Cash and cash equivalents	i	–	–	–	–	–	–
Total		**–**	**82**	**(72)**	**10**	**339**	**349**
Liabilities directly associated with assets classified as held-for-sale		–	–	–	–	–	–
Post-retirement benefit obligations	j	–	–	–	–	–	–
Borrowings	k	–	–	–	–	–	–
Provisions	l	–	1	–	1	–	1
Deferred taxation liabilities	m	–	–	–	–	–	–
Trade payables and other payables	n	–	9	–	9	–	9
Current taxation liability	o	–	–	–	–	–	–
Total		**–**	**10**	**–**	**10**	**–**	**10**

Group								
F		G	H	I	J	K	L	M
						= F + G + H + I + J		= K + L
South African Express (Pty) Ltd R million	Autopax Passenger Services (Pty) Ltd R million	Freight Dynamics Guard Risk R million	Shosholoza Meyl R million	Luxrail R million	Inter-company eliminations and impairment of disposal groups R million	Disposal groups R million	Non-current assets held for sale R million	Total R million
–	–	–	–	79	(71)	8	331	339
–	–	–	–	–	–	–	8	8
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	1	(1)	–	–	–
–	–	–	–	2	–	2	–	2
–	–	25	–	–	–	25	–	25
–	**–**	**25**	**–**	**82**	**(72)**	**35**	**339**	**374**
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–	–
–	–	–	–	1	–	1	–	1
–	–	–	–	–	–	–	–	–
–	–	3	–	9	–	12	–	12
–	–	1	–	–	–	1	–	1
–	**–**	**4**	**–**	**10**	**–**	**14**	**–**	**14**

Annexure C (continued)

for the year ended 31 March 2009

Company 2008 Restated R million	Company 2009 R million			Group 2009 R million	Group 2008 Restated R million
		a.	**Property, plant and equipment**		
697	**108**		Net carrying value at the beginning of the year	**644**	1 679
37	**–**		Additions	**96**	212
(218)	**–**		Disposals	**(2)**	(268)
–	**–**		Scrapping	**(5)**	–
(282)	**(145)**		Disposal of subsidiary/division	**(708)**	(1 287)
(424)	**26**		Impairment	**(36)**	(765)
298	**350**		Transferred from continuing operations (refer annexure B)	**350**	1 073
108	**339**			**339**	644
		b.	**Investment properties**		
–	**–**		Fair value at the beginning of the year	**–**	–
–	**8**		Transferred from continuing operations	**8**	–
–	**8**		Closing balance	**8**	–
		c.	**Intangible assets and goodwill**		
11	**–**		Net carrying value at the beginning of the year	**3**	12
(11)	**–**		Disposals	**(3)**	(12)
–	**–**		Transferred from continuing operations (refer note 11)	**–**	3
–	**–**			**–**	3
		d.	**Investments in subsidiaries (refer annexure D)**		
21	**78**		Shares at cost		
120	**892**		Net amounts owing by subsidiaries		
141	**970**				
(140)	**(412)**		Provision for impairment and losses		
1	**558**				
–	**(558)**		Disposals		
327	**–**		Transferred from continuing operations (refer note 12)		
328	**–**				
			Transferred from continuing operations made up as follows:		
58	**–**		Shares at cost		
522	**–**		Net amounts owing by subsidiaries		
580	**–**				
(253)	**–**		Provision for impairment and losses		
327	**–**				
		e.	**Investments in associates (refer annexure D)**		
84	**78**		Balance at the beginning of the year	**78**	101
(6)	**–**		Disposals	**–**	(23)
–	**(78)**		Current year impairments	**(78)**	–
–	**–**		Transferred from continuing operations (refer note 13)	**–**	–
78	**–**			**–**	78

Company 2008 Restated R million	Company 2009 R million			Group 2009 R million	Group 2008 Restated R million
		f.	**Loans and advances**		
1 258	–		Balance at the beginning of the year	–	1 258
(1 258)	–		Disposals	–	(1 258)
–	–		Transferred from continuing operations (refer note 15)	–	–
–	–			–	–
–	–	g.	**Inventories (refer note 17)**	–	28
56	2	h.	**Trade and other receivables (refer note 18)**	2	334
1	–	i.	**Cash and cash equivalents (refer note 19)**	25	44
		j.	**Post-retirement benefit obligations**		
11	–		Balance at the beginning of the year	3	14
(6)	–		Current year provision	–	(6)
(5)	–		Disposal of subsidiary/division	–	(5)
–	–		Settlements during the year	–	(2)
–	–		Actuarial losses	–	2
–	–		Transferred to continuing operations (refer note 24)	(3)	–
–	–			–	3
		k.	**Borrowings**		
–	–		Total long-term borrowings at the beginning of the year	210	–
–	–		Repaid	(156)	–
–	–		Disposal of subsidiary/division	(54)	–
–	–		Transferred from continuing operations – long-term portion (refer note 25)	–	62
–	–		Transferred from continuing operations – short-term portion (refer note 30)	–	148
–	–			–	210
		l.	**Provisions**		
42	23		Total provisions at the beginning of the year	30	55
48	3		Provisions made during the year	25	51
(14)	–		Provisions utilised	(10)	(23)
(11)	(32)		Disposal of subsidiary/division	(51)	(18)
–	7		Transferred from continuing operations (refer note 26)	7	7
(42)	–		Disposals	–	(42)
23	1			1	30
		m.	**Deferred taxation liabilities**		
–	–		Net deferred tax liability at the beginning of the year	36	95
–	–		Disposal of subsidiary	79	–
–	–		Movements for the year	(115)	(59)
–	–		Closing balance	–	36
150	9	n.	**Trade payables and accruals (refer note 29)**	12	392
–	–	o.	**Current taxation liability**	1	5

Annexure D
for the year ended 31 March 2009

Subsidiaries

Subsidiaries held by Transnet

	Shares issued	Effective holding		Voting power held
	Million	2009 %	2008 %	2009 %
LOCAL SUBSIDIARIES				
Transport logistics				
Viamax (Pty) Ltd **	15	–	100	–
HSA Management Systems (Pty) Ltd		**100**	100	**100**
Viamax Logistics (Pty) Ltd †		**100**	100	**100**
Marine Data Systems (Pty) Ltd †		**80**	80	**80**
Viaren (Pty) Ltd †		**100**	100	**100**
Owner Driver Management (Pty) Ltd *		**100**	100	**100**
Southern African Airlines Holdings (Pty) Ltd **			100	–
Autopax Passenger Services (Pty) Ltd **			100	–
Property holdings				
Transhold Properties (Pty) Ltd		**100**	100	**100**
Esselen Park Developments (Pty) Ltd †		**100**	100	**100**
Transite Properties (Pty) Ltd †		**100**	100	**100**
Point Waterfront (Pty) Ltd		**51**	51	**51**
Proptrade (Pty) Ltd †		**100**	100	**100**
Construction				
Protekon (Pty) Ltd †		**100**	100	**100**
IT procurement				
B2B Africa Holdings (Pty) Ltd †		**100**	100	**100**
Rolling stock and traction				
Transwerk Foundries (Pty) Ltd †		**100**	100	**100**
Insurance captive cells				
Spoornet Guard Risk		**100**	100	**100**
Freight Dynamics Guard Risk		**100**	100	**100**
Social responsibility				
Transnet Foundation Trust #		**100**	100	**100**
Investment holdings				
Newshelf 697 (Pty) Ltd		**100**	100	**100**
FOREIGN SUBSIDIARIES				
Transport logistics				
African Joint Air Services Ltd (Uganda) †		**57**	57	**57**
Freight Logistics International Inc (British Virgin Islands)	23	**100**	100	**100**
Spoornet Do Brazil Ltda (Brazil)		**100**	100	**100**
Transferred to short-term borrowings – Newshelf 697 (Pty) Ltd				
SUBSIDIARIES HELD BY OTHER SUBSIDIARIES				
Incorporated in the Republic of South Africa, unless stated otherwise				
South African Express Airways (Pty) Ltd	57	**100**	100	**100**

* *Dormant and in the process of deregistration.*
** *Disposed during the year.*
† *Dormant and in the process of winding up.*
# *In the process of being dissolved.*

Cost		Interest of holding company Net profit/(loss)		Interest of holding company Indebtedness		Accumulated impairment and losses	
2009 R million	2008 R million	2009 R million	2008 R million	2009 R million	2008 R Million	2009 R million	2008 R million
–	–	–	(476)	–	–	–	–
16	16	–	–	–	–	16	16
1	1	–	–	–	–	1	1
–	–	–	–	219	219	219	219
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	58	–	286	–	522	–	253
–	20	–	(46)	–	120	–	140
–	–	–	11	–	100	–	67
–	–	–	–	10	10	10	10
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	(6)	–	–
–	–	–	–	–	–	–	–
–	–	–	–	127	127	127	127
–	–	–	42	–	69	–	69
3	3	14	–	–	–	–	–
1	1	3	5	–	–	–	–
–	–	–	–	–	–	–	–
–	–	(8)	(49)	–	(5 692)	–	–
–	–	(3)	(2)	389	386	389	386
23	23	20	8	219	219	–	–
–	–	–	–	–	–	–	–
44	122	26	(221)	964	(3 926)	762	1 288
				–	5 692		
44	122	26	(221)	964	1 766	762	1 288

Associates and Joint ventures*

	Principal activity	Effective holding 2009 %	Effective holding 2008 %	Cost 2009 R million	Cost 2008 R million
Associates					
Arivia.kom (Pty) Ltd **	IT service provider	**42**	42	**214**	214
Commercial Cold Storage (Ports) (Pty) Ltd	Storage and bondage	**30**	30	**–**	–
Comazar (Pty) Ltd	Transport logistics	**32**	32	**13**	13
Mossel Bay Waterfront Development (Pty) Ltd *	Property development and management	**15**	15	**2**	2
Cape Town Bulk Storage (Pty) Ltd	Port operations	**50**	50	**1**	1
AllPort Logistic Terminal (Ghana) †	Port operations	**–**	–	**–**	–
RainProp (Pty) Ltd	Property development and management	**20**	20	**3**	3
Gaborone Container Terminal	Container terminal	**36**	–	**6**	–
Joint ventures					
Transpoint Properties (Pty) Ltd	Telecommunication	**50**	50	**–**	–
				239	233
Investments in associates classified as held-for-sale				**(214)**	(214)
Investments in associates for continuing operations				**25**	19

Summarised financial information of significant associates

	Arivia.kom (Pty) Ltd 2009# R million	Arivia.kom (Pty) Ltd 2008 R million
Financial position		
Assets	**–**	837
Liabilities	**–**	345
Results of operations		
Revenue	**–**	1 552
Profit before taxation	**–**	119
Income taxation (expense) credit	**–**	37
Net profit for the year	**–**	82

* *Incorporated in the Republic of South Africa, unless stated otherwise.*
** *Associates classified as held-for-sale.*
† *Dormant and in the process of winding up.*
\# *Impaired and disclosed as assets classified as held-for-sale.*

	Interest of holding company Indebtedness		Accumulated impairment and losses		Share of post-acquisition reserves		Total	
	2009 R million	2008 R million	2009 R million	2008 R million	2009 R Million	2008 R Million	2009 R million	2008 R million
	–	–	219	141	5	5	–	78
	1	1	–	–	14	14	15	15
	8	8	21	21	–	–	–	–
	–	–	2	2	–	–	–	–
	2	2	–	–	–	1	3	4
	–	–	–	–	–	–	–	–
	–	–	3	–	–	(2)	–	1
	–	–	–	–	–	–	6	–
	–	90	–	62	–	(62)	–	28
	11	101	245	226	19	(44)	24	126
	–	–	(219)	(141)	(5)	(5)	–	(78)
	11	101	26	85	14	(49)	24	48

Annexure E

for the year ended 31 March 2009

Accounting standards issued but not effective

This annexure summarises the accounting standards issued but not yet effective. This list has been obtained from the SAICA and IAS Plus websites.

Standard	Annual periods beginning on or after
IFRS 2 (AC 139) – Share-based Payments	01 Jan 09
IFRS 3 (AC 140) – Business Combinations	01 Jul 09
IFRS 8 (AC 145) – Operating Segments	01 Jan 09*
IAS 1 (AC 101) – Presentation of Financial Statements	01 Jan 09
IAS 23 (AC 114) – Borrowing Costs	01 Jan 09*
IAS 27 (AC 132) – Consolidated and Separate Financial Statements	01 Jul 09
IAS 28 (AC 110) – Investments in Associates	01 Jul 09
IAS 31 (AC 119) – Interests in Joint Ventures	01 Jul 09
IAS 39 (AC 133) – Financial Instruments: Recognition and Measurement	01 Jul 09
IFRIC 13 – Customer Loyalty Programmes	01 Jul 08
IFRIC 15 – Agreements for the Construction of Real Estate	01 Jan 09
IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	01 Oct 08
IFRIC 17 – Distributions of Non-cash Assets to Owners	01 Jul 09
IFRIC 18 – Transfers of Assets from Customers	Transfers received on or after 1 July 2009
On 22 May 2008, the International Accounting Standards Board (IASB) issued its latest standard, titled Improvements to International Financial Reporting standards 2008. The standard included 35 amendments to various standards.	
IFRS 1 (AC 138) – First-time Adoption of International Financial Reporting Standards	01 Jan 09
IFRS 5 (AC 142) – Non-current Assets Held for Sale and Discontinued Operations	01 Jul 09
IAS 1 (AC 101) – Presentation of Financial Statements	01 Jan 09
IAS 16 (AC 123) – Property, Plant and Equipment	01 Jan 09
IAS 19 (AC 116) – Employee Benefits	01 Jan 09
IAS 20 (AC 134) – Accounting for Government Grants and Disclosure of Government Assistance	01 Jan 09
IAS 27 (AC 132) – Consolidated and Separate Financial Statements	01 Jan 09
IAS 28 (AC 110) – Investments in Associates	01 Jan 09
IAS 29 (AC 124) – Financial Reporting in Hyperinflationary Economies	01 Jan 09
IAS 31 (AC 119) – Interests in Joint Ventures	01 Jan 09
IAS 32 (AC 125) – Financial Instruments: Presentation	01 Jan 09
IAS 36 (AC 128) – Impairment of Assets	01 Jan 09
IAS 38 (AC 129) – Intangible Assets	01 Jan 09
IAS 39 (AC 133) – Financial Instruments: Recognition and Measurement	01 Jan 09
IAS 40 (AC 135) – Investment Property	01 Jan 09
IAS 41 (137) – Agriculture	01 Jan 09
The following amendments were issued by the IASB during March 2009.	
IFRS 7 – Financial Instruments: Disclosure	01 Jan 09
IAS 39 – Financial Instruments: Recognition and Measurement	01 Jul 09

* *Early adopted by Transnet.*