TRANSNET

delivering on our commitment **to you**

Condensed Audited Consolidated Results

for the year ended 31 March 2008

Consolidated income statement

For the year ended

(in Rand million)	31 March 2008	31 March 2007 Restated
CONTINUING OPERATIONS		
Revenue	**30 091**	26 899
Net operating expenses excluding depreciation and amortisation	**(16 906)**	(15 750)
Profit from operations before depreciation and amortisation	**13 185**	11 149
Depreciation and amortisation	**(3 798)**	(2 949)
Profit from operations before items listed below	**9 387**	8 200
Impairment of assets	**(153)**	(232)
Dividends received	**122**	36
Fair value adjustments	**1 352**	2 462
Profit from operations before net finance costs	**10 708**	10 466
Finance costs	**(2 708)**	(2 510)
Finance income	**761**	185
Profit before taxation	**8 761**	8 141
Taxation	**(2 470)**	(1 928)
Profit after taxation	**6 291**	6 213
(Loss)/income from associates	**(59)**	2
Profit for the year from continuing operations	**6 232**	6 215
DISCONTINUED OPERATIONS		
(Loss)/profit from discontinued operations, including (loss)/profit on disposal of discontinued operations and impairments	**(1 921)**	921
Net profit for the year	**4 311**	7 136
Attributable to equity holder	**4 307**	7 119
Attributable to minority interests	**4**	17
Headline earnings		
Profit for the year attributable to equity holder	**4 307**	7 119
Loss/(profit) from discontinued operations, net of taxation	**266**	(1 433)
Impairments – lower of carrying value and fair value less costs to sell	**994**	367
Profit for the year from continuing and discontinuing operations	**5 567**	6 053
Loss/(profit) on disposal of property, plant and equipment	**62**	(27)
Fair value adjustments on investment properties	**(1 151)**	(561)
Net impairment of property, plant and equipment and investments	**–**	152
Headline earnings before taxation effects	**4 478**	5 617
Taxation effects of adjustments listed above	**227**	121
Headline earnings	**4 705**	5 738
Adjusted headline earnings		
Headline earnings as above	**4 705**	5 738
Loss from discontinued operations	**661**	145
(Loss)/profit on disposal of property, plant and equipment – discontinued operations	**(2)**	11
Other IAS 39 fair value adjustments	**(175)**	(1 964)
Taxation effects of adjustments listed above	**52**	70
Adjusted headline earnings from continuing operations excluding fair value adjustments	**5 241**	4 000

Consolidated cash flow statement

For the year ended

(in Rand million)	31 March 2008	31 March 2007 Restated
Cash generated from operating activities	**10 858**	8 903
Cash generated from operations	**13 143**	13 540
Changes in working capital	**860**	133
Cash generated from operations after working capital changes	**14 003**	13 673
Finance costs	**(2 782)**	(2 791)
Finance income	**768**	304
Taxation paid	**(928)**	(1 961)
Settlement of post-retirement benefit obligations	**(227)**	(453)
Derivatives raised and settled	**24**	139
Dividend paid to minorities	**–**	(8)
Cash flows from investing activities	**(8 234)**	(10 307)
Replacement – property, plant and equipment	**(8 729)**	(8 176)
Expansion – property, plant and equipment	**(7 051)**	(3 498)
Total capital expenditure	**(15 780)**	(11 674)
Changes in investments, loans and advances	**7 546**	1 367
Cash flows from financing activities	**9**	3 669
Borrowings raised	**8 952**	6 465
Borrowings repaid	**(8 943)**	(2 796)
Increase in cash and cash equivalents	**2 633**	2 265
Cash and cash equivalents at the beginning of the year	**3 956**	1 691
Cash and cash equivalents at the end of the year	**6 589**	3 956
Cash flows from discontinued operations		
Cash flows from operating activities	**634**	995
Cash flows from investing activities	**(466)**	(374)
Cash flows from financing activities	**(376)**	198
Net (decrease)/increase in cash and cash equivalents from discontinued operations	**(208)**	819

Consolidated balance sheet

As at

(in Rand million)	31 March 2008	31 March 2007 Restated
ASSETS		
Non-current assets	**84 077**	58 277
Property, plant and equipment	**78 114**	53 896
Investment properties	**4 514**	3 223
Intangible assets and goodwill	**326**	207
Investments in associates and joint ventures	**48**	47
Derivative financial assets	**533**	321
Long-term loans and advances	**90**	123
Other investments and long-term financial assets	**452**	460
Current assets	**14 818**	19 069
Inventories	**2 319**	1 798
Trade and other receivables	**3 839**	3 992
Derivative financial assets	**412**	5 658
Other short-term investments	**550**	204
Cash and cash equivalents	**6 567**	3 847
Assets classified as held-for-sale	**1 131**	3 570
Total assets	**98 895**	77 346
EQUITY AND LIABILITIES		
Capital and reserves	**51 183**	37 150
Issued capital	**12 661**	12 661
Reserves	**38 522**	24 367
Equity attributable to the equity holder	**51 183**	37 028
Minority interests	**–**	122
Non-current liabilities	**27 862**	23 184
Post-retirement benefit obligations	**2 181**	2 422
Long-term borrowings	**16 890**	17 535
Derivative financial liabilities	**453**	240
Long-term provisions	**1 422**	928
Deferred taxation liabilities	**6 916**	2 059
Current liabilities	**19 850**	17 012
Trade payables and accruals	**7 339**	5 875
Short-term borrowings	**8 382**	7 615
Current taxation liability	**785**	502
Derivative financial liabilities	**113**	165
Short-term provisions	**2 533**	2 376
Bank overdraft	**22**	26
Liabilities directly associated with assets classified as held-for-sale	**676**	453
Total equity and liabilities	**98 895**	77 346

Statement of recognised income and expenditure

For the year ended

(in Rand million)	31 March 2008	31 March 2007 Restated
Net gains on revaluation reserves	**10 084**	1 384
Gains on revaluations	**13 937**	1 574
Taxation effect of rate change and revalued items	**(3 812)**	(190)
Transfer to distributable reserves	**(41)**	–
Net movement on foreign currency translation reserve	**51**	(36)
Net decrease in other reserves	**–**	(857)
Net actuarial (loss)/gains on post-retirement benefit obligations	**(328)**	1 212
Actuarial (loss)/gains related to post-retirement benefit obligations	**(519)**	1 707
Taxation effect of rate change and net actuarial loss/(gains)	**191**	(495)
Net income recognised directly in equity	**9 807**	1 703
Transferred into distributable reserves	**41**	857
Profit for the year	**4 311**	7 136
Total recognised income for the year	**14 159**	9 696
Attributable to equity holder	**14 155**	9 679
Attributable to minority interests	**4**	17

Change in accounting policy and other restatements

(in Rand million)	31 March 2007	1 April 2006
BALANCE SHEET		
Equity attributable to shareholder, as previously reported	**37 311**	29 413
Effect of restatements, net of taxation	**(283)**	(15)
IAS 40 – Investment property adjustment	**289**	235
IAS 23 – Borrowing cost adjustment	**43**	–
IFRS 5 – Impairment of Viamax (Pty) Ltd	**(365)**	–
Deferred taxation	**(250)**	(250)
Restated equity attributable to shareholder	**37 028**	29 398
INCOME STATEMENT		
Net profit attributable to equity holder, as previously reported	**7 387**	
Effect of restatements, net of taxation	**(268)**	
IAS 40 – Investment property adjustment	**54**	
IAS 23 – Borrowing cost adjustment	**43**	
IFRS 5 – Impairment of Viamax (Pty) Ltd	**(365)**	
Restated net profit attributable to equity holder	**7 119**	

GROUP ACCOUNTING POLICIES

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the Companies Act 1973 (as amended), the Public Audit Act 2004 and the Public Finance Management Act 1999 (as amended). The results are prepared in terms of International Standards and Interpretations that are effective for the year ended 31 March 2008. The condensed financial information has been prepared in accordance with IAS 34: Interim Financial Reporting.

Accounting policies and methods of compilation used in the annual financial statements are compliant with IFRS and consistent with those used in the annual financial statements for 31 March 2007, except as disclosed below. The financial effect of changes in accounting policy and restatements are disclosed under the heading, "Change in accounting policy and other restatements".

Change in accounting policies

IAS 23: Borrowing costs
The Group has elected to early adopt the amendments to IAS 23: *Borrowing Costs*. All borrowing costs incurred on qualifying assets are capitalised to the cost of property, plant and equipment. This amendment has been retrospectively applied from 1 April 2006 for all qualifying assets that commenced construction on or after that date.

IFRS 7: Financial Instruments: Disclosures and IAS 1: Amendments on Capital Disclosures
The Group has adopted IFRS 7: *Financial Instruments: Disclosures* and has retrospectively applied these standards. These standards are essentially disclosure statements and consequently it has not had an impact on the reported results.

In addition, the Group has adopted Circular 8/2007 *Headline Earnings*.

Other than the above, all new effective IFRSs and interpretations had no significant impact on the Group's financial results.

Restatements

IAS 40: Investment Properties
Properties that meet the definition of investment properties per IAS 40: *Investment Properties*, were reclassified from property, plant and equipment to investment property retrospectively. The carrying values of these properties have been restated to fair value in accordance with IAS 40.

IFRS 5: Non-current Assets Held-for-sale and Discontinued Operations
The Group measures non-current assets held-for-sale at the lower of its carrying amount or fair value less costs to sell. The Group recognised an impairment loss for the subsequent write-down of the Viamax disposal group to fair value, less costs to sell in the prior financial year.

Deferred taxation
In the prior year management estimated the split between taxation depreciable assets and non-taxation depreciable assets in respect of pipelines for purposes of the calculation of the deferred taxation liability. Following a detailed review an adjustment was required in the prior year.

Cash and cash equivalents
A review of short-term investments resulted in certain short-term investments being reclassified as cash and cash equivalents in the prior year.

Reconciliation of movement in capital and reserves

(in Rand million)	Issued capital	Revaluation reserves	Foreign currency translation reserve	Actuarial gains	Other	Accumulated profit/(loss)	Minority interests	Total
Restated opening balance at 1 April 2006	14 710	5 623	28	2 070	1 106	5 861	113	**29 511**
Opening balance as previously reported	14 710	5 873	28	2 070	1 106	5 626	113	**29 526**
Investment property adjustment	–	–	–	–	–	311	–	**311**
Taxation adjustments	–	(250)	–	–	–	(76)	–	**(326)**
Shares redeemed	(2 049)	–	–	–	–	–	–	**(2 049)**
Total recognised income and expense	–	1 384	(36)	1 212	–	7 119	17	**9 696**
As previously reported	–	1 574	(36)	1 707	–	7 387	17	**10 649**
Borrowing costs capitalised	–	–	–	–	–	52	–	**52**
Investment property adjustment	–	–	–	–	–	71	–	**71**
Taxation effects of the above adjustments	–	–	–	–	–	(26)	–	**(26)**
IFRS 5 – Impairment of Viamax (Pty) Ltd	–	–	–	–	–	(365)	–	**(365)**
Taxation effect of items recorded in equity	–	(190)	–	(495)	–	–	–	**(685)**
Dividends paid	–	–	–	–	–	–	(8)	**(8)**
Transferred to distributable reserves	–	–	–	–	(857)	857	–	**–**
Restated balances at 31 March 2007	12 661	7 007	(8)	3 282	249	13 837	122	**37 150**
Total recognised income and expenditure	–	13 937	51	(519)	–	4 307	4	**17 780**
Taxation effect of items recorded in equity	–	(3 812)	–	191	–	–	–	**(3 621)**
Minorities repurchased	–	–	–	–	–	–	(126)	**(126)**
Transfers into distributable reserves	–	(41)	–	–	–	41	–	**–**
Balances at 31 March 2008	**12 661**	**17 091**	**43**	**2 954**	**249**	**18 185**	**–**	**51 183**

Segmental analysis

For the year ended

(in Rand million)	31 March 2008	31 March 2007 Restated
Revenue by segment		
Continuing operations	**30 091**	26 899
Rail	**24 754**	21 890
Maritime	**11 686**	10 205
Pipeline	**1 292**	1 218
Property	**371**	255
Other operations*	**(8 012)**	(6 669)
Discontinued operations	**2 980**	23 402
Profit/(loss) from operations before depreciation and amortisation, by segment		
Continuing operations	**13 185**	11 149
Rail	**6 339**	4 825
Maritime	**7 008**	6 189
Pipeline	**990**	931
Property	**205**	61
Other operations*	**(1 357)**	(857)
Discontinued operations	**(460)**	323
Profit/(loss) from operations before net finance costs		
Continuing operations	**10 708**	10 466
Rail	**4 329**	3 082
Maritime	**6 758**	5 837
Pipeline	**811**	672
Property	**453**	299
Other operations*	**(1 643)**	576
Discontinued operations	**(565)**	331
Profit/(loss) before taxation by segment		
Continuing operations	**8 761**	8 141
Rail	**2 464**	1 859
Maritime	**6 012**	5 698
Pipeline	**587**	449
Property	**491**	319
Other operations*	**(793)**	(184)
Discontinued operations	**(602)**	(50)
Operating assets by segment**		
Continuing operations	**97 794**	73 830
Rail	**39 588**	30 312
Maritime	**44 607**	26 129
Pipeline	**5 810**	4 560
Aviation	**–**	916
Property	**2 747**	2 138
Other operations*	**5 042**	9 775
Assets classified as held-for-sale	**1 053**	3 469
Capital expenditure by segment		
Continuing operations	**15 203**	10 905
Rail	**10 072**	8 025
Maritime	**4 588**	2 790
Pipeline	**887**	315
Aviation	**–**	67
Property	**35**	30
Other operations*	**(379)**	(322)
Capital expenditure directly associated with assets classified as held-for-sale	**577**	769

* Other operations incorporate all other divisions plus Company/Group adjustments, reclassifications and eliminations.
** Excluding investments in associates.

Commentary on results

The year ended 31 March 2008 was a very successful one given the many challenges faced. All the financial targets were met and significant progress was made in improving productivity and efficiency throughout the business. The turnaround strategy embarked on in 2004 has been completed and accordingly Transnet revised its strategy during the year to focus on growth and building capacity. In this regard it is pleasing to note the 35% increase in capital expenditure for the year, to a record R15,8 billion.

GROUP OPERATING PERFORMANCE – CONTINUING OPERATIONS

Revenue increased by 11,9% to R30,1 billion (2007: R26,9 billion) in the current year with volumes and revenue mix mainly driving this growth.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) increased by 18,3% to R13,2 billion (2007: R11,1 billion) enabling the EBITDA margin to increase to 43,8% (2007: 41,5%) in the current year. This increase is partly attributable to productivity improvements and cost-saving initiatives undertaken by the Company, resulting in operating expenses increasing by only 7,3% to R16,9 billion (2007: R15,8 billion).

Included in operating costs are certain once-off costs amounting to R290 million in respect of pension bonuses for TSDBF members, claims and environmental provisions. Adjusting for these once-off costs, operating costs would have increased by only 5,5% which is well below the inflation rate and represents productivity improvements.

Depreciation and amortisation of assets for the year increased by 28,8% to R3,8 billion (2007: R2,9 billion) due to the acceleration of the capital expenditure programme. Consequently, the profit from operations after depreciation and amortisation increased by 14,5% to R9,4 billion (2007: R8,2 billion) when compared to the prior year.

Fair value adjustments in the current year of R1,4 billion relate primarily to the revaluation of investment property. In the prior year the fair value adjustment of R2,5 billion arose primarily from the mark-to-market of the C-class preference share of R1,7 billion (redeemed during the current year). Accordingly net profit from operations reflected a marginal increase of 2,3% when compared to the prior year. However, adjusting for the preference share fair value adjustment in the prior year, results in an increase of 22,3%.

Net finance costs decreased by 16,3% to R1,9 billion mainly as a result of the capitalisation of borrowing costs in terms of IAS 23 and interest earned on the proceeds of the C-class preference share sold. Capitalised borrowing costs in the current year amounted to R287 million (2007: R52 million) and is expected to increase in line with the capital expenditure programme over the next five years.

The taxation charge for the year amounted to R2,5 billion (2007: R1,9 billion), comprising a current taxation charge of R1,2 billion (2007: R948 million) and a deferred taxation charge of R1,3 billion (2007: R980 million). The effective taxation rate for the Group at 28,19% (2007: 23,68%) is below the corporate taxation rate of 29% due to non-taxable income recorded.

Headline earnings have been adjusted for losses from discontinuing operations and IAS 39 fair value adjustments as these impact comparability and distort sustainable earnings. The adjusted headline earnings from continuing operations increased by 31% to R5,2 billion for the year.

COMMENTARY ON OPERATING DIVISIONS

Freight Rail
Revenue for the year increased by 13,9% to R16,6 billion. The general freight business recorded a marginal increase in volumes to 84,5 million tons (mt) and the activity in this business measured by tons and kilometres increased by 2%, reversing a decade-long trend of declining general freight volumes. The iron ore line volumes increased by 6,3% to 31,9 mt compared to the prior year but were behind contracted volumes due to non availability of product from Kumba. Volumes decreased on the coal line by 5,2% to 63,5 mt due to both short supply of product and disrupted service levels from Freight Rail resulting mainly from derailments and other operational issues, such as cable theft and load shedding. The continued focus on maintenance resulted in capitalised major maintenance and maintenance expensed in aggregate increasing by 20,1% to R6,6 billion. Operating cost increases were contained at 3% compared to the prior year despite a significant increase in maintenance and energy costs. This was achieved through continued productivity improvements and cost-saving initiatives. As a result of better utilisation and good cost control, EBITDA increased by 46,2% to R5,1 billion.

Rail Engineering
Transnet Rail Engineering's internal revenue increased by 5,7% to R7,1 billion reflecting the ramp-up of the maintenance and refurbishment programmes for locomotives and wagons. These programmes have continued to focus on the availability and reliability of rolling stock, which showed continued improvement over the prior year. External revenue increased by 75,1% to R1,1 billion due primarily on the increased demand for the refurbishment of coaches for the South African Rail Commuter Corporation Limited.

National Ports Authority
Turnover increased by 12,1% to R6,9 billion compared to the prior year, based primarily on continued growth in container volumes and increased vessel calls at ports. Full container export and import volumes reflected an increase of 12,7% and 16,6% respectively compared to the prior year. In response to the growth in container demand, Transnet will spend R16,7 billion over the next five years on container-related projects. Operating costs were well controlled resulting in improved margins, with EBITDA increasing by 12,3% to R5,2 billion.

Highlights 2008

11,9% to R30 091 million
Revenue from continuing operations

18,3% to R13 185 million
EBITDA from continuing operations

25,6% improvement to 29%
Gearing

22% to R10 858 million
Cash generated from operating activities

35,2% to R15 780 million
Capital expenditure

Port Terminals
Turnover increased to R4,8 billion, an increase of 18,2% compared to the prior year. This increase was mainly driven by a 9% increase in container volumes to 3,7 million twenty foot equivalent units (TEUs). The operational efficiency at the Durban and Cape Town Container Terminals both show continued improvement. The new Pier 1 Container Terminal in Durban, with a capacity of 700 000 TEUs, became fully operational in November 2007, a month ahead of schedule. Operating costs were well managed resulting in EBITDA increasing by 16% to R1,8 billion.

Pipelines
Revenue increased by 6% to R1,3 billion compared to the prior year, attributable in the main to a 2,5% volume increase. Revenue was below plan due to the proposed tariff increase not being granted by the National Energy Regulator of South Africa. The entire supply system in the petroleum industry is constrained and this has adversely impacted volume growth at Transnet Pipelines. Transnet Pipelines has been awarded a licence to construct the New Multi-Product Pipeline (NMPP) from Durban to Gauteng, at a projected cost of R11,5 billion. The construction contract was awarded in May 2008 and actual construction is planned to begin in August 2008, with completion planned for September 2010.

DISCONTINUED OPERATIONS
Businesses and/or investments are classified as non-current assets held-for-sale and reported as discontinued operations, after having met the criteria as set out in IFRS 5: *Non-current Assets Held-for-Sale and Discontinued Operations.*

These entities reported revenue of R3,0 billion in the current year having reduced from R23,4 billion in the prior year reflecting the sale of South African Airways (Pty) Ltd which was recorded on 31 March 2007. The Group loss from discontinued operations of R1,9 billion comprises an operating loss of R661 million; a loss on disposal of operations of R266 million and an impairment charge of R994 million.

The impairment charge relates mainly to Shosholoza Meyl, Luxrail, South African Express Airways (Pty) Ltd and Autopax (Pty) Ltd. These impairments were to reduce the net carrying value of assets to the estimated selling price as required by IFRS 5.

GROUP FINANCIAL POSITION

REVALUATION OF PROPERTY, PLANT AND EQUIPMENT
In the current year the Group conducted a revaluation of port facilities in line with the accounting policy which requires an independent valuation every five years and index valuations in the intervening periods. Consequently an amount of R13,9 billion was recorded as an adjustment to the carrying amount of port facilities and pipeline networks as required by IAS 16.

DEFERRED TAXATION
The deferred taxation liability increased from R2,0 billion to R6,9 billion in the current year primarily due to the revaluation of property, plant and equipment relating to port facilities and pipeline networks which were recorded directly in equity.

CASH FLOWS
Cash generated from operating activities increased by 22% and cash interest cover improved to 7 times evidencing the strong cash flow generating capacity of the Group.

In addition, the Group entered into an agreement whereby it early redeemed the C-class preference share held by Newshelf 697 (Pty) Ltd, for an amount of R5,7 billion. This investment was disclosed in derivative financial assets in the balance sheet, and the redemption thereof is the reason for the significant change from the prior year.

The total proceeds received on the disposal of non-core assets amounted to R7 billion for the financial year ended 31 March 2008.

BORROWINGS
The gearing ratio continued to decline and at 29% (2007: 39%) reflects the strength of the Group balance sheet. This ratio, together with the cash interest cover of 7 times, shows that the Group has significant debt capacity to fund future capital expenditure. The planned capital expenditure of R80,3 billion over the next five years will require the raising of approximately R36,5 billion from debt capital markets in the medium term. The main part of this debt will be raised in the domestic market under the R30 billion Domestic Medium Term Note (DMTN) programme. The balance of the debt requirements will be raised in foreign markets and in this regard a multi-sourced facility with appropriate Export Credit Agencies has been implemented to facilitate cost-effective and flexible funding for imported plant and equipment.

Two bonds were issued under the DMTN programme in November 2007, raising R2,5 billion and on 1 April 2008 the T004 bond was redeemed for R3,2 billion. Net interest-bearing borrowings decreased by R2,6 billion as a result of the above activities together with the sale of the C-class preference share for R5,7 billion.

The Group has adequate cash on hand and banking facilities to meet its commitments. At the end of the year Transnet had unused borrowing facilities of R31,1 billion, of which R2,7 billion is available immediately to fund working capital.

PENSION AND POST-RETIREMENT BENEFIT OBLIGATIONS
The Group provides various post-retirement benefits to its active and retired employees, including pension, post-retirement medical and other benefits.

The two defined benefit funds, namely the Transnet Second Defined Benefit Fund (TSDBF) and the Transport Pension Fund (TPF), are fully funded with actuarial surpluses in excess of R2,8 billion and R1,7 billion respectively. Transnet has not recognised any portion of the surplus on these funds as the fund rules at present do not allow for the distribution of a surplus.

An ex-gratia once-off bonus payment has again been provided for by the Group to supplement the pensions paid to members of the TSDBF. The payment of the bonus will be mainly to those pensioners with long service (as these individuals are unlikely to have significant alternative retirement funding income), pensioners that were previously disadvantaged by the rules of the fund and those individuals who receive relatively low pensions despite long service.

The post-retirement benefit obligation for the medical funds has decreased by R274 million to R1,8 billion (2007: R2,1 billion).

CAPITAL EXPENDITURE
The capital expenditure programme for the current year amounted to R15,8 billion (2007: R11,7 billion), with an amount of R8,7 billion being spent to maintain current infrastructure and equipment with R7,1 billion being spent on expanding capacity.

The capital expenditure programme in the current year was focused on the following key projects:

Rail – Iron ore and coal line expansion; acquisition of locomotives; rolling stock and infrastructure upgrades.

Ports – Durban harbour entrance channel widening and deepening; Durban Pier 1 Container Terminal expansion; Ngqura and Cape Town Container Terminals and equipment; Saldanha Terminal and equipment.

Pipeline – NMPP from Durban to Johannesburg.

Capital expenditure plans for the continuing businesses over the next five years amount to R80,3 billion and relate mainly to the upgrade and expansion of rail, port facilities and pipeline networks. Capital commitments will be financed by cash from operations, together with cost effective borrowings.

CONTINGENCIES AND COMMITMENTS
There has been no material movements in contingencies and commitments since 31 March 2008.

GUARANTEES
The Group issued guarantees to third parties amounting to R5 billion, the most significant of which relates to promissory notes of R2,4 billion in respect of the Newshelf 697 (Pty) Ltd structure. The sole Shareholder in Transnet Ltd, namely the South African Government, has guaranteed certain borrowings of the Group to the extent of R19 billion (2007: R19 billion).

POST-BALANCE SHEET EVENTS
The following significant issues occurred between 31 March 2008 and 24 June 2008:

Transpoint Properties (Pty) Ltd: Disposal of interest in Neotel (Pty) Ltd
The Group concluded a sale agreement with VSNL SNO SPV PTE Ltd, a wholly owned subsidiary of TATA Communications Ltd, for R135 million and the settlement of Transnet's claims against Neotel (Pty) Ltd by virtue of the FSN loan agreement.

Redemption of Transnet Ltd Bonds – T004
The Company redeemed the T004 bonds amounting to R3,2 billion on 1 April 2008.

Sale Proceeds for the disposed Transtel DEVI assets
An amount of R230 million was received by the Group in two tranches as proceeds on the sale of the Transtel DEVI assets on 4 April 2008 and 11 April 2008 respectively.

Black Widows Pension Fund
Approval has been received from the Minister of Public Enterprises to transfer the assets and obligations of the Black Widows Pension Fund to the Transnet Second Defined Benefit Fund.

Disposal of Shosholoza Meyl
On 1 April 2008 Transnet Limited and the South African Rail Commuter Corporation Limited signed an extension to the Heads of Agreement, originally signed in June 2007, to facilitate the sale of Shosholoza Meyl.

Guarantees in favour of South African Airways (Pty) Ltd (SAA)
Transnet concluded a share sale agreement for the sale of SAA to the Government effective 31 March 2007. As part of this agreement, Transnet provided certain last resort guarantee facilities to SAA that expired on 31 March 2007. However, due to delays in obtaining a suitable Government guarantee, these guarantees will only be transferred after 31 March 2008.

Newshelf 697 (Pty) Ltd – Transactions subsequent to early redemption of C-class participating preference share
The Board of Directors of Newshelf 697 (Pty) Ltd approved the declaration on 1 April 2008 of R3,0 billion of the loan advanced to Transnet (of R5,7 billion) as a dividend in specie; and entering into an interest-bearing loan of R2,7 billion with Transnet, for the period 1 April 2008 to 23 December 2008.

IMPACT OF NATIONAL PORTS ACT, 12 OF 2005 (THE ACT)
The Act came into effect on 26 November 2006 by Presidential proclamation in Government Gazette Number 2941.

This Act, amongst other things, provides for the corporatisation of TNPA into a separate company (NPA) through the vesting of the assets and liabilities of TNPA into this company with Transnet as the sole Shareholder. This would have significant adverse impacts on Transnet, both financially, given the requirements of the Act, and strategically. The Government has given a written undertaking to Transnet that it has no intention of initiating the corporatisation process for TNPA and will initiate a review of the provisions of the Act that relate to the corporatisation of TNPA with the intention of proposing amendments thereto.

EXTERNAL AUDITORS' OPINION
The Group's external auditors have issued an unmodified audit opinion. A copy of their report is available for inspection at the registered office of the Company.

PROSPECTS
The year to 31 March 2009 will present significant challenges given the planned R20 billion capital expenditure programme and the raising of approximately R13 billion in the debt capital markets. In addition, the economic environment with lower growth, increasing energy costs, rising inflation, high interest rates and a depreciating Rand will compound the challenges faced by Transnet.

Nevertheless, it is expected that Transnet will continue to improve productivity throughout the business as it builds capacity to enable future growth. Accordingly another year of continued progress is expected.

CORPORATE INFORMATION
Directors
FTM Phaswana (Chairman), M Ramos* (Group Chief Executive), Dr I Abedian, Prof GK Everingham, NBP Gcaba, Dr ND Haste OBE (British), PG Joubert, NNA Matyumza, BT Ngcuka, S Nicolaou, NR Ntshingila, KC Ramon and CF Wells*
**Executive*

Dr SE Jonah KBE (Ghanaian) resigned on 28 February 2008.

Group Company Secretary
Z Stephen

Business address and registered office
47th Floor, Carlton Centre, 150 Commissioner Street, Johannesburg, 2001
PO Box 72501, Parkview, 2122, South Africa

Auditors
Deloitte & Touche, Deloitte Place, The Woodlands Office Park, Woodlands Drive, Sandton

APPROVAL BY BOARD OF DIRECTORS
Signed on behalf of the Board of Directors.

FTM Phaswana
Chairman

M Ramos
Group Chief Executive

24 June 2008

TRANSNET LIMITED
Incorporated in the Republic of South Africa
Registration number 1990/000900/06

www.transnet.co.za

Discontinued operations

The (loss)/profit from discontinued operations, including profit on disposal of discontinued operations and impairments, is analysed as follows:

(in Rand million)	TOTAL 31 March 2008	TOTAL 31 March 2007 Restated	RAIL 31 March 2008	RAIL 31 March 2007 Restated	AVIATION 31 March 2008	AVIATION 31 March 2007 Restated	ROAD 31 March 2008	ROAD 31 March 2007 Restated	OTHER* 31 March 2008	OTHER* 31 March 2007 Restated
(Loss)/profit from discontinued operations	**(661)**	(145)	**(807)**	(247)	**250**	(710)	**(94)**	(2)	**(10)**	814
(Loss)/profit on disposal of discontinued operations	**(266)**	1 433	**–**	–	**–**	–	**(287)**	–	**21**	1 433
Impairments – lower of cost and fair value	**(994)**	(367)	**(625)**	–	**(300)**	–	**(62)**	(365)	**(7)**	(2)
	(1 921)	921	**(1 432)**	(247)	**(50)**	(710)	**(443)**	(367)	**4**	2 245
(Loss)/profit from discontinued operations										
Revenue	**2 980**	23 402	**354**	323	**1 521**	21 960	**1 387**	1 589	**(282)**	(470)
Net operating expenses excluding depreciation, derecognition, amortisation, impairment of assets and fair value adjustments	**(3 440)**	(23 079)	**(1 117)**	(568)	**(1 062)**	(21 518)	**(1 276)**	(1 258)	**15**	265
(Loss)/profit from operations before depreciation, and amortisation	**(460)**	323	**(763)**	(245)	**459**	442	**111**	331	**(267)**	(205)
Depreciation and amortisation	**(72)**	(71)	**(44)**	(2)	**(62)**	(803)	**(145)**	(245)	**179**	979
(Loss)/profit from operations before items listed below	**(532)**	252	**(807)**	(247)	**397**	(361)	**(34)**	86	**(88)**	774
(Impairment)/reversal of impairment of assets	**(7)**	16	**–**	–	**(1)**	17	**(6)**	(1)	**–**	–
Fair value adjustments	**(26)**	63	**–**	–	**(26)**	72	**–**	–	**–**	(9)
(Loss)/profit from operations before net finance costs	**(565)**	331	**(807)**	(247)	**370**	(272)	**(40)**	85	**(88)**	765
Finance costs	**(44)**	(500)	**–**	–	**(84)**	(526)	**(73)**	(48)	**113**	74
Finance income	**7**	119	**–**	–	**–**	130	**6**	8	**1**	(19)
(Loss)/profit before taxation	**(602)**	(50)	**(807)**	(247)	**286**	(668)	**(107)**	45	**26**	820
Taxation	**(59)**	(97)	**–**	–	**(36)**	(42)	**13**	(47)	**(36)**	(8)
(Loss)/profit after taxation	**(661)**	(147)	**(807)**	(247)	**250**	(710)	**(94)**	(2)	**(10)**	812
Income from associates	**–**	2	**–**	–	**–**	–	**–**	–	**–**	2
Net (loss)/profit for the year	**(661)**	(145)	**(807)**	(247)	**250**	(710)	**(94)**	(2)	**(10)**	814
Attributable to the shareholder	**(665)**	(162)	**(807)**	(247)	**250**	(710)	**(98)**	(19)	**(10)**	814
Attributable to minority interests	**4**	17	**–**	–	**–**	–	**4**	17	**–**	–

* Includes intercompany eliminations and other Group adjustments.

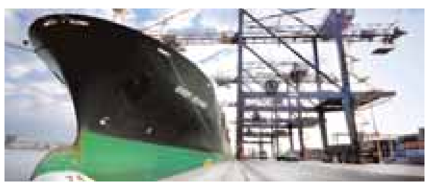
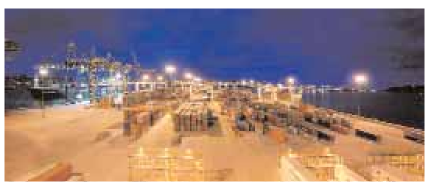
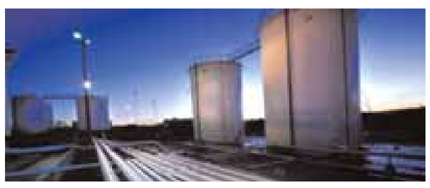
Disposal groups classified as held-for-sale

(in Rand million)	TOTAL 31 March 2008	TOTAL 31 March 2007 Restated	RAIL 31 March 2008	RAIL 31 March 2007 Restated	AVIATION 31 March 2008	AVIATION 31 March 2007 Restated	ROAD 31 March 2008	ROAD 31 March 2007 Restated	OTHER* 31 March 2008	OTHER* 31 March 2007 Restated
Assets classified as held-for-sale										
Property, plant and equipment	**644**	1 679	**494**	201	**775**	–	**58**	1 344	**(683)**	134
Intangible assets and goodwill	**3**	12	**–**	–	**3**	–	**–**	2	**–**	10
Investments in subsidiaries	**–**	–	**–**	–	**–**	–	**–**	1	**–**	(1)
Investments in associates and joint ventures	**78**	101	**–**	–	**–**	–	**–**	–	**78**	101
Loans and advances	**–**	1 258	**–**	–	**–**	–	**–**	–	**–**	1 258
Inventories	**28**	6	**1**	1	**44**	–	**4**	5	**(21)**	–
Trade and other receivables	**334**	356	**56**	5	**268**	–	**13**	252	**(3)**	99
Current tax receivable	**–**	23	**–**	–	**–**	–	**–**	–	**–**	23
Cash and cash equivalents	**44**	135	**1**	–	**6**	–	**3**	140	**34**	(5)
	1 131	3 570	**552**	207	**1 096**	–	**78**	1 744	**(595)**	1 619
Liabilities directly associated with assets classified as held-for-sale										
Post-retirement benefit obligations	**3**	14	**–**	–	**–**	–	**3**	14	**–**	–
Borrowings	**210**	–	**–**	–	**702**	–	**118**	486	**(610)**	(486)
Derivative financial liabilities	**–**	–	**–**	–	–	–	**–**	–	**–**	–
Provisions	**30**	55	**23**	17	**7**	–	**7**	38	**(7)**	–
Deferred taxation liabilities	**36**	95	**–**	–	**36**	–	**–**	95	**–**	–
Trade payables and receivables	**392**	274	**105**	26	**–**	–	**53**	213	**234**	35
Current taxation liability	**5**	15	**–**	–	**250**	–	**–**	15	**(245)**	–
Group loans	**–**	–	**–**	–	**30**	–	**–**	481	**(30)**	(481)
	676	453	**128**	43	**1 025**	–	**181**	1 342	**(658)**	(932)

* Includes intercompany eliminations and other Group adjustments.

...from turnaround to growth



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