reaching new frontiers

With our strong South African roots dating back to our company's formation in 1950, we at Sasol are advancing a focused growth programme in Southern Africa and around the world. Through our oil, gas and chemical interests, our company currently has exploration, production and sales operations in 23 countries.

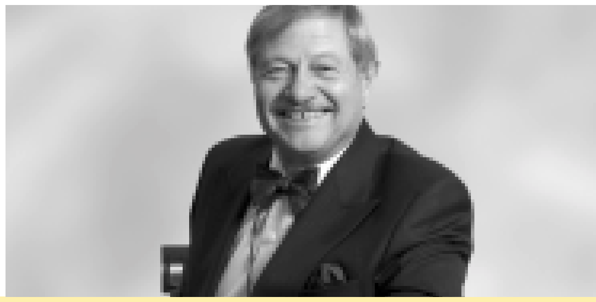
We continue to reach new frontiers – not only geographically, but also through our employees' commitment to advancing competitive technologies and business-optimisation strategies. Core to this drive are our shared values, which emphasise customer focus, winning with people, excellence in all we do, continuous improvement and integrity.

Our values provide a robust framework for pursuing our vision and delivering solid results for our stakeholders around the globe . . .

in 2003 and beyond . . .

chairman's statement

sasol's mettle rallies in difficult times



Rand's rally impacts on profit

Having achieved commendable year-on-year improvements in performance in previous years, I predicted in my chairman's statement in September 2002 that Sasol would face a challenging year ahead even although, at the time, the further substantial strengthening of the rand was not anticipated. Subsequently, adverse currency effects on operating profit resulting from a stronger rand amounted to about R4,2 billion relative to the previous financial year. Of this amount, R2,3 billion arose from the adverse effect of the movement in the year-end closing rates of exchange on monetary assets and liabilities, and R1,9 billion represented the net adverse impact of the stronger rand on selling prices and costs from one year to the next. The benefit of higher oil prices partly offset these currency effects resulting in operating profit of R11,9 billion and attributable earnings of R7,8 billion being respectively R2,9 billion (19%) and R2,0 billion (20%) lower than in the previous reporting period. Accordingly, earnings per share dropped by 20% from 1 603 cents to 1 283 cents. The total dividend declared for the year of 450 cents is equal to the dividend of the previous year. Gearing at 30 June 2003 was 33% and within the group's target range.

Continuing weak global trading conditions, exacerbated by the war in Iraq and the SARS virus in Asia, also negatively impacted on Sasol's financial performance. Although average derived crude oil prices were beneficially about 14% higher than in the previous year, refining margins were slightly lower and international chemical margins experienced significant downward pressure, which caused losses in some instances.

In these difficult circumstances, plant operating performances were generally very satisfactory and customer requirements were met. Within our factories and mines, safety standards improved and environmental management continued to receive priority attention and achieve pleasing progress. Notable productivity and technology improvements also manifested themselves across a wide spectrum of our businesses.

Various businesses in the chemical portfolio are being scrutinised and reviewed to ensure strategic fit and the ability to meet financial targets on a sustainable basis. Certain businesses and product groups are being considered for rationalisation, potential disposal and/or an intensified process of cost reduction and productivity improvement.

customer requirements were met and plants ran satisfactorily despite difficult trading circumstances

New York Stock Exchange listing

The successful listing of Sasol on the New York Stock Exchange (NYSE) on 9 April 2003 was a most significant milestone in our globalisation drive. It is expected in future to be important to the group as a supportive listing to our primary listing on the JSE Securities Exchange South Africa (JSE).

The listing necessitated the group's compliance with the United States Securities and Exchange Commission (SEC) regulatory requirements, as well as the conversion of the group's financial reporting systems to comply with accounting principles generally accepted in the United States of America (US GAAP).

Since the NYSE listing, Sasol's foreign shareholding has increased by an estimated 16% from 25% to 29% of the total shares issued and the average daily volume of American Depositary Shares (ADSs) traded has tripled relative to the average traded on the NASDAQ (National Association of Securities Dealers' Automated Quotations) in the six months prior to 9 April 2003. An ADS represents one ordinary share.

I would again like to express my appreciation to the Sasol executives and management who led the listing process, our advisors and the officials of the NYSE and the Bank of New York for their skill and hard work, which resulted in a successful listing. Members of the NYSE described the Sasol listing as a world-class benchmark for any international company listing on this exchange.

Corporate governance

Ensuring the sound governance of the Sasol group remains a high priority. During the past year, increasingly strict compliance requirements provided benchmarks for a critical reassessment of the group's governance structures and processes.

Sasol complies to the extent required with the comprehensive and rigorous set of US governance standards, as applied by the SEC and the NYSE, that are prescribed as a consequence of the Sarbanes-Oxley Act. It is a tribute to the new King II standards of corporate governance in South Africa, which Sasol embraces, that major changes in the group were not required in order to comply with the US requirements.

Call for unity among business associations

It is impressive how many sociopolitical, sporting and other entities in South Africa have negotiated and achieved unity following the country's political democratisation in 1994. The structures of the major organisations representing the South African business community have remained disparate and largely have tended to lag behind in the greater national process of transformation and unification.

The influence of the business sector and the key role it plays in creating wealth are fundamental to a nation's success. As a consequence, the voice of business should not be fragmented and rather should be united in the interests of all national stakeholders. There is much scope for both consolidation and unification of the many business chambers, associations and related entities. Accordingly, the leaders among them are encouraged to pursue unification so that business can play its rightful role in influencing the future of our great country.

New Partnership for Africa's Development

The launch in July 2002 of the African Union (AU) and the New Partnership for Africa's Development (NEPAD) heralded a major initiative to achieve sustainable sociopolitical stability and economic growth in Africa.

chairman's statement

I cautioned last year that it would take time for the AU to amass the collective will and capacity among its members to achieve tangible progress and, specifically, that the chaotic events in Zimbabwe posed a serious threat to NEPAD. In our view, NEPAD represents a strategic imperative for our country and continent and so the lacklustre progress made with setting up its various councils and governance bodies is disappointing.

The recent positive initiatives taken towards achieving peace in Liberia and the Democratic Republic of Congo are pleasing and President Mbeki's role in these initiatives is admired. Regrettably, however, no meaningful progress has been made in stemming Zimbabwe's rapid demise and circumstances in that country have deteriorated further.

It was already clear last year that, notwithstanding any political motivation, the so-called 'quiet diplomacy' pursued by the South African Government had little, if any, discernible effect on the leadership of Zimbabwe, whose extended tenure has had deplorable consequences for that country. Members of the political opposition are attacked and victimised, members of the media are harassed, and the Zimbabwean economy has been severely damaged with unemployment and inflation at unprecedented levels and the value of the national currency eroding pathetically.

It is even more lamentable when reflecting that Zimbabwe is a country with the potential to export vast quantities of food and yet is now experiencing food shortages.

Economic analysts and political observers have commented on the extent to which these woeful circumstances have also affected South Africa's growth prospects, economic performance and international image. From a business perspective, it remains essential that solutions to Zimbabwe's problems are found and that South Africa, both as its neighbour and the socioeconomic leader of sub-Saharan Africa, plays its rightful role of influence in this process. Recent signals that a breakthrough in the Zimbabwe impasse is forthcoming are encouraging.

In support of NEPAD, Sasol during the past year advanced its natural gas project in Mozambique, the gas-to-liquids (GTL) fuel project in Nigeria and a series of major, new chemical investments in South Africa.

Three bastions of stability are required for Sasol and presumably any other company to advance investment programmes in Africa.

First, there needs to be socioeconomic stability founded on such key features as peace, a respect for law and order, a commitment to integrity and sound governance, and a drive to maintain an ethos of industriousness. Secondly, there needs to be a predictable financial environment, with particular reference to import duties, fiscal and taxation structures, incentives and foreign exchange matters. Thirdly, regulatory consistency is needed so that businesses can operate without continuously having to react to frequent and often unnecessary changes in laws and regulatory systems.

sasol
reaching new frontiers

sasol has a dedicated commitment to continuous improvement in support of our vision and values

While we at Sasol again call on businesses throughout South Africa to rally behind NEPAD, it is critical for these bastions of stability to exist if meaningful growth and job creation are to be secured. In a fast-changing global dispensation, characterised by the increasing mobility of capital and people, investors have many choices of investment destinations and South Africa competes with every other nation for these resources. The same applies to intercontinental competition for them.

Black economic empowerment (BEE)

With respect to investment, it is desirable that predictability is achieved also in terms of our country's BEE objectives. It is clear after decades of legislated exclusion that a formal intervention by the South African Government was required after 1994 to facilitate the inclusion of historically disadvantaged South Africans into the mainstream economy and our business structures. Sasol is supportive of the principle of charters and appropriate legislation to advance economic equity and diversification.

Foreign investors, however, may be less understanding and patient of this transformation imperative and, noting the critical need we in South Africa have for new direct foreign investment and job creation, it is critical that these processes are finalised expeditiously. Changes in ownership are profound events in business especially when they are directed by legislation rather than being a consequence of market forces. Certainty is therefore required with respect to the envisaged BEE dispensation for South Africa.

Seen from a BEE perspective, we keenly await the expiry of our Main Supply Agreement at the end of 2003. We look forward to being able to accelerate our plans to introduce BEE ownership into our liquid fuels business. In accordance with our obligations as a signatory to the Liquid Fuels Charter, we have made pleasing progress this past year in defining and structuring our liquid fuels business for this purpose and in shortlisting potential BEE shareholders. A team of specialist financial advisors from Investec and Nkonki Sizwe Ntsaluba is assisting us.

While Sasol was not included as a signatory to our country's Mining Charter, we are obliged by the new Mineral and Petroleum Resources Act to introduce a minimum of 15% BEE shareholding into our mining operations by 2008. Discussions with potential BEE partners are progressing well and we are confident that the required objectives will be met. As with our liquid fuels business, we are enthusiastic about this future ownership arrangement.

Our fast-emerging gas business and the forthcoming commissioning of our Mozambique natural gas project will spawn exciting BEE opportunities. Already, we have formed a substantial joint venture in our KwaZulu-Natal gas distribution business with a BEE consortium holding a 51% shareholding. In Mpumalanga, the formation of a similar joint venture with another BEE consortium is being advanced. In the natural gas pipeline itself, both the South African and Mozambican governments together have an option on a 50% equity position which, if not retained by them, can contractually be sold to BEE enterprises. This could potentially result in the entire natural gas value-chain having significant BEE ownership in the future.

Currency matters

The erratic performance of the rand since late 2001 has, unfortunately, not impressed corporate investors and has made the financial results of many companies overly volatile and unpredictable.

The rand strengthened appreciably during 2002, after significantly weakening towards the end of 2001, and presently is at stronger levels than most currency forecasters and economists anticipated. For Sasol, getting to grips with currency translation effects that run into hundreds of millions of rands, and that swing from positive to negative, has been a real challenge and has made earnings forecasting more precarious.

The inflation-targeting objectives and successes of the South African Reserve Bank (SARB) are laudable, although historically most countries that have experienced serious short-lived currency lapses with resulting surges in inflation have, like South Africa, returned to pre-lapse inflation levels within about two years.

Obviously, inflation objectives have to be considered holistically together with economic growth, investment needs, job creation and associated goals, particularly in a developing country like ours. South Africa

chairman's statement

needs exports-led growth in order to strengthen financially and create the large number of jobs required to lower our alarming unemployment. In turn, such growth and job creation will help to alleviate many of our social problems caused by poverty, which our esteemed former president Nelson Mandela recently described as 'the greatest attack on human dignity'.

As examples, the social and physical maladies associated with overcrowded squatter camps and, of course, the scourge of persisting crime would surely ease.

As a result, we believe that the SARB should consider focusing more on the achievement of the upper-end of its inflation target-range of 3% to 6%, in order to facilitate the achievement of these other goals. Furthermore, it should structure interest rates taking cognisance of our very high real (interest) rates relative to many other countries. Doing so should result in a rand rate of exchange that will be more supportive of much needed exports-led growth, with concomitant benefits to the macro South African economy, our people and investors.

The situation with respect to persisting crime is both disturbing and distressing. The savagery of crimes and the related disdain showed particularly against women and children represent an alarming form of national degradation. In civilised society the frequency and ferocity of our murders, rapes, heists and robberies would surely result in a populist outcry and the marshalling of all our resources to combat them.

And yet, vast amounts of money are spent preparing for improbable future invasions from external enemies, rather than on fighting internal forces of evil that today are creating mayhem and heartbreak for all South Africans. We at Sasol join our fellow South Africans in appealing to the authorities for heightened focus on and increased resources for our law enforcement agencies, so that security and safety can be a part of the South African way of life for all citizens and visitors to our country.

HIV/Aids pandemic

We compliment the Government on its long-awaited decision taken recently to provide antiretroviral drugs to South Africa's HIV/Aids sufferers. While various businesses, including Sasol, had preceded this decision with similar initiatives of their own, a state-sponsored programme is the correct way forward.

In the light of Sasol's ongoing pursuit of best practices in advancing new social, economic and environmental initiatives in support of sustainable development, we are further strengthening our response in the workplace and some of our host communities to the HIV/Aids pandemic. After completing a process of extensive research and consultation during the year, we launched a pilot programme of the Sasol HIV/Aids Response Programme (SHARP) in May 2003.

The intention, in time, is to fully implement SHARP at all our South African operations and into the wider communities in areas such as Sasolburg, Secunda and Phalaborwa. Through the SHARP initiative (detailed in 'Living our values' on page 54) we intend to play a more vigorous corporate role in helping the South African Government and various non-governmental health organisations to counter and, in time, greatly reduce the dire social and economic consequences associated with the Aids scourge.

Profit outlook

Sasol faces another challenging year. Average oil prices in the 2004 financial year are expected to be lower than in the past year. While international chemical prices, generally, are forecast to drift upwards or remain unchanged, margins are expected to improve.

A dominating influence on overall financial performance is, however, expected from the rand exchange rate with major currencies. If the prevailing strength of the rand persists, it is unlikely that rand earnings in the new financial year will match those of the past year.

I am confident that Sasol has a sound strategy and growth objectives, ongoing technology development programmes and a dedicated commitment to continuous improvement in support of the group's vision and its new brand and values. Coupled with the group's current expansion plans, focused in the near-term mostly on the Mozambican Natural Gas Project and the Qatari and Nigerian GTL ventures, these factors will contribute significantly to providing the impetus needed for Sasol to reach new and exciting frontiers, with the primary objective of achieving sustainable growth and acceptable financial performance.

Acknowledgements

I deeply appreciate the ongoing strong support we have had during the past year from our customers, suppliers, bankers and other business partners throughout the world. I trust we have suitably reciprocated their support.

I also wish to thank the South African and other governments and regulatory bodies for the constructive engagements we have had with them.

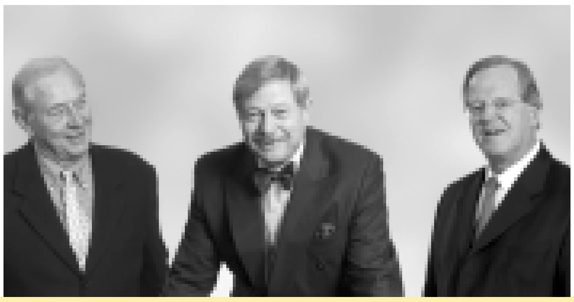
I sincerely thank all employees of the group for their continuing hard work and enthusiasm during an extremely demanding year. We are blessed at Sasol with large numbers of highly skilled people at our many sites who contribute daily to our credo of reaching new frontiers.

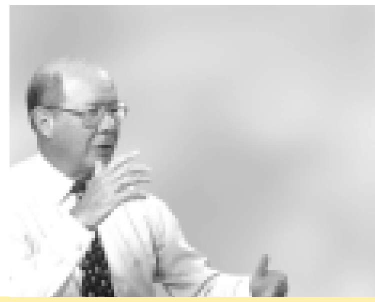
My fellow non-executive directors have contributed meaningfully during the year and have been generous in guiding the endeavours of the executive team with their good counsel and sound advice. I thank them. I also welcome Mandla Gantsho, Anshu Jain and Steven Pfeiffer to our board of directors. We bade farewell to Zav Rustomjee during the year and wish him well in his new career. Executive director, Ralph Havenstein, left Sasol and joined Anglo Platinum as chief executive officer in the furtherance of his career. Ralph made a significant contribution at Sasol and we also wish him well in his new career.

Finally, I compliment chief executive Pieter Cox and the executive team for their ongoing dedication and business acumen. In a very arduous year, they have exercised prudence and led Sasol through a year characterised by international uncertainty, poor global trading conditions and unusual currency volatility, while simultaneously steering the corporation towards achieving its longer-term objectives.

Paul du P Kruger
Chairman

our board of directors





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non-executive directors

1. **Elisabeth Bradley (64)** *BSc, MSc*
Member of the nomination and governance committee and the compensation committee
Chairman of Toyota South Africa (Pty) Limited, Wesco Investments Limited, Metair Investments Limited, Rosebank Hotel and the Winkler Hotel, Director of the Standard Bank Group Limited, The Tongaat-Hulett Group Limited and Anglogold Limited. She is deputy chairman of the SA Institute of International Affairs and chairman of the Centre for Development and Enterprise.
Appointed to the board in 1998.

2. **Warren Clewlow (67)**
CA (SA), DEcon (hc)
Chairman of the audit committee and member of the nomination and governance committee and the compensation committee
Chairman of Pretoria Portland Cement Limited. Director of Barloworld Limited and Old Mutual plc. Deputy chairman of Old Mutual Life Assurance Company (South Africa) Limited, Nedbank Limited and Nedcor Limited. Council member of the South Africa Foundation.
Appointed to the board in 1992.

3. **Brian Connellan (63)** *CA (SA)*
Chairman of the risk and safety, health and environment committee and member of the audit committee
Director of Nampak Limited, Tiger Brands Limited, Absa Group Limited, Reunert Limited, Illovo Sugar Limited, Oceana Group Limited and Bidcorp plc.
Appointed to the board in 1997.

4. **Mandla Gantsho (41)** *CA (SA), MSc*
Member of the risk and safety, health and environment committee
Chief executive officer and managing director of the Development Bank of Southern Africa. Previously advisor to a vice-president of the International Finance Corporation in Washington, DC.
Appointed to the board on 1 June 2003.

5. **Paul Kruger (66)**
BSc Eng (Mining), MBL
Non-executive chairman
Chairman of the nomination and governance committee and the compensation committee and member of the risk and safety, health and environment committee
Chancellor of the Rand Afrikaans University, vice-president of the South Africa Foundation and past chairman of Business South Africa (BSA) and now a member of the board of trustees of BSA. He is a director of several companies, including Absa Bank Limited, Absa Group Limited and Abagold (Pty) Limited. He serves on the King Committee on Corporate Governance.
He joined the group in 1964, was appointed to the board in 1986 and appointed non-executive chairman in 1997.

6. **Sam Montsi (58)** *BA Econ, MA Dev Econ*
Member of the nomination and governance committee
Founder of Siphumelele Investments Limited, chief executive of Montsi Investments (Pty) Limited and director of Independent News & Media SA (Pty) Limited and Business Arts South Africa.
Appointed to the board in 1997.

7. **Jürgen Schrempp (59)** *BSc Eng*
Chairman of the board of management of Daimler Chrysler AG, chairman of the supervisory board of Daimler Chrysler South Africa, member of the supervisory board of Allianz AG and member of the board of directors of Vodafone Group plc. Member of the international council of JP Morgan Chase and the advisory council of Deutsche Bank AG. Member of the South African President's International Advisory Council.
Appointed to the board in 1997.

8. **Conrad Strauss (67)** *BA, MSc, PhD*
Member of the audit committee and nomination and governance committee
Former chairman of Standard Bank Investment Corporation Limited. He still serves as a director of the Standard Bank Group Limited. He is a director of The Standard Bank of South Africa Limited, Afrox Limited and Hans Merensky Holdings (Pty) Limited. He was chairman of the Presidential Commission of Enquiry into Rural Finance, the South Africa Foundation and the South African Institute of International Affairs.
Appointed to the board in 2000.

7 6

11 12

10 13

executive directors

9. *Pieter Cox (60)*
BSc Eng (Mining), BSc Eng (Metall)
Deputy chairman and chief executive
Member of the risk and safety, health and environment committee
Director of all major companies in the Sasol group. Joined the group in 1971. In 1985 he was appointed a group general manager. He was appointed managing director and chief executive officer of Polifin Limited in 1993, chief operating officer of Sasol Limited in May 1996, managing director and chief executive of Sasol Limited in January 1997 and deputy chairman and chief executive in March 2001.
Appointed to the board in 1996.

10. *Pat Davies (52)* *BSc Eng (Mech)*
Director of all major companies in the Sasol group. Responsible for the group's oil and gas businesses, including Sasol Petroleum International, Sasol Synfuels International, Sasol Oil and Sasol Gas. Also responsible for group strategy co-ordination and the globalisation of Sasol's GTL technology. As from 1 July 2003 he also assumed responsibility for Sasol Synfuels and Sasol Technology.
He joined the group in 1975 and has held various positions in engineering design, project management, operations management and corporate affairs.
Appointed to the board in 1997.

11. *Jan Fourie (60)* *BSc, MBA*
Member of the risk and safety, health and environment committee
Director of all major companies in the Sasol group. Responsible for Sasol Synfuels, Sasol Technology, research and development, new ventures, technology development, process engineering, projects and construction divisions, as well as information technology and the safety, health and environmental issues in the group, during the reporting period. Joined the group in 1981. He has 37 years of experience in the South African chemical, fertiliser, mining and synfuels industries. He started in the fertiliser industry, thereafter moved into opencast mining and joined the synfuels industry in 1981 as an assistant works manager at the former Sasol Three.
Appointed to the board in 1997.

12. *Ralph Havenstein (47)* *BSc Eng (Chem), MSc Eng (Chem), BCom, AMP*
Until 30 June 2003, director of all major companies in the Sasol group and responsible for Sasol Chemical Industries. Joined the group in 1979. In 1991 he moved to the head office as manager new ventures where he was involved in new projects, including the new alpha olefins plant in Secunda. In 1997 he was appointed managing director of Sasol Chemical Industries. Appointed to the board in 1998 and resigned with effect from 1 July 2003.

13. *Trevor Munday (54)* *BCom*
Member of the risk and safety, health and environment committee
Chief financial officer. Director of all major companies in the Sasol group. Responsible also for risk management and internal audit, planning, investor relations, corporate affairs and brand management. As from 1 July 2003 he, in addition, assumed responsibility for Sasol's chemical businesses. He has held several key senior commercial and financial management positions in Southern Africa and Europe and was managing director of Polifin Limited prior to its acquisition by Sasol.
Appointed to the board in 2001.

Appointed as non-executive directors with effect from 1 July 2003

Anshu Jain (40) *BA(Hons), MBA*
Managing director and head of global markets at Deutsche Bank AG and member of the group executive committee. Previously a managing director with Merrill Lynch in New York.

Steven Pfeiffer (56) *BA, MA, JD*
Chairman of the executive committee of Fulbright & Jaworski LLP, a US-based international law firm. He is a director of Barloworld Limited and Riggs National Corporation (the oldest and largest bank holding company based in Washington, DC) and the non-executive chairman of Riggs Bank Europe Limited in London. He is also chairman emeritus of Wesleyan University in Middletown, Connecticut, USA, a director of The Africa-America Institute and a director of Project HOPE.

our group structure

Sasol Limited The Sasol head office at Johannesburg, South Africa co-ordinates group activities and provides certain specialised services to group companies. The names and principal activities of the main businesses and divisions of the Sasol group of companies are featured in the organisation structure below:

Sasol Mining

Sasol Mining supplies coal to Sasol Synfuels, Sasol Infrachem and international customers from two regional operations. Sigma Colliery, near Sasolburg, consisting of the Sigma/Mohlolo underground and Wonderwater strip-mining operations; and Secunda Collieries (Bosjesspruit, Brandspruit, Middelbult, Twistdraai and Twistdraai Export underground operations) and the nearby Syferfontein underground and strip-mine operations.

	Rm
External turnover	1 013
Operating profit	1 273

Sasol Synfuels

Sasol Synfuels operates the world's only coal-based synfuels manufacturing facility located at Secunda. It uses unique Sasol Fischer-Tropsch technology to produce synthesis gas from coal and to convert this feedstock into petrol, diesel, liquefied petroleum gas, chemical feedstocks and industrial pipeline gas. Sasol Synfuels produces most of South Africa's chemical building blocks, including ethylene, propylene, ammonia, phenolics and solvents.

	Rm
External turnover	13 643
Operating profit	8 053

Sasol Oil & Gas

Sasol Oil

Sasol Oil markets the group's liquid fuels, lubricants and tar-derived products manufactured by Sasol Synfuels, Natref and other plants. Products include petrol, diesel, jet fuel, fuel alcohol, illuminating paraffin, fuel oils, cokes, creosote and other tar-derived products. It oversees Sasol's joint-venture interests in the Natref oil refinery and the Tosas bituminous products manufacturer and marketer. Sasol Oil will launch a retail network during 2004.

Sasol Gas

Sasol Gas markets and distributes Sasol's hydrogen-rich gas and methane-rich gas produced at Sasolburg and Secunda, respectively. The company delivers pipeline gas through a 1 550 km pipeline network to more than 500 industrial and commercial customers in Gauteng, Mpumalanga, Free State and KwaZulu-Natal. The South African gas market will expand once the supply of Mozambican natural gas commences in 2004.

	Rm
External turnover	8 507
Operating profit	1 308

Sasol's chemical businesses

Sasol Olefins & Surfactants

Sasol Olefins & Surfactants manufactures and markets surfactants and their intermediates, monomers and inorganic speciality chemicals mainly in Germany, Italy, the USA and South Africa. It has five business units: Monomers (ethylene and comonomers), Alcohols (C_6-C_{22} alcohols), Alkylates (n-paraffins, n-olefins and linear alkylbenzene), Surfactants (ethoxylates, sulphonates, sulphates and alkanolamines) and inorganic specialities (alumina and related products).

	Rm
External turnover	19 543
Operating (loss)	(5)

Sasol Polymers

Sasol Polymers operates plants at Sasolburg and Secunda and produces ethylene, propylene, low-density polyethylene, linear low-density polyethylene, polypropylene, polyvinyl chloride, chlor-alkali chemicals and mining reagents. It also has an interest in two plants in Malaysia producing ethylene and propylene (Optimal Olefins, 12%) and low-density polyethylene (Petlin (Malaysia), 40%).

	Rm
External turnover	6 245
Operating profit	884

Sasol Solvents

Sasol Solvents manufactures and markets a diverse range of solvents and associated products at plants in South Africa and Germany. It has nine business units: Ketones, Solvent Blends & Hydrocarbons, Methanol, Ethanol, Alcohols, Solvent Esters & Acids, Glycol Ethers, Fine Chemicals & Aldehydes and Mining Chemicals. A tenth business unit, Acrylic Acid & Acrylates, will become fully operational in 2004.

	Rm
External turnover	5 950
Operating profit	436

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Sasol Synfuels International

Sasol Synfuels International (SSI) develops and implements international ventures based on the integrated, three-step Sasol Slurry Phase Distillate (SPD™) process for GTL conversion. SSI also explores, for international beneficiation, opportunities based on coal and other hydrocarbon sources that could entail the use of competitive Sasol Fischer-Tropsch synthesis technology.

Sasol Petroleum International

Sasol Petroleum International (SPI) develops and manages our international upstream interests in oil and gas exploration and production from offices at London and Johannesburg. These interests are concentrated in Mozambique, South Africa, Gabon, Nigeria and Equatorial Guinea. SPI is developing Mozambique's Temane and Pande fields in preparation for the production of natural gas in 2004. It is also producing oil off the coast of Gabon.

Sasol Technology

Sasol Technology is our business partner in the fields of research and development, technology and innovation, engineering and project management. The company fulfils a strategic role by helping Sasol businesses worldwide to pursue growth and continuous improvement opportunities and to promote competitive advantage through appropriate technology solutions and services.

Sasol Financing

Sasol Financing is responsible for managing group cash and liquidity, in-house banking, domestic and international financing arrangements, foreign exchange, treasury risk and general treasury matters.

Sasol Wax

Sasol Wax operates wax manufacturing, blending and marketing operations in South Africa, Germany, the Netherlands, the United Kingdom, Austria, Norway, the USA and China. The division also has marketing and sales operations in France, Denmark, Malaysia, Australia and Venezuela.

	Rm
External turnover	4 663
Operating profit	149

Sasol Nitro

Sasol Nitro manufactures and markets ammonia, nitric acid and ammonium nitrate-based products, including commercial explosives, fertilisers and related chemicals, as well as specialised blasting accessories, at Sasolburg, Secunda, Bronkhorstspruit and other sites. It manufactures phosphoric acid at Phalaborwa and a phosphate detergent at Meyerton, and markets on behalf of other businesses their production of sulphur and speciality gases.

	Rm
External turnover	3 810
Operating profit	253

Other chemical businesses

Includes Sasol Infrachem, Merisol and African Amines.

Note:
Please see pages 189 and 190 for a list of significant subsidiaries and incorporated joint ventures of Sasol Limited.

our global activities

Most of our chemical operations in the USA came under severe pressure due to high feedstock costs and reduced margins. These operations, however, continue to maintain stable plant operations, meet customer needs and pursue new cost-reduction opportunities

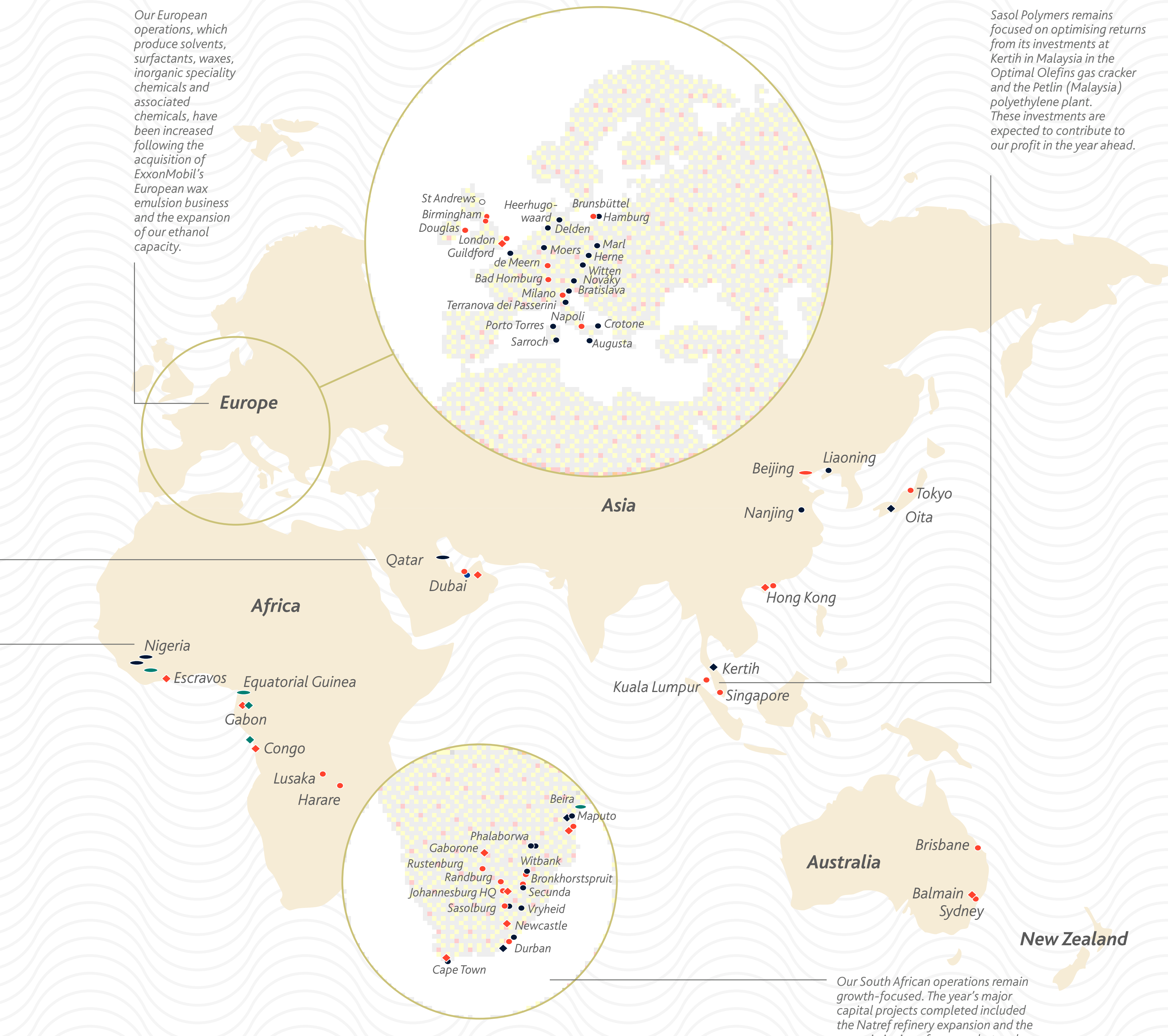
Site preparation for the gas-to-liquids (GTL) plant at Escravos, Nigeria is completed. Plant construction is scheduled to commence in 2004. Once completed in 2007, the plant will produce low-emission GTL diesel and will terminate the wasteful flaring of associated gas.

Construction of our first GTL plant commenced at Ras Laffan, Qatar. Once completed in 2005, the plant will produce ultra-low-sulphur GTL diesel and other premium products for select world markets. Sasol is exploring the merits of building a larger Qatari GTL plant.

facility	sasol	joint venture
Manufacturing/production	●	◆
Main offices	●	◆
Exploration	●	◆
Project	⬬	

Our European operations, which produce solvents, surfactants, waxes, inorganic speciality chemicals and associated chemicals, have been increased following the acquisition of ExxonMobil's European wax emulsion business and the expansion of our ethanol capacity.

Sasol Polymers remains focused on optimising returns from its investments at Kertih in Malaysia in the Optimal Olefins gas cracker and the Petlin (Malaysia) polyethylene plant. These investments are expected to contribute to our profit in the year ahead.



Our South African operations remain growth-focused. The year's major capital projects completed included the Natref refinery expansion and the commissioning of our new butanol plant. Other major capital projects, including the Natural Gas Project, are progressing.

chief executive's review of operations

clear direction in stormy seas

Results

Business performance

Stronger rand and weak global economies exert pressure For the first time since the 1998 financial year, following the South-East Asian economic crisis, Sasol has posted a year-on-year reduction in earnings. Our attributable earnings, after interest capitalisation, for the year to 30 June 2003 dropped by 20% from R9 817 million (US$969 million) to R7 817 million (US$865 million). It should be noted that during the year the group changed its accounting policy in respect of borrowing costs. This is more comprehensively dealt with in the annual financial statements. This will contribute to harmonising the financial statements prepared in terms of US GAAP and International Financial Reporting Standards (IFRS). The main reasons for the reduction in attributable earnings were the substantial appreciation of the rand against the US dollar, a disappointing performance from Sasol Olefins & Surfactants and losses arising from the extended Natref shutdown and unforeseen problems and delays experienced with the refinery expansion project. Higher average international crude oil prices, increasing by 20% from US$23,24/bbl to US$27,83/bbl contributed to partly offset the adverse impact of these factors.

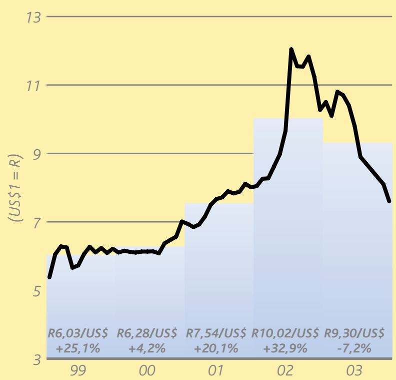
In the previous financial year the rand weakened against the US dollar by an average of 32%, moving from an average exchange rate of 7,65 to 10,13. During the year under review the rand appreciated by 11% against the US dollar, moving from an average of 10,13 to 9,03, which impacted on our operating profit. The rand value of monetary assets and liabilities were similarly influenced by the change in the year-end closing exchange rate. Had the exchange rate remained unchanged year-on-year, the Sasol group of companies would have posted operating profit of about R16 billion (US$1,6 billion).

Having increased by a gratifying 39% in the 2002 financial year, operating profit for the year under review dropped by 19% from R14 783 million (US$1 459 million) to R11 911 million (US$1 319 million).

The effect of the rand's rally had a negative impact of R2 499 million (US$277 million) on operating profit. In addition, at the closing rate of 30 June 2003 of R7,50 to the dollar, translation losses charged to the income statement amounted to a further R1 708 million (US$189 million).

On the upside, Sasol maintains a satisfactory medium-term trend in growing attributable earnings. Compound earnings growth in rand terms has been sustained at 30% on a five-year moving average basis. In US dollar terms, our compound growth in earnings on a five-year moving average basis has met our objective of 10% a year. Financial returns measured against the company's weighted average cost of capital (WACC) have exceeded our objective.

Rand/US$ exchange rate (fuels)



sasol mining improved productivity and received the international coal company of the year award

The value of our wealth created through our combined global operations decreased by 5% from R27 031 million (US$2 668 million) to R25 716 million (US$2 848 million).

Satisfactory turnover growth in difficult times *Against the backdrop of a largely lacklustre world economy, characterised by tougher competition and reduced demand in many of the key markets for some of our product portfolios, it is pleasing to report an 8% increase in turnover from R59 590 million (US$5 882 million) to R64 555 million (US$7 149 million). Exports from our South African operations and turnover from our operations outside of South Africa (mostly chemicals) accounted for 52% of group turnover.*

Our turnover over the next decade will be boosted by the bringing on stream of our first GTL plants, along with our supply of Mozambican natural gas and the commissioning of our new, world-scale chemical and polymer plants in South Africa and the Middle East.

In terms of the business commentary that follows, figures for the global businesses will also be shown in the currencies applicable to their activities.

Sasol Mining

- ***International 2002 Coal Company of the Year Award.***
- ***Operating profit down by 4% due to reduced export margins.***
- ***Machine and per-capita productivity up by 9% and 3%, respectively.***
- ***Cash cost per ton increase contained to 4%.***
- ***New technologies set to further lower production costs.***

Renewal unlocks further improvement
Five years of sustained business renewal and optimisation have enabled Sasol Mining to become a world-class coal-mining enterprise. The division continues to deliver commendable year-on-year operational improvements. Had it not been for the dual impacts of rand appreciation and lower international coal prices, Sasol Mining would again have posted a record operating profit.

In December 2002 Sasol Mining was recognised for its ongoing business renewal successes when it received the international Coal Company of the Year Award at the 2002 Platts/Business Week Global Energy Awards in New York.

In a year of stable operations, Sasol Mining increased turnover by 3% from R4 890 million to R5 016 million. Turnover volumes were largely unchanged at 49,5 Mt. Operating profit, however, dropped by 4% from the previous year's record of R1 327 million to R1 273 million.

The increase in cash cost per ton of coal mined was contained to 4% when expressed on a dry, ash-free (DAF) basis. The DAF measure indicates the gas-yielding portion of our coal, which is our most meaningful measure of cost. Mining cost per ton has been reduced by 22% in real terms over five years.

In-section machine productivity, based on the average number of tons produced by a continuous-miner in one production shift, increased by 9%. Machine productivity has advanced by 105% since commencing business renewal. These gains were again achieved with improvements in the quality of coal delivered to Sasol Synfuels.

The percentage of coal fines and non-coal contaminants such as stone was reduced from 3% to 1,7%. Underground dust levels, which were reduced from an average of 5 mg/m^3 to 3 mg/m^3 in the previous year, were held at an acceptable level of 3 mg/m^3 throughout the year.

Further improvements are being targeted for the years ahead with a special emphasis on cost optimisation and productivity. Mine planning and reserve utilisation, and safety, health and environmental issues with a focus on reducing injuries and underground dust levels are also targeted for improvement.

chief executive's review of operations

Supporting beneficial business renewal . . .
Sasol Mining employees at Secunda Collieries' Middelbult Shaft 3E, which was opened in the 2002 financial year as part of an ongoing programme to increase productivity, reduce production costs and increase operating profit.

Sasol Mining financial highlights

		2003	2002	% change
Turnover	Rm	5 016	4 890	3
Operating profit before capital items	Rm	1 277	1 335	(4)
Capital items	Rm	(4)	(8)	
Operating profit	Rm	1 273	1 327	(4)
Contribution to group operating profit	%	11	9	
Operating margin	%	25	27	
Contribution to attributable earnings	Rm	911	935	(3)
Cash flow from operations	Rm	1 790	1 928	(7)

Sasol Mining production highlights

Millions of tons	2003	2002	% change
Total production	51,3	51,6	(1)
Sigma Colliery including Wonderwater	5,9	5,9	
Secunda Collieries			
Bosjesspruit	7,8	7,3	7
Brandspruit	8,4	8,3	1
Middelbult	7,7	8,1	(5)
Twistdraai	5,9	5,2	13
Twistdraai Export	7,8	8,1	(4)
Syferfontein (underground and strip)	7,8	8,7	(10)
Saleable production from all mines	49,6	49,5	
External coal purchases from other mines	0,4	0,7	(43)
Total sales including exports	49,4	50,6	(2)
Sales to Infrachem, Sasolburg	6,4	6,3	2
Sales to Synfuels, Secunda	39,4	40,8	(3)
International sales	3,6	3,5	3
Rise in productivity by continuous-miners (tons/CM/shift)	9,4	10,2	
Rise in per-capita productivity (tons/person)	2,9	4,8	

Stable exports faced profit squeeze Export volumes increased marginally to 3,6 Mt for the year. The year's average US dollar export coal price decreased by 21% in a fluctuating, but predominantly weak market. Exports were again exclusively concentrated in the European market. We intend to increase coal export volumes although our shorter-term expansion ambitions are currently constrained by our entitlement at the Richards Bay Coal Terminal (RBCT) north of Durban. The planned phase-five expansion of the RBCT, once completed at a date yet to be finalised, will provide Sasol Mining with a further export entitlement of 500 000 tpa, an increase of 14%.

Secunda operations phasing in smarter planning We are well advanced towards optimising the layout and planning of future mines, especially at Secunda where about 95% of our future coal production will occur. Our methodology integrates geological conditions, rock mechanics, technology advances, the prospective development of new markets and mandatory mining restrictions applicable to the protection of the natural environment and surface structures.

Sasolburg operations to develop new mine
Our Sasolburg coal-mining operations will undergo major changes once Sasol Infrachem converts from coal to natural gas in the year ahead. Sasol Mining will then reduce its annual coal supply at Sasolburg from about 7 Mt to about 1,7 Mt for the exclusive generation of power and steam.

The Wonderwater and Mohlolo mine reserves are fast approaching depletion. In the year ahead Sasol Mining will develop a R230 million underground mine, Mooikraal, about 20 km south of Sasolburg. Most of the existing Mohlolo mining equipment and infrastructure will be relocated to Mooikraal to minimise costs.

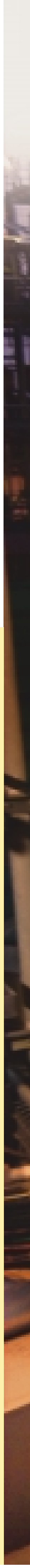
Technology strategy supports continuous improvement The drive to sustain business renewal has been bolstered by the organisation-wide implementation of a SAP enterprise management system, along with other technological innovations and advances. Sasol Mining is also phasing in a new mining technology strategy co-developed with technology strategists from the University of Pretoria, to increase value to Sasol Synfuels, lower costs and further enhance operational quality and integrity.

We continue to improve the performance of the continuous-miner fleet at our Secunda underground operations. A new continuous-miner cutting-drum design introduced recently is expected to enable a further reduction in fine-coal production.

Our Secunda coal blending and supply operations will install a new-generation electronic blending system in the year ahead to improve coal homogeneity, which will enhance the performance of the Sasol Synfuels gasifiers.

chief executive's review of operations

sasol synfuels further improved yields, and maintained turnover and operating profit at record levels



Promoting water conservation . . . A section of Sasol Mining's new Secunda evaporator crystalliser plant that works in tandem with the electrodialysis reverse osmosis plant commissioned in 1997 to enable Sasol Synfuels to reduce raw-water consumption.

Sasol Synfuels financial highlights

		2003	2002	% change
Turnover	Rm	17 952	16 579	8
Operating profit before capital items	Rm	8 048	8 030	—
Capital items	Rm	5	(18)	
Operating profit	Rm	8 053	8 012	1
Contribution to group operating profit	%	68	54	
Operating margin	%	45	48	
Contribution to attributable earnings	Rm	5 436	5 378	1
Cash flow from operations	Rm	8 839	9 182	(4)

Sasol Synfuels production highlights

		2003	2002	% change
Total production	Mt	7,41	7,69	(4)
Average production per employee	t	1 285	1 344	(4)
Production volumes:				
Liquid and gaseous fuels	%	66	66	
Petrochemical feedstock	%	23	23	
Carbon plus nitrogenous feedstock for fertilisers and explosives	%	11	11	

Sasol Synfuels

- **Excellent profits in challenging times.**
- **Pleasing improvement in yields.**
- **Cash cost per ton increases slightly above PPI.**
- **Investments in information and process control systems will enhance competitiveness.**

Synfuels performs well in challenging times Sasol Synfuels continued to build on the robust foundation of business renewal initiated during the mid-1990s and maintained turnover at the record levels achieved in the 2002 financial year. The benefit of higher international crude oil prices was largely offset by the impact of a stronger rand resulting in operating profit increasing slightly over that of the previous year.

Turnover increased by 8% from R16 579 million to R17 952 million, while operating profit increased from R8 012 million to R8 053 million. Operating profit has grown by 355% over the last five years – a compound growth rate of 44% a year. Overall production decreased by 3,6% from 7,69 Mt to 7,41 Mt.

Average per-capita production decreased by 4,4% from 1 344 t to 1 285 t.

Stable production bolstered by better quality Overall production integrity and reliability remained at high levels throughout the year in spite of the abnormally long mandatory shutdown.

The annual mandatory shutdown was the most comprehensive one executed in the history of the Secunda complex. In spite of its unusually vast scope, we virtually matched our record-setting production levels of the previous year. All nine Sasol Advanced Synthol (SAS) reactors commissioned between 1996 and 2001 continue to meet expectations. Sasol Synfuels also had its best year on the quality front and its intensified quality drive led to all customer requirements being met.

Key investments to strengthen operations Our investment in integrated business-optimisation processes initiated in 2001 was advanced when the SAP enterprise management system and the new-generation Honeywell advanced production information system went live. These initiatives will contribute significantly to sustaining growth over the ensuing decade.

A new skeletal isomerisation plant was successfully commissioned in October 2002. This plant produces an octane-enhancing component for petrol and forms part of an evolving technological platform to enable the production of higher-octane petrol. In addition a gas-heated reformer was installed to improve carbon and energy efficiency during gas reforming.

chief executive's review of operations

The installation of the fifteenth air-separation unit for the production of additional high-purity process oxygen is expected to be completed in February 2004. It will have the capacity to produce more than 3 500 t/d of oxygen, making it the world's biggest single air-separation unit.

Our remaining air-separation units produce 35 000 t/d of oxygen. These 14 units are also being upgraded in phases to restore and maximise operational integrity. This project will be completed before the end of 2003. The project to upgrade the control response optimisation system will also be completed in the year ahead.

Natural Gas Project gathers impetus
As part of the Natural Gas Project, Sasol Synfuels is converting portions of its plant to start using natural gas as a supplementary feedstock during the first half of 2004. Natural gas will be reformed into hydrogen and carbon monoxide for the production of additional volumes of synthesis gas (syngas).

This initiative will enable us to increase product output by about 3% in the early stages. In the longer term, however, Mozambican natural gas could allow us to increase our syngas production even further.

Project Turbo is advancing As a result of the new petrol and diesel specifications expected to become mandatory in January 2006, Sasol Synfuels is advancing an initiative (Project Turbo) in partnership with Sasol Technology, Sasol Oil and Sasol Polymers to ensure compliance. We expect to invest about R7 billion to modify the liquid fuel refining and blending operations and to establish additional new plant aimed at increasing the octane rating of our synthetic petrol.

Project Turbo will necessitate multiple refinery unit changes, as well as some new refinery units and the installation of a selective catalytic cracker to produce additional tranches of ethylene, propylene and high-octane fuel components. Besides developing the optimal fuels solution for 2006, the Project Turbo team will also undertake most of the work that will be required to meet the yet stricter fuel specifications the South African Government envisages legislating for 2010.

Sasol's chemical businesses

Mixed fortunes and lower profits
The group's combined chemical operations achieved a 6% increase in turnover from R41 500 million (US$4 096 million) to R44 180 million (US$4 892 million). Operating profit, however, dropped by 46% from R3 531 million (US$349 million) to R1 917 million (US$212 million) largely as a result of currency effects, higher feedstock costs and lower margins.

Our entire portfolio of chemical businesses is being closely scrutinised and reviewed to ensure strategic fit and the ability to meet financial performance targets on a sustainable basis. Certain businesses and product groups have already been selected for rationalisation, disposal or an intensified process of cost reduction and productivity improvement.

Sasol's chemical businesses financial highlights

		2003	2002	% change
Turnover	Rm	44 180	41 500	6
Operating profit before capital items	Rm	2 240	3 681	(39)
Capital items	Rm	(323)	(150)	
Operating profit	Rm	1 917	3 531	(46)
Contribution to group operating profit	%	16	24	
Operating margin	%	4	9	
Contribution to attributable earnings	Rm	1 412	2 588	(45)
Cash flow from operations	Rm	4 374	6 473	(32)

sasol's chemical businesses endured currency impacts and lower margins, but some divisions lifted profits

Sasol Olefins & Surfactants

- ***Depressed global economy and increased feedstock costs impact severely on turnover and profit.***
- ***Alkylates business unit bears brunt of margin pressure.***
- ***New Secunda alcohols plant running to expectation.***
- ***Inorganic Specialities business unit lifts performance.***
- ***Productivity-improvement initiatives are reducing costs.***

Depressed conditions constrain Olefins & Surfactants *Sasol Olefins & Surfactants achieved global turnover of R19 833 million (2 2 107 million; US$2 196 million), which was 2% higher than the R19 383 million (2 2 135 million; US$1 913 million) of the previous year. Turnover was affected by lower selling prices and volumes achieved in depressed world markets.*

Operating profit was under significant pressure due to margin compression caused by lower product prices and higher feedstock costs. Earnings before interest, tax, depreciation and amortisation (EBITDA) amounted to 2 157 million and an operating loss of 2 1 million was incurred. In rand terms, EBITDA amounted to R1 469 million (US$162 million) and an operating loss of R5 million (US$1 million) was incurred.

The higher feedstock costs were due to higher oil and energy prices around the world. This resulted in higher ethane costs in the USA, higher kerosene and benzene costs in the USA and Italy, and higher feedstock costs in South Africa.

Alkylates bears brunt of the squeeze
The Alkylates business unit experienced the brunt of the margin pressure. This was due not only to high feedstock costs with kerosene, benzene and natural gas being at an all-time high, but also due to linear alkylbenzene (LAB) product prices coming under downward pressure due to existing surplus capacity, and market reaction to an expected future global surplus as new capacity is brought on line in Asia over the next few years. In addition, a depressed world economy and changing detergent trends have led to a decline in LAB demand.

Significant efforts are being made to improve the efficiency of our Italian and US alkylate facilities. Our low capacity utilisation led to a decision towards year-end to idle the LAB facility at Porto Torres in Italy and to a 30% reduction in the workforce of the LAB plant at Baltimore in the USA.

Alcohols holds up better *The Alcohols business unit also performed worse than in the previous financial year, but not to the same extent as Alkylates. Margin pressure in this business unit was due to higher feedstock prices.*

The operation of the new C_{12}-C_{15} alcohols plant at Secunda was stabilised and product qualification at customers progressed smoothly. This adds yet another type of alcohol to Sasol's already world-leading portfolio of alcohol products.

Surfactants' margin pressure countered by lower costs *The Surfactants business unit matched the performance of the previous year despite difficult trading conditions arising from the global economic slowdown. The pressure on margins was countered by achieving further cost reductions.*

We acquired full ownership of two surfactant facilities by buying the shares held by our joint-venture partners. These are the facilities near Nanjing in China and close to Bratislava in Slovakia.

Monomers hampered by lacklustre hexene demand *The ethylene part of the Monomers business unit performed worse than in the previous financial year due to two hurricanes disrupting operations at Lake Charles in the USA in October 2002 as well as higher ethane and natural gas costs. This effect was partially reduced by higher ethylene pricing.*

The comonomer part of the Monomers business unit, with plants at Secunda, performed significantly worse. This was due primarily to the rand's strengthening and the lower demand for 1-hexene comonomer.

Inorganic specialities shine *The Inorganic Specialities business unit performed better than in the previous year. This was mainly due to consistent demand and lower aluminium metal feedstock costs.*

Commitment to efficiency continues
Our plants worldwide ran well. The efforts to unlock synergy, the NetGain project (a process to reduce total cost of ownership) and other initiatives launched after the acquisition of the former Condea chemical operations were sustained in order to improve efficiency and reduce costs.

Due to the extreme pressure on profitability, additional initiatives were launched to optimise costs and efficiency. The nominal cash cost was reduced by 5% from the previous year with a further 4% nominal

chief executive's review of operations

sasol olefins & surfactants reported a loss, but continues to implement major cost-reduction initiatives

Maintaining a thorough vigil . . . A Sasol Olefins & Surfactants employee monitors the temperature of vapour coming from the deodorisation column in the new esterification line at Witten, Germany. This unit removes residual fatty acids and undesirable odours and tastes.

improvement budgeted for the year ahead. Substantial improvements were also achieved on variable costs with further improvements still expected over the next two years from the NetGain initiative.

New investments tailing off In Sasol North America, the PACOL project for the Baltimore LAB facility was completed. This project has eliminated the on-site use of chlorine and the production of by-product hydrochloric acid. The project to relocate the research and development (R&D) facilities from a standalone location at Austin, Texas, to the production site at Lake Charles was approved. This project will improve the interaction between operations and research personnel and reduce R&D costs.

In Sasol Italy, the projects to improve the on-site storage and shipping of feedstocks and final products at Augusta were completed. Two new plants are under construction for the production of dearomatised hydrocarbons at Sarroch and for the production of precipitated aluminas at Crotone.

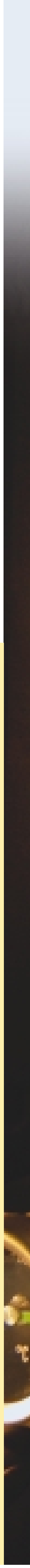
The upgrading of the esterification facilities at Witten in Germany was completed. It will improve production efficiency and provide additional capacity. A share was acquired in the ARG ethylene pipeline in the Ruhr area.

In South Africa, a shared-services project was implemented to integrate and streamline the regional activities of Sasol Solvents and Sasol Olefins & Surfactants. This initiative is resulting in more efficient services being provided to both divisions. The construction of our second 1-octene train at Secunda commenced. This train will also have a 48 000 tpa capacity and should be completed before the end of 2004. For both 1-hexene and 1-octene, substantial progress has been made in further improving the quality of these products by removing low-level impurities.

With the pending completion of the global business information project, the global business model in Sasol Olefins & Surfactants will be complete. This model is already showing benefits in the execution of business on a global basis.

chief executive's review of operations

sasol polymers improved productivity and continues to pursue exciting new growth



Putting polymers to the test . . . *The new Engel injection-moulding machine testing polymers at the Sasol Polymers Technology Centre in Johannesburg as part of an ongoing commitment to support global customers. Sasol Polymers met its 98% "full orders on time" customer-service target during the year.*

Sasol Polymers

- ***Turnover up by 12% to R6 361 million.***
- ***Real cash costs per ton have dropped by 41% since 1995.***
- ***Per-capita production has increased by 278% since 1995.***
- ***Higher customer-service targets met.***
- ***Malaysian plants operational.***

Sasol Polymers maintains growth drive
In a year of mixed fortunes, Sasol Polymers' turnover rose by 12% from R5 695 million to R6 361 million on the strength of higher selling prices for most products. The combined effect of higher feedstock costs and rand appreciation adversely impacted on operating profit, which dropped by 3% from R912 million to R884 million.

The business has retained its focus on continuous improvement. Since 1995, per-capita productivity (tons of total production per employee) has risen by 278%. Per-capita productivity increased by 12,9% during the year. Cash costs per ton in real terms have dropped by 41% in eight years.

Sasol Polymers met its 98% customer-service target for full orders on time and, in terms of its certificated ISO 9001 quality management system, met its 96% internal quality conformance target.

Higher feedstock costs *World polymer markets experienced oscillating demand and prices. During the first half of the financial year, polymer prices remained comparatively strong on the back of relatively high crude oil prices. Prices then softened in the immediate aftermath of the war in Iraq. The rand's surge impacted on dollar-based selling prices, with sales margins contracting in both the export and domestic Southern African markets. Feedstock costs for the year exceeded our forecasts.*

Plant operations remained stable, with some units achieving production records.

Most businesses achieved higher volumes *The Monomers business unit had a stable period with propylene production being maintained slightly above target. Ethylene production fell below target because of the extended shutdown at Secunda. This loss in production was matched by a reduction in demand when a major external customer experienced production difficulties.*

chief executive's review of operations

Both the Polypropylene and Vinyls business units performed well in the light of world market conditions and produced acceptable margins. The Polypropylene business unit achieved sales volumes of 216 500 t, with about 50% of sales going to customers in South Africa and the balance mostly to customers in Africa and the Far East.

Infrastructural development boosts PVC volumes *The Vinyls business unit at Sasolburg was forced to reduce polyvinyl chloride (PVC) production for a few weeks when the upstream chlorine plant was decommissioned to enable the replacement of ageing membrane cells. Local PVC sales volumes, however, rose by 2% to almost 136 000 t on the strength of continuing infrastructural development in South Africa.*

In line with the ongoing drive to bolster core businesses and dispose of non-core businesses, the remaining downstream Vynide PVC conversion operations were sold. In addition, the Vinyls business unit's PVC compounding operations are to be streamlined and consolidated at Sasolburg and the Durban factory will be closed in the year ahead.

Polythene business maintains excellent production *The Polythene business unit fared less favourably in terms of profit contribution because of higher feedstock costs, which eroded margins for both low-density polyethylene (LDPE) and linear low-density polyethylene (LLDPE) in domestic and international markets. On the upside, this business maintained excellent production levels at both plants.*

The chemicals business unit responsible for producing and marketing chlorine, caustic soda, hydrochloric acid, sodium cyanide, calcium cyanide and associated chlor-alkali chemicals, achieved a minimal increase in sales volumes (388 200 t) and maintained a satisfactory contribution to profit. Of concern, however, are the declining sales of cyanide. Demand is anticipated to shrink in the longer term in line with South Africa's reduced extraction and refining of gold ore.

Offshore ventures set to contribute to profits *Sasol Polymers remains focused on optimising returns from its investments at Kertih in Malaysia in the Optimal Olefins gas cracker (12% share) and the Petlin LDPE plant (40% share).*

The Optimal cracker has the capacity to produce 600 000 tpa of ethylene and 90 000 tpa of propylene. The Petlin plant has the capacity to produce 255 000 tpa of LDPE. These plants overcame the start-up problems experienced during the first half of the financial year and are now producing at capacity. Our Malaysian investments are expected to contribute to profit in the year ahead.

Turbo will enable capacity increases *In line with our Project Turbo investments, Sasol Polymers envisages increasing its South African polymers production by about 480 000 tpa. This increase will include a second polypropylene plant at Secunda, which will most likely incorporate licensed BP Amoco process technology and have a 300 000 tpa capacity.*

sasol solvents commissioned new capacity and achieved record turnover

At the Sasolburg Midland site, we intend to develop a new 220 000 tpa LDPE plant incorporating licensed ExxonMobil process technology and to downscale production at the Poly 1 LDPE plant from 100 000 tpa to 20 000 tpa. We also intend to increase LLDPE production from 100 000 tpa to 150 000 tpa.

The Vinyls business unit is in the process of upgrading its vinyl chloride monomer and PVC plants to increase production by at least 40 000 tpa during 2005.

Once all these units are commissioned and operating, Sasol Polymers will have increased its total polymer output by about 80% over five financial years (2002 to 2007).

Further expansion of our polymer portfolio *In support of the group's ongoing globalisation strategy, Sasol Polymers Germany GmbH entered into a 50:50 joint venture with the National Petrochemical Company of Iran to construct and operate an integrated ethylene and polyethylene production facility in Iran.*

The joint venture comprises a 1 million tpa ethane cracker and two 300 000 tpa polyethylene plants (one for producing LDPE and one for high-density polyethylene, HDPE) and is expected to be internationally competitive on the strength of competitively priced ethane feedstock combined with the advantages of world-scale capacities.

Construction of the integrated facility has commenced. The cracker is expected to come on stream towards the end of 2004 and the two polyethylene plants during 2005.

Sasol Solvents

- ***Record turnover of R6 572 million (US$728 million).***
- ***Dollar-based operating profit down 38%.***
- ***Cost-cutting initiatives deliver early results.***
- ***Butanol plant performing well, and Herne ethanol capacity expanded.***

Sasol Solvents delivers strong performance
Against the backdrop of lower international demand for many chemicals, exacerbated by higher feedstock costs and stiff competition, Sasol Solvents delivered a strong performance by increasing turnover by 13% from R5 805 million (US$573 million) to R6 572 million (US$728 million) aided primarily by higher prices. The rand's appreciation against the US dollar and the euro, however, led to a decline in the rand-based operating profit.

The benefits of cost-cutting initiatives and record turnover resulted in Sasol Solvents increasing its operating profit before translation effects by 3% from R704 million to R728 million. The rand's appreciation, however, resulted in a 45% decrease in operating profit after translation effects from R786 million to R436 million.

Volumes rose marginally to 1 250 000 t. The bulk of sales was undertaken through the regional sales operations in Europe, South Africa, Asia-Pacific and the Middle East.

The successful commissioning of the Sasolburg butanol plant enabled our solvents business to introduce high-quality volumes of n-butanol and iso-butanol to the world market. The introduction of acrylic acid and acrylates later in the 2004 financial year will further increase global sales volumes.

Major businesses enjoyed volume growth *The Ketones business unit, whose portfolio features acetone, methyl ethyl ketone and methyl iso-butyl ketone, enjoyed higher volumes and good prices after experiencing a disappointing performance in the previous year. The Ethanol business unit maintained stable turnover and production.*

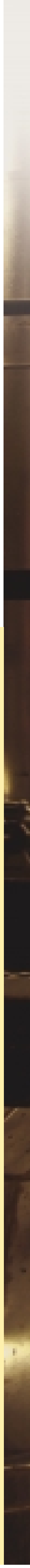
The Alcohols business unit, whose products include propanol, butanol and mixed C_3 and C_4 alcohols, achieved higher turnover because of good volume growth and stronger prices for most alcohols. The European-based export programme also fared well and achieved higher volumes, most of which went to customers in the Far East.

Most business units performed to expectation and contributed satisfactorily to profit. Certain smaller operations within some business units, however, have been underperforming and initiatives have been launched to review the merits of their role in the Sasol Solvents portfolio. The new Acrylates business unit will commence commercial operation in the year ahead when the new Sasolburg acrylic acid and acrylates complex is brought on stream.

Shared services to lower costs
Closer collaboration with Sasol Olefins & Surfactants has yielded further operational synergy and by promoting the concept of shared services, these businesses will reduce their combined annual operating costs.

chief executive's review of operations

sasol wax increased earnings and maintained its value-addition drive despite severe competition



Unveiling new products for global customers . . .
Sasol Solvents' new Sasolburg butanol plant is supplying high-quality product to international customers. The adjacent acrylic acids and acrylates complex will complement this investment once the latter facilities are brought on stream during 2004.

Sasol Wax

- ***Global sales volumes decreased by 7%.***
- ***Contribution to group operating profit increased by 33% before capital items.***
- ***Major European wax emulsion business acquired.***
- ***Value-addition drive gathers impetus.***

Tough competition impacts on wax turnover *Sasol wax maintained a steady euro-based turnover, while the rand-based turnover increased by 4% from R4 600 million (2507 million; US$454 million) to R4 773 million (2507 million; US$528 million). Stiff competition and margin pressures characterised the financial year. These turnover figures are presented as if the business was a wholly-owned subsidiary for both the 2002 and 2003 financial years.*

Contribution to group operating profit (before capital items) increased by 33% from R175 million (219 million; US$17 million) to R233 million (224 million; US$26 million). On a rand base Sasol Wax's contribution to attributable earnings dropped by 28% from R81 million (29 million; US$8 million) to R58 million (26 million; US$6 million). Productivity has improved by 14% over five years at Sasolburg, while labour costs at Hamburg, Germany, have decreased by 4%.

Global demand for Fischer-Tropsch hard waxes remained buoyant for most of the year and the Sasolburg plant produced 70 000 t of these waxes for South African and international customers. The European operations maintained pleasing sales volumes, but experienced severe price-impacting competition from Chinese wax producers in the commodity end of the business. This trend eroded margins for commodity wax grades.

Value-addition drive continues *Sasol Wax continues to develop niche markets for higher-value speciality waxes, such as those used by the food, cosmetics, pharmaceutical, construction-board and adhesive industries. One of the recent successes has been the increasing drive to sell specialised liquid paraffins to the oil and gas exploration and production drilling industry. Demand for our liquid paraffins as environmentally preferred drilling fluids has been growing in the Gulf of Mexico following the introduction of more stringent US Environmental Protection Agency specifications for drilling fluids and other oilfield chemicals.*

Acquisition to bolster growth *The relevant German and Austrian authorities approved Sasol Wax's acquisition of ExxonMobil's European wax emulsion business, which has annual sales of about 230 million. This business produces about 100 000 tpa of wax emulsion in Europe.*

chief executive's review of operations

Sasol Nitro

- **Turnover (excluding Sasol DHB) increased marginally despite tough conditions for explosives.**
- **Nitrogen value-chain optimisation bolsters operating profit.**
- **Robust ammonia and fertiliser portfolios benefit from higher prices and volumes.**
- **Increase in fixed cash costs contained below 5%.**

Sasol Nitro integration shows promise
In a year characterised by higher demand for fertilisers and lower demand for explosives, Sasol Nitro performed satisfactorily by increasing turnover in Southern Africa. Consolidated turnover of R3 927 million was R195 million lower than that of the previous year, because of the divestment from our underperforming US joint venture, Sasol DHB. The disposal of Sasol's interests in Sasol DHB entailed a further write-off of R158 million.

Operating profit before capital items decreased by 23% to R414 million primarily due to rand appreciation and higher logistics costs, the impacts of which were partially offset by the benefit of higher fertiliser selling prices. Cash cost increases were contained below 5% and yet lower cost increases are being targeted for the year ahead. The division's full-order on-time customer-service measurement increased from 99% to almost 100%.

Ammonia fares well Turnover of ammonia, along with the sulphur and speciality gases produced by Sasol Synfuels, increased by 14% to R1 550 million. In the year ahead the Sasolburg ammonia plant capacity will be increased by 36 000 tpa, a benefit that will also be complemented by process improvements aimed at enhancing energy efficiency.

Stronger fertiliser demand softens impact for explosives Our fertiliser and explosives businesses recorded an 8% decrease in turnover to R3 341 million from that of the previous year, partly because of the Sasol DHB divestment. The negative impact of the rand's appreciation is being countered by further optimising Sasol's nitrogen value chain in South Africa. This is being achieved by diverting ammonium nitrate exports to higher-margin fertiliser markets in South Africa.

Our phosphoric acid business at Phalaborwa has increased output by 3%. Turnover decreased to R780 million. Margins came under pressure due to the steep rise in sulphur prices, most of which could not be passed on to customers. Accordingly, the contribution of phosphoric acid to operating profit declined by 23%.

The fierce competitiveness in world markets for commercial explosives has led to sustained price-cutting and margin reduction, which, in turn, motivated Sasol Nitro to rationalise its explosives operations shortly after financial year-end. Sasol Nitro has withdrawn from the emulsion cartridge business and subsequently agreed to toll-manufacture emulsion cartridges at Secunda for another major South African explosives company.

Discussions with potential buyers for Sasol's 50% stake in the Sasol Southwest Energy joint venture in the USA are progressing.

sasol nitro achieved robust ammonia and fertiliser turnover, and bolstered profit through value-chain optimisation

Our 60:40 joint venture with Dyno Nobel, Ensign-Bickford (South Africa), performed satisfactorily by maintaining steady turnover of its explosive accessories under adverse market conditions.

Our advanced electronic detonators business, Sasol Mining Initiators and its unique Uni Tronic™ detonation system, is gaining recognition in international markets where customers need high-performing electronic detonators for specialised blasting applications near highly populous and other environmentally sensitive areas.

Other chemical businesses

Sasol Infrachem

- *The project to convert to natural gas is on schedule.*
- *Sasolburg operations to substantially reduce atmospheric emissions.*

Sasol Infrachem prepares for new era

Sasol Infrachem increased turnover by 11% from R1 865 million to R2 075 million as a result of higher syngas prices and the expansion of its utility and maintenance service contracts.

Syngas production was limited to 54 million gigajoules (GJ) as a result of scheduled plant shutdowns and was 3% lower than the previous year's 55,2 million GJ, when no shutdown occurred, although 2% higher than that of the previous shutdown year (financial 2000).

The project to convert Sasol Infrachem from coal gasification to natural gas reforming is progressing to schedule. Once the autothermal gas reformers become operational during the second quarter of 2004, Sasol Infrachem will decommission its coal gasifiers and sections of the Phenosolvan and Rectisol facilities. The commissioning of the new reformers will enable Sasol Infrachem to increase syngas production in line with the longer-term growth objectives of the other Sasolburg-based operations that require this feedstock for beneficiation.

After converting to natural gas reforming, the Sasolburg operations will eliminate hydrogen sulphide emissions and substantially reduce emissions of particulates, nitrous oxides, sulphur dioxide and carbon dioxide. Raw water consumption will also be reduced by about 20%.

Merisol

Merisol restrained by higher feedstock costs

Merisol's international sales of phenolics and associated products were 7% lower in rand terms, dropping from R1 315 million to R1 229 million. In dollar terms, however, they were up marginally, increasing by 5% from US$130 million to US$136 million. The company's performance was negatively affected by high energy and feedstock costs, as well as plant shutdowns for maintenance and process improvements at the Houston and Winnie sites in Texas, USA.

The Winnie meta/para-cresol separation unit was debottlenecked to increase capacity by 10%. Growth in demand for meta-cresol was strong. In response to higher demand, the Oil City monobutyl meta-cresol plant was converted to produce additional volumes of meta-cresol.

The stronger rand impacted on the South African results, but plant availability at Sasolburg was maintained at a record 99% and yields improved further. Merisol's Sumika RSA joint venture with Sumitomo at Sasolburg completed its first full financial year by producing high-quality ortho-cresol novalac on specification and to planned production rate.

Merisol is about to commence a US$40 million (R384 million) project to expand and improve feedstock recovery and processing operations. This investment will include a new Sasolburg plant to refine additional volumes of Secunda crude tar acids to compensate for the loss of Sasolburg feedstock once Sasol Infrachem converts to natural gas. The Houston operations will be upgraded to optimise production capabilities. The project will be completed in the first half of 2005.

African Amines

Leaner margins hamper African Amines

African Amines achieved targeted sales volumes, but a substantially lower operating profit. Margins on export turnover (35% of volumes) were constrained by the rand's appreciation. Ongoing efforts are progressing to lower operating costs and improve margins, while maintaining desired levels of product quality and customer service.

chief executive's review of operations

sasol oil was constrained by lower refining margins, but is advancing its entry into the retail market

***Glimpsing the shape of things to come** . . . A new Sasol retail convenience centre (RCC) with fuel refilling facilities and a convenience store. More than 140 RCCs have been acquired and leased to other oil companies. These will be converted to the Sasol brand during 2004.*

Sasol Oil and Gas financial highlights

		2003	2002	% change
Turnover	Rm	8 980	6 786	32
Operating profit before capital items	Rm	1 223	2 021	(39)
Capital items	Rm	85	(65)	
Operating profit	Rm	1 308	1 956	(33)
Contribution to group operating profit	%	11	13	
Operating margin	%	15	29	
Contribution to attributable earnings	Rm	987	1 423	(31)
Cash flow from operations	Rm	1 427	2 181	(35)

Sasol Oil production highlights*

	2003	2002°	% change
Crude oil processed (million kilolitres)	2,8	2,1	33
White product yield (% of raw material)	91,6	88,1	4
Total liquid fuel sales (million kilolitres)	8,6	7,9	9
Fuel and bitumen exports (million kilolitres)	0,16	0,16	—

*Based on the 63,6% share held by Sasol in the Natref crude oil refinery
°Includes the impact of the fire at the Natref refinery during June 2001

Sasol Oil and Gas

Sasol Oil and Gas achieved a 32% increase in turnover from R6 786 million (US$670 million) to R8 980 million (US$994 million). Operating profit, however, dropped 33% from R1 956 million (US$193 million) to R1 308 million (US$145 million), largely as a result of the losses arising from the extended Natref shutdown and unforeseen problems and delays experienced with the refinery expansion project.

Sasol Oil

- Turnover up by 36% to R7 476 million.
- Rand appreciation and lower refining margins reduce earnings.
- Natref refinery operating well after difficulties experienced with commissioning the expansion project.
- Sasol Oil to launch retail filling stations in 2004.
- Fuel Oils and Carbo-Tar perform well.

Refining margins and exchange rates constrain Sasol Oil In a challenging year characterised by higher crude oil and fuel prices, along with the rand's appreciation and lower dollar-based refining margins, Sasol Oil's performance was disappointing. Turnover increased by 36% from R5 515 million (US$544 million) to R7 476 million (US$828 million), including sales of Sasol Carbo-Tar. The stronger turnover results mainly from higher white-product volumes than those of the previous financial year when volumes dropped as a result of the Natref fire.

Operating profit declined by 49% from R1 524 million (US$150 million) to R773 million (US$86 million). The extended Natref shutdown had an adverse impact of about R200 million on operating profit, while unforeseen problems and delays experienced with the refinery expansion project resulted in a further loss of R200 million.

The introduction of the Basic Fuel Price mechanism in April 2003 in place of the in-bond landed cost (IBLC) pricing mechanism had minimal effect on earnings. Although the Natref refinery was operating at satisfactory refining rates at the beginning of the second half of the year, the exceptional performance levels achieved in prior years were only regained towards year-end.

Record Natref throughputs and yields The Natref 2000 expansion project to enable a 22% increase in refining capacity to 107 000 bbl/d was completed. Although problems were experienced with commissioning the expansion, together with a restart after a scheduled shutdown, the plant has since operated well and record throughputs have been achieved.

chief executive's review of operations

Natref benchmarks its refining operations against major Asian-Pacific refiners and continues to enhance performance. It exceeded its previous best white-product yields by more than one percentage point (1,3% of the total crude oil volume). Unintended downtime was reduced to 1%, which places it within the upper 20% of Asian-Pacific refiners. Energy efficiency improved by 1%, refinery losses reduced further and sulphur dioxide emissions dropped by 20% despite greater throughput.

Natref Clean Fuels Project is progressing
To complement the Sasol Synfuels Project Turbo initiative, Sasol Oil, Natref and Sasol Technology are advancing the Natref Clean Fuels Project to reconfigure the Natref fuel production and blending facilities for the 2006 fuel specification changes. This project, now well advanced in the review and conceptual stages, is aimed at meeting the more stringent legislation for the introduction of low-sulphur diesel and unleaded petrol as from January 2006.

Sasol's semi-synthetic jet fuel has already been approved by the American Society for Testing Methods (ASTM) and the Aviation Fuels Committee (a part of the United Kingdom's Ministry of Defence) for use in international aircraft. The ASTM is at present considering the approval of fully-synthetic jet fuel to the airline industry and our production facilities for this jet fuel are situated close to South Africa's major airport, Johannesburg International.

Exports marred by Zimbabwe crisis
Petrol and diesel export volumes decreased by 25% mainly because of a sharp decline in product demand in Zimbabwe.

Basic Fuel Price mechanism introduced
The new Basic Fuel Price (BFP) mechanism was implemented in April 2003 to supersede the IBLC formula following an agreement between the South African oil industry and the South African Government.

The BFP formula is based on international spot prices for fuel products and includes such costs as freight, demurrage, wharfage, storage, financing and insurance, and may result in lower or higher fuel prices relative to those based on the IBLC formula.

Proposed legislative changes *The South African Government's efforts to formalise its policy objectives through new legislation are welcomed as the regulatory environment of the South African liquid fuels industry needed to be overhauled. The Petroleum Pipelines Bill and the Petroleum Products Act Amendment Bill in their current form, however, could introduce concurrent and potentially conflicting jurisdiction between the various regulators, Government departments and the Competition Commission.*

Sasol made submissions, independently and in conjunction with the South African Petroleum Industry Association, to the Department of Minerals and Energy and the Parliamentary Portfolio Committee on Minerals and Energy to ensure that the industry's longer-term interests are considered comprehensively for the mutual benefit of all stakeholders.

Negotiations progressing for new agreements *The long-serving Main Supply and Blue Pump agreements between Sasol and other oil companies in South Africa expire on 31 December 2003, thereby paving the way for a new liquid fuels wholesaling and retailing dispensation for Sasol from 2004.*

We intend to conclude mutually beneficial new supply agreements with other oil companies for the bulk of the group's liquid fuels production. Negotiations are progressing.

Progressing towards direct retail fuel market entry *Our retail market share decreased by 1% to 4%. This decline results mainly from the further reduction in the number of Sasol-branded fuel pumps hosted at the forecourts of other oil companies' filling stations. These marketing constraints will cease once the Main Supply and Blue Pump agreements terminate.*

From January 2004 our full range of fuels will be marketed directly through new Sasol-branded retail convenience centres (RCCs) across South Africa. Our RCCs will all feature branded convenience stores and will be distinctive, efficient and convenient in order to better cater for the needs of motorists and consumers.

More than 140 RCCs have been acquired and leased to other oil companies to date. These facilities will be converted in phases to the Sasol brand from January 2004. Through our RCCs, we are confident of achieving a 10% share of the South African retail fuel market over the medium term. We plan to eventually grow our market share to about 15%.

Fuel Oils achieves vigorous performance
Fuel Oils increased turnover by 36% and operating profit by 45% on a 13% increase in sales volumes of industrial fuel oils and related products. We retain competitive advantage in this sector of the industrial and related energy markets because of a notably low sulphur content of our fuel oils and special distillate fuels.

Once the Main Supply Agreement expires, Fuel Oils will start wholesaling the group's low-sulphur, low-benzene illuminating paraffin. We expect to build up a substantial market share for our liquid paraffin over the next five years through innovative packaging, marketing and retailer support.

Carbo-Tar maintains pleasing turnover growth *Sasol Carbo-Tar increased turnover of specialised cokes, creosote and related carbon and tar products by 16% and volumes increased by 15%. This business has doubled turnover over the last three years and remains an appreciable contributor to earnings. It increased its full-order on-time delivery rate from 95% to 97% for customers in the Americas, Europe, Asia, Australia and South Africa.*

The rand's rally, however, impacted on export margins, which accounted for 52% of South African-manufactured black product volumes. Sasol Carbo-Tar's operating profit decreased by 18% before capital items.

New capital projects are progressing to source alternative feedstock for Sasol Carbo-Tar once Sasol Infrachem converts to natural gas. Additional feedstock will also be sourced from Sasol Synfuels' tar stream.

Tosas increases market share
Our bituminous-products joint venture with Total South Africa, Tosas and its affiliated companies in Southern Africa, increased market share by 2,1 percentage points in a market that was largely stagnant.

Insufficient engineering and contracting resources in South Africa led to various road building and rehabilitation contracts being cancelled or postponed, which mainly affected the value-added modified-binder business. On the upside, Tosas continued to maintain high product quality and customer service levels, resulting in Natref becoming the preferred bitumen supplier in the inland South African market.

chief executive's review of operations

sasol gas achieved record turnover and operating profit, and remains on track for the intake of natural gas

Promoting clean-burning gas . . .
A Sasol Gas employee testing a gas burner. Clean-burning pipeline gas marketed by Sasol Gas is becoming an energy source of choice for a growing number of industrial and commercial customers in the South African provinces of Gauteng, Mpumalanga and KwaZulu-Natal.

Sasol Gas

- **Operating profit up by 24% to R535 million, assisted by the once-off benefit of selling business rights to Spring Lights Gas.**
- **Sales volumes increased by 11%.**
- **Natural gas intake on schedule.**
- **First BEE joint venture completes first year of operation.**

Sasol Gas maintains buoyant growth
Sasol Gas maintained the positive trend of recent years by increasing sales volumes of pipeline gas by 11% from 43,8 million GJ to 48,7 million GJ. Turnover increased by 18% from R1 271 million to R1 504 million on the back of higher volumes and stronger prices. Operating profit rose by 24% from R432 million to R535 million.

The increase in operating profit includes an R84 million once-off benefit arising from the sale of business rights to Spring Lights Gas, our Durban-based black economic empowerment (BEE) gas-marketing joint venture.

Sasol Gas' overall pleasing performance reflects the increasing demand by our customers for pipeline gas as an efficient, reliable and clean energy source.

Pipeline gas sales volumes have increased by an average of 19% a year over the last five financial years. Once natural gas supply commences towards the end of the 2004 financial year, we shall be targeting further strong growth. Pipeline gas currently contributes less than 2% of South Africa's total energy requirements, but has the potential to meet an estimated 5% of future national energy needs.

Sasol Gas maintained a reliable supply record and achieved a 65% reduction in brief supply interruptions to customers compared with the previous financial year. On the expansion front, the new 46 km pipeline extension from Rosslyn to new customers at Babelegi, north of Pretoria, was completed in August 2002 and contributed appreciably to volume growth.

Preparing for natural gas era Preparation for the introduction of natural gas into our existing markets during 2004 is progressing well. More than 500 existing customers will be converted from hydrogen-rich gas, currently supplied from coal-based plants at Sasolburg, to natural gas from Mozambique.

Additional personnel are being appointed and new infrastructure is being added to manage the natural gas supply business, which will include the operation and maintenance of the cross-border pipeline from the Temane gas field in Mozambique to the delivery point at Secunda. International training was undertaken to equip employees for the supply, operation and marketing of natural gas.

Sasol Gas production highlights

	2003	2002	% change
SCI Sasolburg gas sold (MGJ)	28,0	27,0	4
Sasol Synfuels Secunda gas sold (MGJ)	20,8	16,8	24
Total	48,7	43,8	11

Note: Percentage changes are shown on a comparative volume basis for the 2002 and 2003 financial years.

chief executive's review of operations

the natural gas project is well advanced and has been executed in line with international guidelines

***Preparing for new gas era** . . . A turbine being installed at the Temane central processing facilities. Once completed in late-2003, these facilities will remove moisture and other unwanted constituents from natural gas before compressing the gas to facilitate its transmission by pipeline.*

Natural gas offers benefits to South African businesses *An increasing percentage of larger South African businesses, especially some of the more energy-intensive industrial companies, are converting to pipeline gas marketed and supplied by Sasol Gas because of such key benefits as:*

- *convenience and flexibility because gas supply is continuous, reliable and precludes investments in storage and handling systems; and*
- *environmental preference because waste-generation and unwanted atmospheric emissions are reduced compared with other energy sources.*

Natural Gas Project (NGP)

- *Project remains on schedule and within budget.*
- *Temane central processing facilities (CPF) nearing completion.*
- *Construction of 865 km cross-border pipeline passes the 80% completion mark.*
- *Compliance with internationally recognised best practice achieved.*

Mega natural gas project is on schedule *The project remains on schedule and within budget. The overall project execution to date, considering the project magnitude, logistical complexities and the remoteness of large tracts of the pipeline corridor, is commendable. The project comprises eight main developments:*

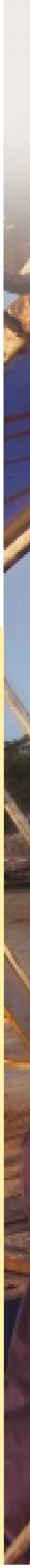
- *exploration in and around the Temane and Pande fields and the development of the gas extraction infrastructure;*
- *the central processing facilities at Temane to clean and dry gas;*
- *the cross-border transmission pipeline between Temane and Secunda;*
- *the connection of the pipeline into the Sasol Gas network at Secunda;*
- *the conversion of the Sasol Infrachem coal-based process at Sasolburg to use natural gas as its hydrocarbon feedstock;*
- *the conversion of the Gauteng gas network and customers to natural gas to replace the gas currently being derived from coal;*
- *the natural gas expansion at Secunda to enable an initial 3% increase in Sasol Synfuels' gas throughput; and*
- *the further development of third-party gas markets in South Africa.*

Providing a catalyst for growth *The NGP initiative will facilitate the group's longer-term growth in Southern Africa. Besides providing a potentially significant opportunity for Sasol Gas and downstream energy users, our commitment to beneficiating natural gas will enable our Secunda facilities to increase production.*

By financial year-end construction of the main cross-border distribution pipeline had passed the 70% mark. Construction passed the 80% completion mark at the end of August 2003. The construction of the pipeline to Secunda will be completed by December 2003. Commissioning will be followed by gas flow by mid-February 2004.

chief executive's review of operations

sasol petroleum international advanced the development of the temane gas field in mozambique



Drilling programme remains on track . . . *Members of a Sasol Petroleum International contractor team developing a new production well in Mozambique. Our programme to develop 11 interlinked production wells in the Temane gas field will be completed during February 2004.*

Upholding sustainability principles *The NGP is being executed to world-class engineering and construction standards and with due regard for social and environmental obligations. We also have a strong desire to complete construction according to internationally recognised principles of sustainable development. In this regard consideration is given to guidelines and principles of various organisations such as the World Bank and the World Health Organisation.*

So far, Sasol remains the sole investor in the transmission pipeline. Mozambique's state-owned Companhia Moçambicana Hidrocarbonetos (CMH) owns a 30% interest in the upstream gas field development. CMH has the option to acquire a 30% interest in the CPF, while the governments of Mozambique and South Africa have an option to acquire a combined 50% ownership of the pipeline. Neither government has yet exercised any of their abovementioned options to become an equity partner, but we remain eager that they do.

Sasol Petroleum International (SPI)

- ***Development of Mozambican gas fields well advanced.***
- ***Oil flowing from Gabon's offshore Etame field.***
- ***Exploration continues in Nigeria and Equatorial Guinea.***
- ***Exploration partner sought for block 3A/4A in South Africa.***

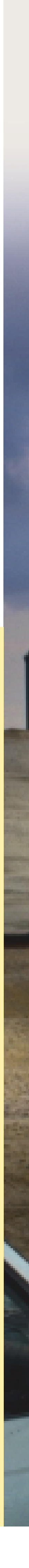
Preparing for production in Mozambique
It is currently estimated that Sasol has access to Mozambican gross gas reserves of about 3,2 trillion cubic feet (tcf), an oil equivalent of more than 500 million bbl. These reserves are expected to provide a steady stream of gas over 25 years on the basis of projected production and consumption rates. Sasol holds the Temane and Pande gas reserves under a petroleum production agreement with Empresa Nacional de Hidrocarbonetos de Moçambique (ENH), Mozambique's national oil company, and the Government of the Republic of Mozambique.

Sasol's Temane and Pande production and exploration rights cover an area of 16 540 km^2. The programme to develop 11 interlinked production wells in the Temane field commenced in April 2003 and will be completed during February 2004. The development of additional production wells in the neighbouring Pande field is likely to start during 2007.

In an effort to extend the projected lifespan of the Temane and Pande gas reserves and to provide gas for yet higher production rates, SPI continues to explore for additional reserves in the Temane and Pande region. SPI intends to have drilled at least another three exploration wells before December 2003 and to drill further exploration wells during 2004.

chief executive's review of operations

sasol synfuels international commenced construction in qatar of sasol's first gas-to-liquids plant



Advancing our GTL groundwork . . .
Earthworks progressing at Escravos in Nigeria, where Sasol Chevron is developing its first GTL plant. Once commissioned in 2007, the plant will enable the associated gas that accompanies crude oil production at Escravos to be beneficiated rather than flared.

Seeking an exploration partner for South Africa *Sasol remains active in Block 3A/4A off South Africa's west coast where SPI has a prospecting sublease agreement with the Petroleum Agency South Africa and the Ministry of Minerals and Energy. The agreement covers an area of 28 395 km² in shallow Atlantic waters up to a depth of about 300 m.*

The extensive data gathered from the three-dimensional seismic survey undertaken in November 2001 has since been evaluated and interpreted. We are currently seeking to form a joint-venture exploration partnership before committing to exploration drilling.

Gabonese activities yield first oil flows
The Etame oilfield in offshore Gabon came into production in September 2002. It has since maintained a steady production rate of about 15 000 bbl/d. SPI has a 27,8% shareholding in this field.

Immediately south of the Etame oilfield, initial seismic studies of the Dussafu block (formerly Phenix), have been completed. The primary seismic findings were promising enough to justify the signing of a production sharing agreement with the Government of Gabon in May 2003. SPI is the operator for the Dussafu venture and intends to complete an exploration drilling programme before June 2005.

Exploration continues in Equatorial Guinea and Nigeria *Further north in Nigerian waters, we are working in partnership with Chevron Nigeria in conducting deepwater exploration for oil and gas. Government ratification of our entry into Block 214 with ExxonMobil, Chevron Nigeria, Nigerian National Petroleum Company and ConocoPhillips is imminent and we expect drilling to commence before the end of 2003.*

SPI also holds a non-operating interest in three exploration licences offshore Equatorial Guinea.

Sasol Synfuels International (SSI)

- ***Construction of a GTL plant commences in Qatar.***
- ***Awarding of Nigerian GTL project engineering, procurement and construction (EPC) contract to be finalised in 2004.***
- ***Exploratory discussions progressing to develop GTL plants in other gas-rich regions.***
- ***Drive to lower future GTL capital and operating costs continues.***

chief executive's review of operations

Contract commences for first GTL plant
Sasol's ambitions to become a pioneer of new-generation GTL conversion technology in some of the world's gas-rich regions gained ground during the year at Ras Laffan, Qatar, in the Arabian Gulf. Through a joint venture with Qatar Petroleum (QP) (51%), SSI (49%) has commenced project work for the construction of the US$950 million ORYX GTL plant. In November 2002, QP and SSI jointly appointed 15 banks as lead arrangers to provide the US$700 million non-recourse debt financing for the venture.

The US$675 million lump-sum, turnkey EPC contract was awarded to the multinational, French-based engineering company, Technip-Coflexip, in December 2002. The EPC contract became effective in March 2003. Site work for the construction of the GTL plant will commence in October 2003 and the plant will be ready for start-up before the end of 2005.

Based on the current project schedule, commercial production and product marketing and distribution will be stepped up during the first quarter of 2006. A dedicated Sasol management team has been established in Qatar.

The Enhanced Gas Utilisation project at Ras Laffan will clean and supply gas from Qatar's reserves in the North Field in the Arabian Gulf. Qatar's North Field has an extensive amount of proven gas reserves (between 500 tcf and 750 tcf, or an oil equivalent of between 90 billion bbl and 135 billion bbl).

The option of expanding the ORYX GTL plant is under review and, additionally, Sasol Chevron, our joint venture with ChevronTexaco of the USA, is working with QP to assess the potential for developing a large-scale, upstream-integrated GTL plant at Ras Laffan.

Nigerian GTL venture approaching EPC award
Working in partnership with SSI, Sasol Technology, the Nigerian National Petroleum Corporation (NNPC) and Chevron Nigeria Limited (CNL), Sasol Chevron is pressing ahead with the full-scale design of the Escravos GTL (EGTL) plant to be built in the western Niger Delta region of Nigeria. This venture will be the first GTL project licensed by Sasol Chevron.

This plant will also have a design production capacity of 34 000 bbl/d. The EGTL project is a major gas initiative by the asset owners, the NNPC and CNL, and will beneficiate, rather than flare, the associated gas that accompanies crude oil production at Escravos.

The EGTL project has invited the same group of EPC contractors who bid for ORYX GTL to submit bids for the EGTL project. The EPC bidding process is progressing with a view to awarding the EPC contract in the second quarter of 2004 and commissioning the plant during the third quarter of 2007.

Sasol investigating Iranian opportunities
Iran's state-owned National Petrochemical Company (NPC) has expressed interest in developing a GTL plant incorporating the Sasol Slurry Phase Distillate (SPD™) process. Iran has extensive offshore gas fields in the Arabian Gulf, some of which could be beneficiated into ultra-clean GTL diesel. Sasol has held exploratory discussions with Iranian officials and we are conducting a preliminary feasibility study.

With prospects for further GTL plants looking promising, Sasol could be investing between US$5 billion and US$7 billion in new GTL ventures over the next 10 years.

sasol technology expanded its research facilities and continued to advance new technologies

Focusing on other gas-rich regions *SSI and Sasol Chevron continue to engage in exploratory discussions with government officials and other key role-players in some of the world's other gas-rich regions, including Australia, the Middle East, and Trinidad and Tobago in the Caribbean. For example, the north-west coast of Australia has extensive gas reserves, some of which could be monetised through the Sasol SPD™ process. Sasol Chevron continues to work with officials from the Commonwealth of Australia and the state of Western Australia in order to advance this opportunity.*

Striving to lower GTL costs *There are ongoing Sasol Technology development programmes in place aimed at developing smarter ways to reduce the capital and operating costs of GTL plants. These programmes include the optimisation of designs, the improved utilisation of reactor systems and the ongoing advancement of specialised base-metal Fischer-Tropsch catalysts.*

The combined factors of GTL diesel's superior characteristics and the prevailing market conditions in developed economies will enable GTL products to initially command premium prices for either niche applications or as a blend stock for upgrading off-specification products.

In keeping with Sasol's extensive experience in developing, operating and upgrading Fischer-Tropsch production units in recent decades, we aim to be the market leader in the emerging GTL industry. Sasol is committed to new investments in Fischer-Tropsch production capacity with the conviction that real operational experience remains the platform upon which to further improve our existing technologies and to develop those of the future.

Sasol Technology

- ***Drive to lower GTL capital and operating costs.***
- ***Expansion of R&D facilities is progressing.***
- ***Successes in advancing chemical portfolios.***
- ***Record number and value of projects under management.***

Modernisation of R&D facilities is progressing
The phased expansion and modernisation of the Sasolburg R&D facilities is progressing. The first two of three phases have been completed. A R24 million expansion of the R&D laboratories and offices was also completed as part of this investment. The R&D expansion and modernisation programme is being undertaken to:

- *enhance the infrastructure to enable the future installation of new pilot plants in order to expand operational efficiency and flexibility;*
- *allow the relocation, upgrading and full integration of existing pilot plants;*
- *install modern process control systems; and*
- *improve the information generated.*

This programme was initiated after completing a comprehensive exercise to benchmark the structure, equipment and performance of our R&D facilities against those of other international organisations. The enhanced facilities will create the opportunity to commercialise new and improved petrochemical processes more effectively.

A semi-works wax hydroprocessor was also commissioned and has been linked to our established 100 bbl/d Fischer-Tropsch demonstration unit. It will be used to demonstrate hydroprocessing catalyst performance and to produce, from mixed wax and light-hydrocarbon streams, a GTL diesel for fleet testing.

Catalyst research continues to advance
While its core R&D focus areas remain largely unchanged, Sasol Technology is enhancing its competencies in homogeneous catalyst research. The development of higher-performing homogeneous catalysts is integral to Sasol's ability to enhance its competitiveness.

In advancing new-generation, base-metal Fischer-Tropsch catalysts, we are confident that the most recent bench-scale laboratory tests have indicated sufficient success to justify scaling up our technology for pilot-plant trials over the next two years. We continue to advance the development of proprietary catalysts for our low- and high-temperature Fischer-Tropsch processes.

Fischer-Tropsch activities target cost reduction *The primary objectives in developing our next generation of GTL plants and catalysts are to lower capital and operating costs, and to optimise yields and selectivity, thereby advancing the competitiveness of our GTL technology at a time when global demand for cleaner fuels and affordable process technologies is increasing. The GTL programme covers process design, economy of scale, process integration and new-generation catalysts. The appointed teams are achieving excellent progress in their pursuit of ambitious targets.*

The Sasol R&D group at Twente in the Netherlands is working in the field of fundamental modelling as part of a wider effort to develop the next generation of low-temperature Fischer-Tropsch Slurry Phase reactors for use in the integrated, three-step Sasol SPD™ process. The R&D progress at Twente University over the last two years has been sufficient to justify pilot-testing new process concepts at Sasolburg.

chief executive's review of operations

Strengthening our research mettle . . .
The expansion and modernisation of the Sasolburg research and development facilities include the installation of new pilot plants, the relocation and reintegration of older pilot plants and the upgrading of process control technology.

The start of the ORYX GTL project in Qatar towards the end of 2002 has, we believe, reaffirmed Sasol's status as a world leader in designing and developing efficient and economically viable GTL plants.

Attention turning to GTL chemical opportunities *With the new era of commercial GTL diesel and naphtha production now dawning, Sasol Technology is turning its attention to a few potentially exciting chemical expansion opportunities based on GTL plants.*

The fuel products of our GTL plants can also be diverted towards the production of chemicals. As was the case with chemical production at Secunda, unique beneficiation technologies are being developed.

Beneficiation drive maintains impetus
Sasol Technology's R&D and Process Innovation groups continue to focus on opportunities to expand chemicals production, as well as the flexibility of future feedstock beneficiation. The focus on flexibility includes studies into alternate processes for liberating feedstocks and beneficiating these into chemicals to enable further growth of key chemical portfolios.

Ongoing studies include those dedicated to the commercial viability of exploiting metathesis and other processes to convert odd-number alpha olefins (such as 1-pentene and 1-heptene) into even-numbered counterparts (such as 1-hexene and 1-octene), which are in far greater demand. Sasol Technology is also focused on improving hydroformylation as an alternative process for producing speciality alcohols from olefins.

Sasol Technology has been successful in further increasing the purities of hexene and octene comonomers to enable their optimal application with new-generation polyolefin catalyst systems.

Engineering is at an advanced stage for an enhanced process for recovering and purifying further tranches of 1-octene from the post-Synthol alpha olefin streams at Secunda. Based on this improved process, Sasol is constructing the second octene train at Secunda. This train will also have a capacity of 48 000 tpa.

Technology conceptual packages for a second train at Secunda to produce additional volumes of higher-carbon alcohols from alpha olefins are under development. Growth in market demand for our existing production of these alcohols will determine the timing for developing another train.

In terms of Sasol's mature coal-to-liquids conversion process, Sasol Technology is advancing research aimed at optimising the group's gasification process. This process will remain fundamental to the Secunda operations

chief executive's review of operations

after next year's introduction of Mozambican natural gas. Ongoing test-gasifier research indicates that Sasol can achieve better coal-to-raw gas conversion rates.

Advancing fuels of the future As a result of the stricter new petrol and diesel specifications to be introduced in South Africa as from January 2006, Sasol Technology is partnering with Sasol Synfuels (Project Turbo) and with Sasol Oil and Natref (Natref Clean Fuels Project) to establish the most commercially and technologically appropriate solutions for our future production of liquid fuels in South Africa.

Sasol Technology is helping Sasol Synfuels to exploit its unique process flowsheet so as to develop an optimal, new fuels processing solution. The intention is also to undertake most of the work required to meet the yet stricter fuel specifications the South African Government envisages legislating for 2010. The project will necessitate multiple refinery unit changes, as well as some new refinery units and the installation of a selective catalytic cracker to upgrade low-octane feedstreams to produce additional tranches of ethylene, propylene and high-octane fuel components.

Renewable and alternative fuels are fast becoming important for future competitive strategies. Sasol Technology is therefore investigating biodiesel and fuel cells. For example, we are experimenting with the formulation and performance of biodiesels derived from soya beans and select Sasol chemical feedstocks. We are confident that Sasol can produce high-quality biodiesels based on renewable resources for potential use as a future fuel blend stock.

Project scope reaches new heights
The Engineering & Project Management group continues to fulfil a vital role in planning, managing and commissioning a complex array of new petrochemical plants, along with other projects aimed at expanding production capacities and enhancing plant efficiency and reliability. It is also active in progressing the Natural Gas Project and the Qatari and Nigerian GTL plants. About 150 capital projects with a record value of about R60 billion (US$8 billion) are in various stages of execution.

Corporate issues

Primary growth drivers

Growth strategy remains sound
In recent years we have developed effective corporate and business-specific strategic planning and review processes. These processes remain under close scrutiny to ascertain their ongoing effectiveness and to ensure we retain our focus on pursuing business opportunities in a vigorous, entrepreneurial manner with due regard for sound governance principles.

During the year we maintained the impetus of our four primary growth drivers of:

- growing our chemicals portfolio;
- optimising the performance of our existing businesses;
- exploiting upstream hydrocarbon opportunities; and
- commercialising and expanding our GTL conversion technology.

These growth drivers continue to form a robust strategic framework for generating sustainable shareholder value.

our growth drivers form a robust framework for generating sustainable shareholder value

Chemical expansion impetus maintained

In future, our chemicals growth driver will be pursued with the primary focus on:

- *leveraging new chemical growth opportunities from our Fischer-Tropsch processes; and*
- *securing integrated positions with highly cost-competitive feedstocks.*

The likelihood of Sasol undertaking large chemical acquisitions in the foreseeable future is therefore low.

The new Sasol Olefins & Surfactants C_{12}–C_{15} alcohols plant commissioned at Secunda during the previous financial year is performing to expectation and producing high-quality product for our international customers. This investment enables us to beneficiate some of our higher alpha olefins at Secunda and to widen our already diverse spectrum of speciality alcohols.

Sasol Olefins & Surfactants is progressing with a project to develop our second train at Secunda for the recovery and production of additional volumes of 1-octene comonomer. The additional octene volumes will be for dedicated supply under a long-term sales agreement to various Dow Chemical Company polyethylene plants around the world.

The second octene train will double octene production to about 96 000 tpa by December 2004. This investment will also enable Sasol Olefins & Surfactants to further purify the octene currently being produced in the first train in order to meet the higher technical demands of Dow's new-generation catalysts.

Sasol Polymers is advancing with a series of exciting expansion projects that will enable it to increase its annual polymer production by about 80% over five years (from the 2002 to the 2007 financial years). Recent investments into an upstream cracker and a downstream polyethylene plant at Kertih in Malaysia are operational and are expected to start contributing to profit in the year ahead.

Through a new 50:50 joint-venture investment with the National Petrochemical Company of Iran, Sasol Polymers Germany is co-developing an integrated, world-scale ethylene and polyethylene production facility at Assaluyeh on the Arabian Gulf. Major projects to expand Sasol Polymers' production of polyethylene and polypropylene in South Africa will also be undertaken over the next few years as a result of our exciting and lucrative increases in feedstocks enabled by Project Turbo.

Sasol Solvents continues to grow appreciably on the strength of focused new investments into higher-value solvents. The division's butanol plant was commissioned successfully at Sasolburg during the year and is producing high-quality n-butanol and iso-butanol for a growing base of international customers.

Sasol Solvents' investment into a world-scale complex at Sasolburg for the production of acrylic acid, glacial acrylic acid, ethyl acrylate and butyl acrylate is advancing to schedule and should be completed in early 2004. Most of the acrylic acid and acrylates will be exported to international customers. As with the butanol plant, this new Sasolburg chemical complex will incorporate technology licensed from Mitsubishi Chemical Corporation of Japan.

Going forward, the primary focus will be on the growth-orientated production and marketing of higher-margin performance chemicals with the attainment of higher levels of integration being a key criterion.

Business optimisation yields additional fruits

We continue to invest in various initiatives worldwide to optimise the performance of our businesses. The year's more significant optimisation highlights include:

- *the construction of the fifteenth Sasol Synfuels air-separation unit at Secunda;*
- *the completion of the Natref refinery expansion at Sasolburg;*
- *the ongoing business renewal within Sasol Mining;*
- *the expansion of the Sasol Gas pipeline network;*
- *progress in establishing Sasol Oil's new network of retail filling stations;*
- *the completion of several chemical plant optimisation and expansion projects, including the formation of Sasol Nitro;*
- *the further rollout of SAP enterprise management and complementary business information systems throughout our global operations, as well as advanced process control systems at Secunda; and*
- *the additional cost reductions emanating from our enhanced procurement systems.*

Most of our businesses were again able to record performance gains in key business areas. Examples of improved business performance include:

- *improved delivery of products and services to customers;*
- *advances in plant reliability and efficiency;*
- *enhanced maintenance and lower unplanned downtime at mines and plants;*
- *enhanced utilisation of business information systems;*

chief executive's review of operations

- improved eco-efficiency; and
- the attainment of international standards and best practice in such fields as exploration, mining, engineering, project management, quality assurance and in safety, health and environmental management.

The initiative to amalgamate the three previously disparate chemical divisions involved in our nitrogen value chain, Sasol Ammonia, Sasol Agri (fertiliser and phosphates) and Sasol Explosives, was completed during the year in order to maximise cross-business linkages between them. This business integration has also enabled Sasol Nitro to optimise some of the production facilities within the nitrogen value chain and to establish cost savings through the greater utilisation of shared services.

Upstream portfolio set to gain critical mass
Our US$1,2 billion project to develop Mozambique's Temane and Pande gas fields and to deliver natural gas to our customers and our main petrochemical plants in South Africa is progressing to schedule. Once our upstream hydrocarbon E&P business, SPI, commences full-scale gas production during the first quarter of 2004, it will herald a new era for Sasol in the field of gas production.

The strength of our South African synfuels and chemical operations is partly attributable to our sustained ability to back-integrate into cost-competitive hydrocarbon feedstocks. We are therefore seeking new back-integration opportunities outside of South Africa, especially in the light of our emerging GTL conversion technology.

To this end, SPI is currently investigating opportunities in partnership with SSI to become an offshore gas producer in the gas-rich Arabian Gulf where we are investing in our first GTL plant. SPI and SSI are also exploring collaborative integration opportunities in other gas-rich regions.

International GTL era has dawned We have made a series of announcements over the last eight years about our longer-term intention to commercialise our unique GTL technology based on the integrated, three-step Sasol SPD™ process through the construction of several GTL plants in gas-rich regions.

The year under review became a major turning point for Sasol when we awarded our first EPC contract for an international GTL plant. A lump-sum, turnkey EPC contract was awarded to Technip-Coflexip for a 34 000 bbl/d GTL plant at Ras Laffan in Qatar. This plant is a 51:49 joint venture between Qatar Petroleum and SSI. It should be ready for beneficial operation during the first quarter of 2006.

Work on our second GTL plant is also progressing and our Sasol Chevron joint venture with ChevronTexaco of the USA is advancing the commercial development of the Escravos GTL (EGTL) plant to be built in the Niger Delta region of Nigeria. It is currently expected that the EPC

sasol is seeking international back-integration opportunities based on the beneficiation of natural gas

contract for the EGTL project will be finalised before the close of the 2004 financial year. Other potential GTL projects are under review, one of which could include a second and significantly larger GTL plant in Qatar.

In support of our Qatari, Nigerian and other potential GTL investments, it is pleasing to report that Sasol Technology continues to advance our second-generation GTL technology, including our proprietary low-temperature Fischer-Tropsch Slurry Phase reactor and cobalt catalysts. The underlying objective is to lower capital and operating costs and to increase plant efficiencies and yields.

Sociopolitical and regulatory issues

Advancing our position to meet BEE targets

South Africa's macro sociopolitical and economic dispensations over the past decade have witnessed unprecedented levels of change and, in some instances, far-reaching transformation. In the wake of the country's long-sought process of political transformation initiated during the first half of the 1990s, the South African Government, organised business, trade unions and other stakeholders have worked to ensure that the benefits of sociopolitical transformation extend into the mainstream of the national economy.

The Government is especially keen to facilitate the participation of people from historically disadvantaged groups in the mainstream South African economy, with a special emphasis on advancing BEE. We support the South African Government's broad objectives to encourage the long-overdue participation of previously marginalised people in the mainstream economy.

Among other initiatives, the State has drafted several sector-specific charters aimed at facilitating the participation of BEE individuals and companies.

In terms of South Africa's Liquid Fuels Charter, to which Sasol is a signatory, we presented our charter-specific plan to a dedicated parliamentary portfolio committee of the South African Parliament at Cape Town during the year. Our plan outlined our commitment to include a 25% BEE shareholding in our South African liquid fuels business before 2010.

Our defined liquid fuels business in South Africa encompasses the fuel marketing, distribution and retailing interests of Sasol Oil, our shareholding in the Natref oil refinery at Sasolburg, and the tank farm and fuel blending units of Sasol Synfuels at Secunda.

The process to identify suitable BEE shareholders is well advanced and can be accelerated from January 2004 after the expiry of the Main Supply Agreement and the concomitant Blue Pump Agreement between Sasol and other oil companies in South Africa. A team of specialist financial advisors drawn from Investec and Nkonki Sizwe Ntsaluba is helping Sasol to evolve our BEE process in terms of the Liquid Fuels Charter.

The South African Government is keen to increase the participation of BEE shareholders in the mining industry. While Sasol is not a signatory to the country's Mining Charter, we are obliged in accordance with the new Mineral and Petroleum Resources Act to introduce a minimum 15% BEE shareholding into our South African coal-mining operations by 2008. This BEE shareholding could be increased on a willing-buyer, willing-seller basis to 26% by 2013.

Discussions with prospective BEE mining partners will be initiated. We are confident that the required objectives will be met. In particular, we are especially keen to conclude a BEE transaction in a manner that will protect the interests of all parties involved.

Project Turbo clean-fuels initiative

Plans to meet future specifications

The international trend towards developing and marketing cleaner liquid hydrocarbon fuels is a welcome development for the sustainability of our planet. In the case of Sasol and other South African liquid fuel producers, however, this pro-environmental advance will require major capital expenditure.

chief executive's review of operations

It is anticipated that the South African Government, in line with new international environmental trends, will introduce in January 2006 stricter new legislation in order to terminate the production and sale of both leaded petrol and higher-sulphur diesel. The Government is also expected to promulgate further legislation aimed specifically at reducing the levels of benzene and aromatics in petrol after 2006.

Sasol will have to invest an estimated R7 billion to modify Sasol Synfuels' liquid fuel refining and blending operations and to establish additional new plant aimed at increasing the octane rating of our synthetic petrol. The major Project Turbo expenditure, revolving primarily around an estimated investment of R5,5 billion to install a selective catalytic cracker, will have to be incurred over the next three financial years. Unlike our other major capital investment projects undertaken in recent years, this one does not meet the required returns, in excess of WACC, for the group and our shareholders.

On the upside, however, the new selective catalytic cracker will generate additional large quantities of monomer feedstock (ethylene and propylene). This will enable lucrative expansion opportunities for the production and international marketing of polyethylene and polypropylene by Sasol Polymers. These envisaged monomer and polymer expansions, costing about R6 billion, will yield high returns after 2006 and will counter the impact of the investments undertaken for Sasol Synfuels.

Fortunately, due to the unique characteristics of our synthetic fuels technology, our ultra-low-sulphur synthetic diesel already meets the more stringent 2006 specifications for the sulphur content of diesel (to be lowered in South Africa from 3 000 ppm to 500 ppm).

Investment issues

Gearing limit raised to facilitate growth

In past years the group relied primarily, if not exclusively, on cash flow to fund major expansion projects. Sasol, however, reached that juncture in 2000 when its focused growth ambitions could no longer be funded solely or primarily from cash flow. Accordingly, Sasol became geared and its gearing range was increased gradually to a limit of 40%.

During the year the Sasol board of directors approved an increase in the group's gearing limit to 50%. Our gearing is defined as net debt as a percentage of shareholders' equity, which was 33% at financial year-end. This increase of 10 percentage points was proposed and accepted after conducting substantial research into the gearing levels of peer and associated companies in Europe, the USA and South Africa. We are confident that gearing of up to 50% will not unduly stress the Sasol balance sheet or our ability to service our debts.

Our forecasts indicate that our interest cover into the future is comfortable and is also well above what is customarily expected from a company with a BBB international investment grading for its credit rating.

Through our internationally focused Sasol Financing operations, therefore, we continue to procure and manage funds for our growth in the most cost-effective and geographically appropriate fashion. Some major projects are reliant on project-based financing, most of which is sourced from European and US financial institutions.

our higher gearing limit of 50% will not unduly stress the balance sheet or our ability to service debt

Reputation

Stakeholders welcome new image *The new Sasol brand and positioning statement unveiled in September 2001 have been implemented worldwide. Our new identity has been positively accepted by external stakeholders, as well as by employees, and it augurs well for our more intrinsic commitment to build a stronger global reputation and sound relationships with stakeholders.*

Our new Sasol brand is an external manifestation of our shared company values, which were also launched in September 2001. Among other key attributes our enhanced branding is intended to portray Sasol as a company that is dynamic, innovative, ambitious, reliable, dedicated and inspiring. Recent market research undertaken has confirmed that our corporate advertising campaigns run since the launch of our new branding have contributed significantly to Sasol's profile being elevated.

Sustainability complements our vision and values *In line with our vision and company values, Sasol remains committed to the philosophy and process of sustainable development so that we can continue to pursue dynamic growth with due sensitivity and respect for the greater needs of the communities and natural environments in which we operate. Integral to this commitment, we published during the year our second fully fledged corporate sustainable development report, Share It with Sasol, which featured yet higher levels of disclosure and transparency.*

To reinforce our commitment, we have opted this year to publish a separate executive review in our annual report on our commitment to sustainable development under the title of Living our values *(see page 54)**. This review is intended to summarise some of our achievements and objectives, as well as our shortfalls, in such fields as human capital development, social investment, economic empowerment, and safety, health and environmental management.*

Conclusion

Prospects

Higher earnings unlikely, but improvements will be sustained *While signs of an improvement in global economic conditions are emerging, it is apparent that caution prevails and that an improvement will be minimal should it materialise.*

The rand remains Sasol's principal reporting currency, while most of the group's sales are either US dollar- or euro-denominated or linked. As a result, the persistent strength of the rand, particularly against the US dollar, is likely to have an adverse effect on financial performance in the year ahead relative to the previous reporting period.

Notwithstanding persisting high oil prices, it is also forecast that average oil prices during the new financial year will probably be lower than in the past year. While this should benefit chemical margins, it will be detrimental to the group's overall financial performance.

As a result, it may be difficult in the year ahead to match the earnings of the past year, although heightened emphasis is being placed on lowering costs, improving productivity and efficiency, and rationalising or disposing of businesses that are no longer strategically compatible or not expected to meet our stringent performance expectations on a sustainable basis.

Looking ahead, our next exciting growth phase will be spearheaded by the rollout of our trendsetting GTL ventures and supported by both the harvesting of returns from our new chemical investments and continuing major contributions from our synthetic fuels and mining businesses. Subject to no major disruptions in world petrochemical and financial markets, and on the basis of assumptions made relating notably to currencies and oil prices, we anticipate meeting our growth objectives of increasing US dollar earnings by 10% a year on a five-year moving average basis.

Acknowledgements

Appreciation for valued support
In demanding times, I believe that Sasol has responded in an inspirational and dynamic manner to our manifold tasks and challenges. I therefore thank all our valued employees worldwide for their continuing hard work, dedication and innovation. I also thank all our valued customers, suppliers, business associates and government colleagues around the globe for their ongoing support and goodwill.

We look forward to strengthening our partnerships in the year ahead.

Pieter Cox
Deputy chairman and chief executive

sustainable development

living our values

Balancing the triple bottom line

Around the globe, the people of Sasol share five core values as a basis for achieving sustainability in all spheres of our business operations. These values embrace the group's economic, social and environmental objectives, the three key pillars of sustainability. Our values emphasise:

- *customer focus;*
- *winning with people;*
- *excellence in all we do;*
- *continuous improvement; and*
- *integrity.*

The new Sasol brand, launched in September 2001, is the external expression of these values, which encapsulate what we as a company endeavour to be: dynamic, ambitious, innovative, reliable, inspiring and dedicated.

In striving as a diverse global family of employees to personify our values, we at Sasol are acutely aware of the influences and impacts our operations, products, services and people have on society, the economy and the natural environment.

Building on the Responsible Care platform

To strengthen our commitment as a Responsible Care signatory, we have embraced the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). We have undertaken a series of further steps to underscore our commitment to a sustainable future based on sound corporate governance principles:

- *In 2001 we refined our global safety, health and environmental (SH&E) policy; we conducted our first SH&E corporate governance audits; and we signed the United Nations' Global Compact.*
- *In 2002 we participated in the World Summit on Sustainable Development; and we converted most of the Sasol petrol pumps to dispense unleaded petrol only in the form of Sasol DualFuel™.*
- *In 2003 we broadened and improved our corporate governance audits throughout the group; and we published our most recent sustainable development report, Share It with Sasol.*

Such commitments reflect a new wisdom that has percolated into the daily activities of all Sasol operations and, we believe, has inspired our employees worldwide. As a petrochemical company committed to growth and excellence, our ongoing success can no longer be judged on the basis of economic vitality alone. The measure of our success must also integrate our commitment to social equity and upliftment, and safety, health and environmental custodianship and integrity.

Reporting with greater transparency

Our application of the GRI Sustainability Reporting Guidelines has increased since

Sasol's performance SAM Dow-Jones sustainability index (2002)

2000. Our commitment is reflected in our most recent sustainable development report, Share It with Sasol. Scores of external stakeholders, including environmentalists, have commended our transparent and forthright approach.

We strongly recommend that investors and other stakeholders read this report, either through our corporate website or in its printed form. The report is available in electronic format or can be downloaded from our website, www.sasol.com. Printed copies are available from the Sasol SH&E Centre or Sasol group communication and brand management in Johannesburg.

We participate in the international SAM Dow Jones Sustainability Index (DJSI). Sasol was rated in the top quartile in its sector in the most recent DJSI survey (2002). Inspired by our rating in this important index, we are committed to pursuing further new sustainable development initiatives that will improve our DJSI ratings in the future.

Increasing focus on fuels for the future

We are also advancing programmes aimed at securing our future in a changing global dispensation for the development, marketing and use of environmentally preferred liquid transportation fuels and other forms of new-generation energy.

Our most significant contribution in developing future fuels is our ongoing refinement of the integrated, three-step Sasol Slurry Phase Distillate (SPD™) process for converting natural gas into virtually sulphur-free, and low-aromatics synthetic diesel. Key aspects of our drive to commercialise the Sasol SPD™ process are highlighted in the Sasol Synfuels International and Sasol Technology reviews on pages 42 and 45, respectively.

Sasol Technology and Sasol Oil are also collaborating with South African and international research organisations in developing biodiesels and opportunities for clean fuels based on the use of fuel-cell technology. We are collaborating in these fields with the conviction that Sasol has a future role to fulfil in developing cleaner, sustainable energy forms for our customers. In addition, Sasol Technology has been experimenting successfully with the use of renewable biomass for coal gasifiers through a test gasifier at Sasolburg.

Economic contribution and empowerment

Creating sustainable economic wealth

While Sasol will continue to pursue opportunities to expand its global business footprint, the group remains patriotically South African and retains its primary stock exchange listing and corporate domicilium in South Africa.

Through the Natural Gas Project, we have begun to make a valuable contribution to the economy of Mozambique and will contribute to the economy of Nigeria once the Escravos GTL plant goes into production in 2007. The ORYX GTL project currently under development in Qatar will enable us to make a similar contribution to the economy of that country. We are also making growing contributions to the economies of the USA, Germany, the Netherlands, the United Kingdom, Italy, China, Malaysia and other countries.

With the majority of our assets, employees and value-adding activities centred in South Africa (mostly at Sasolburg and Secunda), we remain a significant contributor to South Africa's socioeconomic development. Through our diverse economic activities, the South African economy benefits substantially in that we:

- provide direct and indirect employment for about 170 000 people, about 2% of the formal employment sector;
- contribute, directly and indirectly, almost R40 billion or 4% to national gross domestic product, of which R20 billion is direct;
- save the country more than R29 billion a year in foreign exchange;
- supply 40% of the country's liquid fuel requirements (29% from coal and 11% from crude oil);
- produce 23% of the country's saleable coal;
- contribute 13% and 12%, respectively, to the gross geographic product of the Free State and Mpumalanga provinces;
- contribute about R6 billion annually to the South African Government in taxes and levies; and
- are South Africa's largest single industrial investor.

During our 2003 financial year Sasol created value of R25 billion (US$3 billion), of which our South African and international operations contributed 78% and 22%, respectively.

sustainable development

The transformation of the South African economy *The South African economy has been undergoing a process of gradual transformation over the last decade as part of a wider State-led initiative to promote democracy, equity and opportunity. Key to South Africa's economic growth, transformation and diversification are the wide-ranging initiatives aimed at facilitating the entry into the mainstream economy of historically disadvantaged groups, hence the emphasis on promoting black economic empowerment (BEE).*

We at Sasol support the advancement of BEE and, in terms of our evolving corporate governance structures, the group executive committee, which reports directly to the Sasol Limited board of directors, has formed a BEE steering committee to oversee our BEE programmes. We have also established the Sasol BEE Co-ordination Office to support the steering committee.

BEE commitment unlocks new ventures
Our commitment to advancing BEE gained momentum in February 1997 when we co-founded Exel Petroleum. Historically disadvantaged groups currently hold 67,5% of Exel's shares, while Exel staff hold 10% and Sasol the remaining 22,5%. The empowerment company operates 180 service stations and, by 30 June 2003, had captured 4% and 7% of the South African petrol and diesel retail and commercial markets, respectively.

Integral to the NGP, we formed a pipeline company in which the governments of South Africa and Mozambique have the option to hold a joint 50% stake. The agreements also provide for both governments to include the beneficial participation of South African BEE groups and Mozambican privatisation companies in line with each country's ongoing economic reforms.

To advance its role as a BEE facilitator, Sasol Gas formed a new joint-venture company towards the end of the previous financial year to market pipeline gas in the Durban South area of KwaZulu-Natal. A BEE company, Coal Energy and Power Resources, holds 51% of the shares and Sasol Gas Holdings the balance. The new company, Spring Lights Gas, commenced operations in July 2002.

In 2002 Sasol Gas also signed a memorandum of understanding with another BEE company, Umkhumbe We Afrika, for the potential development of natural gas distribution and marketing in the Nelspruit region of Mpumalanga after the introduction of natural gas to South Africa during 2004. In another fuel-related initiative, Sasol Oil signed a memorandum of understanding with BEE company, Mvume, to assist it in developing a sustainable business based on trading crude oil, condensates and white petroleum products.

Through our downstream plastic-pipe manufacturing joint venture with Group Five, DPI Plastics, we co-founded a new BEE engineering merchant company, Incledon-DPI. This empowerment business began trading in February 2003. It is 74%-owned by Incledon, a BEE company, and specialises in supplying project piping to customers in the civil, mining, engineering, industrial, municipal and agricultural sectors. Incledon-DPI is expected to generate annual sales of about R400 million.

Through Sasol Technology, we are advancing our downstream chemical industry development initiative. To date we have helped to establish 15 new chemical businesses employing about 350 people. Six of these enterprises have a BEE component. The latest new company to emerge through this initiative is a BEE enterprise at Giyani in Limpopo province dedicated to the cultivation of geraniums for the extraction of essential oils. This new venture will create at least 30 full-time jobs.

Economic equity progresses further *During the year we also increased our percentage-based procurement spend with BEE suppliers by 33%. Our allocation in South Africa of the total group*

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our social investment includes a strong commitment to skills training and economic empowerment

controllable expenditure to BEE suppliers rose from about R550 million to R641 million, which accounts for about 8% of controllable spend.

These percentages should be viewed in the context of the substantial imported and international components of the group's total purchases. We are targeting to further increase our procurement spend with BEE suppliers in the year ahead.

Corporate social investment

Empowering disadvantaged communities
We continue to empower the communities in which we operate through ongoing corporate social investment programmes. During the year we provided almost R80 million for community upliftment, mostly in the Sasolburg and Secunda communities and in central Mozambique where we are developing the NGP.

Our Southern African social investment programmes are complemented by smaller, though beneficial, social upliftment projects in other regions, including the USA and Europe.

In line with Sasol's current geographic spread, its South African corporate domicilium and the fact that Southern Africa is in dire need of ongoing effective private sector and public sector initiatives aimed at promoting and advancing a broad spectrum of socioeconomic development programmes, we shall continue to concentrate most of our foreseeable corporate social investment programmes in South Africa and Mozambique.

Most of Sasol's social investment is channelled into five areas:
- *education and training;*
- *job creation and capacity building;*
- *arts and culture;*
- *health and welfare; and*
- *nature conservation and the environment.*

Strong commitment to education
We maintained our vigorous support for the award-winning community educational resources centres of Boitjhorisong at Sasolburg and Osizweni near Secunda. These two successful resource centres provide a variety of educational programmes and related skills development interventions to almost 103 500 teachers and learners a year, directly and indirectly.

Our focus on advancing education includes our ongoing support for Sasol SciFest (the National Festival of Science and Technology) at Grahamstown in the Eastern Cape province and the complementary Sasol Techno X science and technology exhibition at Sasolburg. The two exhibitions attract an estimated 150 000 visitors a year.

Other educational projects supported by us included:
- *a R400 000 donation towards the construction of the Refentse Primary School at Phalaborwa in Limpopo province;*
- *the University of Cape Town's Sports Science Institute;*
- *the publication of revised editions of the Sasol Science and Technology Resource publications for use in schools;*
- *bird guide training; and*
- *continued support of the Sasol Centre for Innovative Environmental Management (SCIEM) at the University of the Witwatersrand in Johannesburg.*

Job-creation drive gathers energy *Our biggest commitment of the year to creating job opportunities and building capacity in communities was our undertaking, through Sasol Oil, to grant R15 million towards the development of integrated energy centres (IeCs) in underresourced rural areas of South Africa.*

Many thousands of people in these areas have little or no access to energy sources other than firewood and small amounts of illuminating paraffin and bottled gas. The IeCs will increase access to, and knowledge of, energy in underresourced communities. It is currently envisaged that an initial 10 IeCs will be developed and implemented as part of the South African Government's Integrated Sustainable Rural Development Plan (ISRDP).

We made a further R4 million grant to The Business Trust as part of Sasol's five-year, R20 million commitment to help this initiative of the South African business sector to advance the creation of new job opportunities in the national economy.

We also formed the Sasol Group BEE Trust Fund, which will be used to help to establish new South African BEE ventures. Through Sasol Infrachem and Natref, we donated a further R2,5 million to fund specialised skills training courses for unemployed people in the Sasolburg area.

Arts support maintains a high note
We continue to sponsor the Pretoria-based Ochrim School of Music that caters for aspiring young musicians from historically disadvantaged communities. In an associated new commitment, we commenced sponsorship of the Black Tie Ensemble, a community-based initiative aimed at developing and training classical singers from historically disadvantaged groups. We donated R500 000 towards the rejuvenation of the Etienne Rousseau Theatre at Sasolburg in addition to providing our annual theatre grants.

We also sponsored and supported the 2002 Sasolburg WAM! (Wax, Arts and Music) Festival, the 18th Sasol Sowetan Annual National Choral Festival, the Sasol ProMusica Orchestra, South Africa's National Youth Orchestra and the Sasol Schools Festival, as well as the visual arts category of the Klein Karoo Nasionale Kunstefees at Oudtshoorn and the music category of the Aardklop Kunstefees at Potchefstroom.

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***Getting to grips with science** . . . High school learners performing chemistry experiments in a science laboratory at Boitjhorisong, Sasolburg. Our sponsorship of science and technology education in South Africa includes our support for the Sasol SciFest and Sasol Techno X exhibitions.*

Health programmes prioritise Aids pandemic
Our ongoing support for community health and welfare programmes is focused primarily on sponsoring HIV/Aids education and support programmes, including the Centre for the Study of HIV/Aids at the University of Pretoria, the South African Business Coalition on HIV/Aids and the home-based care-giving programme of the South African National Council for Child Welfare for Aids orphans and people living with Aids.

Community conservation work kept aloft
We remain an enthusiastic sponsor of educational publications and related media on flora and fauna, including the popular Sasol First Field Guide series, birdcall recordings and the new internet-based online birding guide for BirdLife South Africa. We continue to sponsor community birdwatching and environmental education facilities, and, through the ongoing and successful Sasol Schools Cleanup Project at Sasolburg and Secunda, we promote the value of living in a clean and healthy environment.

We also provided sponsorships and donations to the Sasolburg Environmental Week, the Endangered Wildlife Trust, the Sasol Vulture Monitoring Project, the De Wildt Wild Dog Breeding Project and the Sasol Sensory Trail for disabled people at Johannesburg's Delta Environmental Centre, as well as the development of a real-time database for monitoring air pollution in South Africa's Eastern Highveld.

Sasolburg rejuvenation begins in earnest
Founded more than 50 years ago, Sasolburg has reached a point in its history where urban rejuvenation has become necessary, especially if we at Sasol are to continue attracting high-calibre employees to this town. We have granted R7,5 million towards the funding of a series of urban upliftment, beautification and development projects.

Making life easier for minibus-taxi commuters
Through Sasol Oil, we have been actively involved since 1990 in helping to finance, design, construct and maintain community taxi ranks for the benefit of thousands of commuters who routinely use urban minibus taxis. We have invested about R48 million over the last 13 years to develop and maintain 148 taxi ranks.

Achieving goals on and off the soccer field
In 1993, again through Sasol Oil, we began to sponsor South Africa's under-23 soccer team, Amaglug-glug™. We undertook this sponsorship as part of a wider effort to build a new South Africa by associating Sasol with an important national sport and team, and to raise awareness of the Sasol brand among South Africans.

We have committed more than R136 million to sponsoring and promoting Amaglug-glug™ over the last decade.

Gas project fuels new projects in Mozambique
Our NGP has become a catalyst for developing a series of new social upliftment projects in

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Mozambique, mostly for some of the underresourced communities living alongside the natural gas pipeline in the more southerly parts of this neighbouring country. By the time the construction phase ends in the year ahead, Sasol will have committed about R60 million to NGP-related social projects: R50 million for Mozambique and R10 million for South Africa.

While providing a significant number of employment opportunities for local communities during the NGP construction phase, Sasol is also helping to provide agricultural infrastructure and is stimulating the development of informal shops to create jobs and help local communities to generate income.

The NGP has already been a boon to the people of Mozambique. Based on an agreed formula with the Mozambican authorities, a target of achieving a local content of 15% was set. The actual figure is now approaching 30%. A total of 205 contracts valued at more than R500 million have been awarded to private Mozambican companies.

Within certain areas close to the pipeline corridor, Sasol is funding the development of sport and cultural facilities and has also allocated funds for general projects such as emergency aid for natural disasters. This latter commitment includes the special humanitarian provisions made in the aftermath of the floods that have devastated some Mozambican and South African communities in recent years.

We provided R6,3 million (US$0,7 million) to renovate Mozambique's Beira Industrial and Commercial School, which was reopened in 2002. The renovation was undertaken in partnership with the leadership of Sofala province and the community of Beira. The school is a valuable provider of skilled human resources to the rest of Mozambique.

A need for clean, fresh drinking water was identified in consultation with communities near the town of Vilanculos close to the Temane and Pande gas fields, among other areas of Mozambique. Women from these communities had to walk long distances in the past to collect drinking water for their families. Sasol drilled 10 water wells in the Inhambane province, where the gas fields are located, and a further 15 wells in the Gaza province.

Engaging in US and European communities

The Sasol Volunteers group at Lake Charles, Louisiana, in the USA assists with community projects on a voluntary basis. These projects include Partners in Education, Teachers' Institute, Inland Waterways Cleanup, Habitat for Humanity, Salvation Army Christmas Angels, Chemistry Expo, Special Olympics and refurbishing homes of elderly neighbours.

At Houston, Texas, Sasol contributes to organisations such as the United Way of the Texas Gulf Coast and the Susan G Komen Breast Cancer Foundation's Race for the Cure, and employees also serve as tutors at a nearby school.

At Austin, Texas, Sasol employees purchased clothing and toys for needy children, donate blood and have been involved in various community assistance projects such as decorating a housing complex for HIV-positive people. They also mentor primary school learners in need of help with academic concepts or role models, and they continue to promote interest in science by conducting chemistry demonstrations at middle and high school campuses.

Our employees at Baltimore, Maryland, contributed to several organisations, including United Way of Central Maryland and the Johns Hopkins Bayview Medical Centre. Through Sasol North America's company-wide Community Volunteer Support Programme, employees provide services to their favourite charitable organisations and the company donates cash to the relevant organisation based on the number of hours of voluntary service provided. Sasol North America also contributes to educational institutions by matching contributions made by employees up to US$3 000 a year.

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our programmes to develop talent and nurture a strong performance ethic have advanced

In addition, college scholarships of US$4 800 paid over four years are awarded each year to five high school seniors who are sons or daughters of company employees. Selections are based on high academic and social involvement standards.

In Germany, Sasol employees and businesses combined their efforts recently and donated 2 240 000 to provide relief for victims of the 2002 floods that devastated large parts of Europe. In Italy, Sasol sponsors the annual Greek tragedy performances held at the Syracuse Greek Theatre and a five-a-side football team in Augusta, where one of our main Italian plants is located.

Developing people

Nurturing winning talent *In our quest to be an employer of choice with a well-entrenched performance ethic, we have developed a strategy framework to implement and sustain a world-class leadership and people management approach. This framework has been shared with all the leadership and senior human resource teams throughout Sasol and is being embraced through concerted efforts to strengthen the methods we use to identify, unleash and guide the potential in our people.*

In this regard we have established a group shared-services approach, enabled by the recent installation of the SAP enterprise management system in South Africa and a group business intelligence model in the USA, Europe and other regions as platforms for identifying and pursuing world-best practice. We have already achieved a few significant improvements in important administrative practices such as recruiting new talent, using a single payroll to reach almost all our colleagues in South Africa, and gathering and presenting information in formats that will enhance talent management.

We have completely reconfigured and enhanced our job evaluation system, using the HAY methodology, to be able to apply world-class remuneration methods and practices, while also concentrating our ongoing efforts on maintaining effective performance management practices. In this regard we have already evaluated almost all our senior leadership positions worldwide.

This places Sasol in a position to effectively match people to the jobs they are most capable of undertaking and to promote succession management and job rotation to enhance the career paths of our people. In addition, this process supports our managers in their quest to become world-class leaders.

Through this commitment to our shared value of winning with people, our vision comprises such key functional expressions as:

- *bringing out the best in our people;*
- *achieving employment equity;*
- *optimising human resource management practices and systems;*
- *attracting and retaining talent in all disciplines;*
- *nurturing a strong performance ethic; and*
- *maintaining a proactive, solutions-driven HIV/Aids response programme.*

Learning and development focused on customers *We have implemented an effective, company-wide learning blueprint focused on international and regional issues to ensure our business teams remain adaptive, competitive and successful. Through this blueprint, we have defined a set of desired outcomes to enable us to fulfil our strategies in a concerted and practical manner.*

The primary vehicles for achieving these outcomes are our Sasol leadership development programmes, which are complemented on an individualised basis by specialised, needs-driven training courses and seminars. We are continuously striving to develop and maximise three core competencies: inspirational leadership; improved business skills; and strategic actioning. Such desired competencies are especially focused on the challenge of strengthening customer relations and other business outcomes globally.

During the year we invested R125 million (US$14 million) in leadership and skills development, training and associated competency-driven initiatives. This investment included in-house technical training, our graduate development programme, our bursary scheme and our funding of self-learning centres.

Our ongoing strategic learning alliance with the Gordon Institute of Business Science of Johannesburg for leadership development programmes and short courses contributes to the development of more than 500 of our senior employees each year. Together with other South African training providers, we have also developed a world-class frontline leadership programme. This programme is aimed at developing management and leadership skills for first-line supervisors.

We remain one of South Africa's largest corporate sponsors of undergraduate bursaries and have committed R23 million (US$2 million) for bursaries for 2003. During 2002 we sponsored 482 undergraduate bursaries and 442 bursary holders are being sponsored for the 2003 academic year. We have approved 436 bursaries for 2004. Most of the Sasol bursaries are for Bachelor of Science (BSc) degrees in chemistry and in chemical, mechanical, electrical, electronic, mining and industrial engineering.

Enhancing our propensity for change
To support our key growth drivers within a framework of continuous improvement, we are gearing ourselves more keenly to embrace complex issues of change and transformation. We have accordingly strengthened our capacity to deal with this challenge by creating a centre of expertise for transformation and change.

This new centre's main responsibility will be to ensure consistent application of change management principles and practices, and to facilitate the creation of a change-fit organisation.

Employment equity gains ground
Our people development drive in South Africa integrates the requirements of the Employment Equity Act number 55 of 1998, which was enacted as part of a wider programme of the South African Government to transform South Africa into a more democratic, just and equitable society.

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we are on track to achieve our 40% employment equity target for leadership and professional positions

Keeping people at the cutting-edge . . . A training session in progress for Sasol Oil managers. We are continuously striving to develop three core Sasol competencies: inspirational leadership; improved business skills; and strategic actioning.

In terms of the Act and our submission of employment equity targets to the Ministry of Labour, we are obligated to continue increasing the percentage of our South African employees drawn from historically disadvantaged groups (classified as designated groups and comprising Africans, Coloureds and Indians, women and people with disabilities).

We firmly believe that strength in diversity, irrespective of geographic location, is a business imperative and therefore we embrace the intent of growing balanced and diverse teams of talented people worldwide. To facilitate this effectively, we have established a centre of expertise for diversity management.

We are confident of achieving our medium-term target of having 40% of our leadership and professional positions in South Africa held by people from designated groups. The actual percentage achieved by financial year-end exceeded 30% (see table below).

Sasol diversity report as at 30 June 2003 – South Africa based employees only

Classification	Levels	Gender	African	Indian	Coloured	Total Black*	White*	Disabled	Total by level
Executives		Male	2	—	—	2	28	—	30
		Female	—	—	—	—	1	—	1
			2	—	—	2	29	—	31
Senior management	Level 2B	Male	2	—	—	2	41	—	43
		Female	—	—	—	—	1	—	1
			2	—	—	2	42	—	44
	Level 3	Male	7	3	—	10	166	—	176
		Female	—	1	—	1	5	—	6
			7	4	—	11	171	—	182
Middle management	Level 4	Male	25	30	1	56	722	1	778
		Female	2	2	1	5	37	—	42
			27	32	2	61	759	1	820
	Level 5	Male	133	77	16	226	1 102	10	1 328
		Female	16	15	1	32	200	—	232
			149	92	17	258	1 302	10	1 560
Supervisory and professional	Level 6	Male	250	49	37	336	1 189	2	1 525
		Female	43	126	11	180	324	—	504
			293	175	48	516	1 513	2	2 029
Semi and unskilled	Level 7	Male	541	122	72	735	1 590	13	2 325
		Female	91	46	19	156	407	—	563
			632	168	91	891	1 997	13	2 888
	Lower Level	Male	9 624	243	197	10 064	4 263	397	14 327
		Female	500	93	91	684	1 478	—	2 162
			10 124	336	288	10 748	5 741	397	16 489
Grand total			11 236	807	446	12 489	11 554	423	24 043

Report made up of Sasol employees who are paid through the SAP payroll inclusive of Tosas employees.

*Includes disabled employees

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the successful launch of the sasol hiv/aids response programme augurs well for risk management

***Reducing atmospheric emissions** . . .*
Following a recent upgrade project, our Baltimore linear alkylbenzene plant in the USA has eliminated the use of process chlorine and has since reduced emissions of sulphur dioxide and hydrogen sulphide by 30% and 90%, respectively.

Safety, health and environmental management

Tackling the Aids challenge *We have been increasing our efforts to contain, if not reduce, both the personal impacts and the business risks associated with South Africa's HIV/Aids pandemic. The Sasol board of directors agreed in November 2002 to a five-point policy programme to better manage and, in time, minimise the impact of HIV/Aids in the workplace. Through this policy, our leaders and managers must endeavour to:*

- *instil a culture of zero tolerance of discrimination towards HIV-positive people;*
- *drive fundamental behaviour change towards safer sex practices, and to encourage employees to undergo voluntary HIV testing and counselling, and to practice positive living;*
- *ensure accessible, safe, effective and sustainable provision of antiretroviral treatment to eligible employees (those who have been diagnosed as HIV-positive after undergoing voluntary testing);*
- *reduce the business impact of HIV/Aids; and*
- *manage the total cost of an effective HIV/Aids response programme.*

Through the Sasol HIV/Aids Response Programme (SHARP) we are endeavouring to make voluntary HIV testing and counselling available to our entire workforce, especially in Southern Africa where the risks are the highest.

This, in turn, will support the second SHARP component, which is focused on an intensive prevention drive based on a segmentation approach and multi-channel communication in order to convince high-risk employees of the need for them to change their behaviour. The third SHARP component is a comprehensive wellness and treatment programme that includes making Sasol-funded antiretroviral treatment available to all affected employees who do not have access to it through medical aid schemes.

Pilot launch of SHARP *The SHARP programme was launched on a pilot basis at two of our Secunda mines in May 2003. Excellent results were achieved on the first goal: our provision of mandatory education and on-site voluntary testing and counselling facilities resulted in a large majority of the mine's workforce undergoing voluntary testing and counselling in just one week. Work is now under way to achieve further SHARP goals and to extend the programme rapidly to our entire Secunda workforce.*

We believe that our workforce HIV/Aids interventions will provide valuable input into our external programmes designed to reduce people's exposure to HIV and Aids in communities close to our mines and factories. We shall support our community HIV/Aids response programme by helping to extend the reliable distribution of contraceptives and by promoting more effective communication with the support of recognised community role-models.

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Group safety highlights

Recordable case rate (RCR)	2003	2002	2001
Sasol's mining operations	**1,65**	2,52	2,94
Sasol's energy-related operations*	**1,37**	2,49	3,18
Sasol's chemical operations°			
– global	**1,08**	n/a	n/a
– South Africa	**n/a**	1,67	1,43
– USA and Europe	**n/a**	1,59	n/a
Weighted average	**1,30**	2,24	2,55

Note:
The RCR is the number of recordable injuries per 200 000 man-hours worked. A recordable case is classified as medical treatment beyond first-aid, loss of consciousness, restriction of work or motion, or transfer to another job.

*Sasol Synfuels, Sasol Oil and Gas.

°2003 numbers for all global chemical operations.

Promoting a safer, healthier and cleaner environment *The safety, health and environmental (SH&E) governance of our corporate and business entities has been greatly improved over the last two years. We continue to benchmark and evaluate our internal standards and performance against international best practice. This commitment also embraces the ways in which we plan, manage and report on our SH&E objectives, investments and accomplishments.*

Integral to good governance, we have in recent years undertaken a series of important initiatives, including the:

- *global implementation of our new corporate SH&E policy and guidelines;*
- *development and implementation of the Sasol SH&E indicators of performance and targets;*
- *development and implementation of the Sasol SH&E corporate governance audit protocol based on the second King Report on Corporate Governance in South Africa (King II);*
- *active participation in international and regional business sustainability issues; and*
- *initiation of a global Sasol network to exchange and promote SH&E best practices.*

We supported the 2002 World Summit on Sustainable Development (WSSD) at Johannesburg by exhibiting our new-generation GTL conversion technology. The WSSD also proved to be a valuable source of information and inspiration for our growing complement of sustainable development custodians.

Closer to our core operations, the annual Sasol Safety, Health and Environmental Conference has become a powerful corporate forum for brainstorming, planning and advancing various important group and business-specific SH&E and sustainability issues. Our fourth Sasol SH&E Conference held at Johannesburg during April 2003 drew about 200 Sasol business managers and SH&E professionals, including representatives from all our major European and American operations.

Sasol is actively pursuing and exploring new initiatives in line with our evolution towards greater transparency and improved stakeholder communication and interaction. At many of our sites in South Africa, Europe and the USA we have well-supported community-based discussion groups, some of which meet monthly to discuss issues resulting from our operations in surrounding neighbourhoods.

Overall safety rating improves *In line with our continuous-improvement drive, our group safety record for the year again reflects a general trend of improvement, with both the numbers of minor injuries and the recordable case rate (RCR) for most businesses declining further. The details of our RCRs for the year are highlighted in the safety performance table on this page. Once again, the overall improvement in our safety performance stems from greater employee diligence and vigilance, ongoing safety training and motivation, and committed leadership.*

Going forward, we have set a yet stricter target to lower our group RCR to 0,5 before the close of our 2006 financial year. This target, equivalent to one recordable injury for every 400 000 man-hours worked, represents an ambitious goal. An RCR, broadly, is defined *as the number of recordable injuries per 200 000 man-hours worked. A recordable case is when medical treatment extends beyond first-aid, when an injured employee experiences loss of consciousness, restriction of work or motion, or transfer to another job.*

Several South African sites and businesses achieved Noscars, the highest safety award for excellence in housekeeping of South Africa's National Occupational Safety Association (NOSA). Of particular note, our integrated chemical and support businesses at the Sasolburg site received their 29th Noscar having obtained their first Noscar 30 years ago.

Fatalities tarnish an otherwise pleasing record *On the downside, we are again saddened by the occurrence of further fatalities, especially in the light of our ongoing educational and motivational initiatives to reduce workplace risks and optimise employee awareness of the risks associated with their duties and environments.*

It is with profound regret that 10 people (employees and contractors) were fatally injured in workplace-related incidents during the year: four Sasol Synfuels people, Sanyana Thomas Mahlangu, S X Mashile, Mishack Mhlupeki Mbuli and Andries Mokete Mokhoele; three Sasol Mining people, Sakhile Johannes Madi, Petros Mngomezulu and Fanny Vimbi Mokoena; one Sasol Infrachem person, Manny Castro; one Sasol Polymers person, Mzikayise Notshele; and one Sasol Olefins & Surfactants person, who cannot be named at this stage due to family and legal considerations.

Our sincere condolences are again conveyed to the families of the deceased.

Environmental custodianship is well structured *Our quest to reduce environmental risks, emissions and associated impacts, including our drive to improve eco-efficiency through the more efficient utilisation of raw materials, water and energy, is founded on the pursuit of global best practice. This commitment, in turn, is strongly rooted in the guiding principles and management practices of the international Responsible Care programme, which we follow for our fuel and chemical operations.*

Our commitment to Responsible Care is complemented by our phased implementation of the ISO 14001 standard for environmental management. In terms of our ongoing initiative to implement environmental management systems in accordance with the ISO 14001 standard, we are maintaining satisfactory progress. By financial year-end about 80% of our main operations had ISO 14001 certification.

All our German and American plants, as well as our South African mining operations, remain ISO 14001-certificated. Our Dutch and Italian chemical operations are now close to achieving full ISO 14001 certification. This is a process we aim to complete in the year ahead.

Over the last two years, in particular, we have been encouraging business units to integrate their existing environmental, health and safety management systems and the initial responses to this call have been encouraging. Several businesses are also well advanced in implementing the new and more challenging OSHAS 18001 standard, which is supplementing the integrated occupational health, safety, environmental and quality management system.

Coal mines achieve excellence awards
Two of our mining operations, Sigma Colliery's Wonderwater operations near Sasolburg and the Bosjespruit Colliery at Secunda, were honoured for their ongoing efforts to promote good environmental management practices when they each received an Excellence in Mining Environmental Management (EMEM) Award from the Department of Minerals and Energy for the Free State and Mpumalanga regions, respectively.

Our South African mining operations continue to function in accordance with environmental management programmes (EMPs) approved by the Department of Minerals and Energy and the Department of Water Affairs and Forestry. Our imminent new Mooikraal Mine, near Sasolburg, will also be operated in accordance with an EMP that has already been State-approved.

Sasol Mining continues to accumulate rehabilitation funds in line with regulatory requirements for the formal closure and rehabilitation of all mining operations once their commercial coal reserves have been exhausted. Sasol Mining's combined rehabilitation funds currently amount to R443 million. This amount is considered to be adequate to fulfil our envisaged future mine closure and rehabilitation responsibilities.

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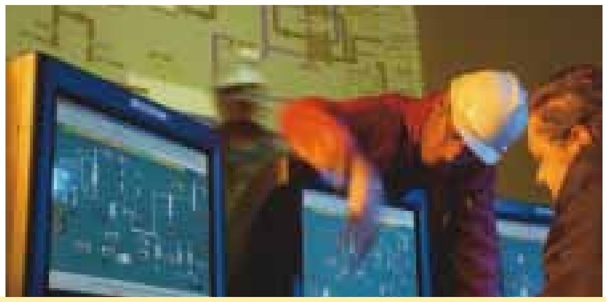


Ongoing initiatives to reduce emissions
We continue to identify new opportunities to reduce emissions to water, air and soil. Last year we reported that the PACOL project for our Baltimore linear alkylbenzene plant in the USA was completed successfully. Following a US$100 million investment, Sasol Olefins & Surfactants has eliminated the on-site use of process chlorine and has reduced emissions of sulphur dioxide by 30% and emissions of hydrogen sulphide by 90%.

In South Africa, national environmental legislation is currently being revised in an effort to establish stricter measures to limit emissions. Sasol seeks not only to achieve 100% compliance with all legislation and authorisations regarding emissions, but we also strive, through a process of continuous improvement and the sharing of best practices, to reduce our emissions to air, water and soil.

During the year under review we witnessed some encouraging advances. Sasol Synfuels, for example, continues to reduce hydrogen sulphide emissions. On the basis of tons of hydrogen sulphide emitted per continuous hour of production, emissions were reduced by a further 5% from an average of 10,1 t/hr to 9,6 t/hr. Sasol Synfuels is targeting further improvements as it continues to further desulphurise feedstreams in order to increase the production of saleable sulphur.

In another encouraging emission management programme, our Natref refinery at Sasolburg was able to reduce its sulphur dioxide emissions by 20% during the year in spite of an increase in crude oil throughput.

Some of our petrochemical operations have been criticised in recent years by certain NGOs and environmental activists. While some of their claims and accusations have, in our opinion, been unfounded or exaggerated, some legitimate and welcome environmental concerns have also been raised and noted.

On an encouraging note, we have been able to progress a series of incremental advances to reduce emissions and improve eco-efficiency. These initiatives and programmes and their relevant outcomes are discussed at regular community forums.

Natural gas will enhance Sasolburg air quality Our main Sasolburg plant is being converted to reform natural gas instead of gasifying coal. Once the new autothermal gas reformers start to process natural gas in 2004, Sasol will greatly reduce its emissions to air at

our efforts to reduce emissions remain highly challenging, and we are achieving notable successes

Sasolburg. On the basis of environmental calculations and projected production rates, we expect our Sasolburg plant to achieve the following reductions in emissions to air when compared with the current emission volumes:

- an almost 100% reduction in hydrogen sulphide;
- 1% to 6% reduction in particulates;
- 17% reduction in sulphur dioxide and 17% of nitrous oxides; and
- 47% reduction in carbon dioxide.

Striving to improve water management

We also expect to achieve a 20% reduction in raw water consumption at the main Sasolburg plant following the introduction of natural gas because we will be using a less water-intensive production process.

In addition, we are advancing measures to optimise water management at Secunda. Sasol Mining commissioned an evaporator crystalliser plant during the year. This new plant works in tandem with the electrodialysis reverse osmosis plant commissioned in 1997. Combined, these facilities process 9 Mℓ/d of saline water pumped from the underground mines to supply 8 Mℓ/d of quality water to Sasol Synfuels.

The recovered brine – previously stored in large evaporation ponds, which could have a negative environmental impact – provides saleable volumes of sodium sulphate, calcium sulphate, sodium chloride and a mixture of magnesium hydroxide and calcium sulphate.

The future

Safeguarding our sustainability ethic

Sasol is committed to the principle and practice of sustainable development. Accordingly, we aim to meet the needs of today's generation without compromising the ability of future generations to do the same.

This vital tenet will remain integral to the way in which we live our values each and every day at all our operations across the globe. The sustainability ethic is now considered mandatory to all Sasol businesses and we shall therefore continue to promote and safeguard it with vigour.

corporate governance

governance framework strengthened

Introduction

Sound corporate governance structures and mechanisms have been in operation at Sasol since its inception. They are periodically reviewed and adapted to accommodate internal corporate developments and to reflect national and international best practice.

During the year there were significant new national and international corporate governance developments. Some of the principles of the second King Committee Report on Corporate Practices and Conduct (King II) have been incorporated in the recently announced JSE Securities Exchange listing requirements and an era of significantly increased corporate governance requirements was introduced in the United States by the Sarbanes-Oxley Act.

As a result of the registration of the company's ordinary shares in the form of American Depositary Shares (ADSs) under the United States securities laws and the listing of these ADSs on the New York Stock Exchange (NYSE) on 9 April 2003, the company became subject to certain ongoing reporting, corporate governance and other requirements imposed both by the US Securities and Exchange Commission (SEC) and the NYSE. The recent US Sarbanes-Oxley Act caused, among other things, a drastic review of SEC and NYSE rules.

Some of the changes introduced by the new JSE listing requirements and the Sarbanes-Oxley Act are already in effect, while other changes will become applicable over the next five years. These more stringent compliance and corporate governance requirements have provided the nomination and governance committee and the board of directors (board) an opportunity to again critically review and benchmark the governance structures and processes of the group.

The company complies, to the extent currently required, with the new JSE listing requirements and the comprehensive set of US governance standards as recently augmented by the SEC and NYSE rules adopted as a consequence of the Sarbanes-Oxley Act. Sasol has also embraced the principles of the updated South African Code of Corporate Practices and Conduct as recommended in the King II report.

In addition the company already complies with a large percentage of the proposed corporate governance requirements referred to above that will only become effective in future. The board considers the issue of corporate governance as a priority that requires more attention than merely establishing the steps to be taken to demonstrate compliance with new legislation and regulatory or listing requirements.

Issues of governance will continue to receive the board and its committees' consideration and attention during the next financial year and thereafter.

The board of directors and non-executive directors The company's articles of association provide that the board of the company consists of a maximum of 15 directors of whom a maximum of five may be executive directors. During the full reporting year five directors were executive directors (Messrs P V Cox, L P A Davies, J H Fourie, R Havenstein and T S Munday) and seven of the directors were determined to be independent non-executive directors by the board on recommendation of the nomination and governance committee. None of them had any other material relationship with the company. An eighth non-executive director (Mr M S V Gantsho) was appointed with effect from 1 June 2003. During the reporting year all the non-executive directors, with the exception of Mr M S V Gantsho, were considered to be independent directors in accordance with King II and the rules of the NYSE.

Messrs A Jain and S Pfeiffer were appointed as directors of the company with effect from 1 July 2003. The board has determined that Mr Jain is an independent non-executive director and Mr Pfeiffer a non-executive director. The board was precluded from categorising Mr S Pfeiffer as an independent director in view of the US legal services provided by him and his firm to the company, from time to time. These services constitute less than 1% of the turnover of his firm. The board is of the view that all non-executive directors bring independent judgement to bear on material decisions of the company.

The offices of chairman and deputy chairman/chief executive are separated and are filled by a non-executive independent director (Mr P du P Kruger) and an executive director (Mr P V Cox), respectively.

In terms of the company's articles of association the directors appoint the chief executive. Such an appointment may not exceed a period of five years at a time. Mr P V Cox was reappointed as the chief executive of the company by the board at its meeting held on 3 December 2001, subject to a reciprocal notice period of one month. Mr P V Cox's tenure as chief executive expires at the end of September 2005.

Details of directors of the board appear on pages 8 and 9 of the annual report.

Board powers and procedures The board has adopted a board charter. It provides a concise overview of:

- the demarcation of the roles, functions, responsibilities and powers of the board, the shareholders, individual directors, officers and executives of the company;

- the terms of reference of the various board committees;
- matters reserved for final decision-making or pre-approval by the board;
- the policies and practices of the board in respect of matters such as corporate governance, trading by directors in the securities of the company, declarations of conflicts of interest, board meeting documentation and procedures and the nomination, appointment, induction, training and evaluation of directors and members of board committees.

Within the powers conferred upon the board by the articles, the board has determined its main function and responsibility as adding significant value to the company by:

(a) retaining full and effective control over the company;
(b) determining the strategies and strategic objectives of the company and group companies;
(c) determining and setting the tone of the company's values, including principles of ethical business practice;
(d) bringing independent, informed and effective judgement to bear on material decisions of the company and group companies, including material company and group policies, appointment and removal of the chief executive, approval of the appointment or removal of group management members, capital expenditure, transactions and consolidated group budgets and company budgets;
(e) satisfying itself that the company and group companies are governed effectively in accordance with corporate governance best practice, including risk management and internal control systems to:
   - maximise sustainable returns;
   - safeguard the people, assets and reputation of the group;
   - ensure compliance with applicable laws and regulations;
(f) monitoring implementation by group companies, board committees and executive management of the board's strategies, decisions, values and policies by a structured approach to reporting, risk management and auditing.

The board meets at least four times a year. The record of attendance by each director at Sasol Limited board meetings and Sasol Limited board committee meetings, for the financial year ended 30 June 2003, is reflected in the tables on this page:

Sasol Limited board of directors

Director	6/9/02	29/11/02	7/3/03	6/6/03
P V Cox	√	√	√	√
L P A Davies	√	√	√	√
J H Fourie	√	√	√	√
[1]R Havenstein	√	√	√	√
T S Munday	√	√	√	√
E le R Bradley	√	√	√	√
W A M Clewlow	√	√	√	√
B P Connellan	√	√	√	√
[2]M S V Gantsho	n/a	n/a	n/a	√
P du P Kruger	√	√	√	√
S Montsi	√	√	√	√
[3]Z Z R Rustomjee	—	n/a	n/a	n/a
J E Schrempp	—	√	—	√
C B Strauss	√	√	√	√

[1] Resigned 30 June 2003.
[2] Appointed 1 June 2003.
[3] Resigned 18 September 2002.

Audit committee

Member	3/9/02	29/11/02	5/3/03	5/6/03
W A M Clewlow	√	√	√	√
B P Connellan	√	√	√	√
C B Strauss	√	√	√	√

Nomination and governance committee

Member	4/9/02	28/11/02	6/3/03	5/6/03
P du P Kruger	√	√	√	√
E le R Bradley	√	√	√	√
W A M Clewlow	√	√	√	√
S Montsi	√	√	√	√
C B Strauss	√	√	√	√

Risk and safety, health and environment committee

Member	3/3/03	2/6/03
B P Connellan	√	√
P V Cox	√	√
P du P Kruger	√	√
J H Fourie	—	√
T S Munday	√	√

Compensation committee

Member	6/9/02	7/3/03	6/6/03
W A M Clewlow	√	√	√
E le R Bradley	√	√	√
P du P Kruger	√	√	√

√ Indicates attendance.
— Indicates absence with apology.

Non-executive directors are chosen for their business skills and acumen. Considerations of gender and racial diversity, as well as diversity in respect of business, geographic and academic backgrounds, are taken into account by the nomination and governance committee and the board when appointments to the board are considered.

Newly appointed directors are inducted in the business of the company, board matters and their duties as directors in accordance with their specific needs.

corporate governance

The nomination and governance committee is responsible to annually review the effectiveness and performance of the board, its committees and the individual directors and members of the board and its committees, respectively.

All directors have access to the advice and services of the company secretary, whose appointment is in accordance with the provisions of the South African Companies Act, and who is responsible to the board for ensuring the proper administration of board proceedings. The company secretary also provides guidance to the directors with regard to their responsibilities within the prevailing regulatory and statutory environment and the manner in which such responsibilities (including not dealing in the company's shares during restricted periods) should be discharged. A report on directors' dealings in the company's shares is tabled at each board meeting and is disclosed in terms of the applicable JSE rules.

The directors are entitled to seek independent professional advice at Sasol's expense concerning the affairs of the company and have access to any information they may require in discharging their duties as directors.

In terms of the company's articles of association, one-third of the directors are obliged to retire at every annual general meeting and are eligible for re-election.

Board committees To assist the board in discharging its responsibilities, several committees have been established. The terms of reference of these committees have been comprehensively reviewed by the committees, the nomination and governance committee and the board in view of new corporate governance requirements and the listing of the company's ADSs on the NYSE. The amended terms of reference of the various board committees form part of the board charter and can be viewed on the internet website of the company (www.sasol.com).

The company's subsidiaries, as well as their operating divisions, have established board and committee structures to ensure the maintenance of high standards and best practice in respect of corporate governance and internal control throughout the group. The business of group subsidiaries and divisions are conducted on a decentralised basis. The company requires a decision-making involvement for a defined list of material matters of the businesses of its subsidiaries. This list includes matters such as the appointment of directors, strategy charters, large capital expenditures and mergers, acquisitions and disposals. The boards of the main subsidiaries and divisions of the company are constituted in such a way that a majority of directors of each main subsidiary or divisional board are non-executive directors of the subsidiary or division.

Group executive committees

Group executive committee The group executive committee (GEC) consists of the executive directors and Messrs J A Botha, A de Klerk, N L Joubert, J A van der Westhuizen and R van Rooyen and is chaired by the chief executive. The board has delegated a wide range of matters relating to the management of the Sasol group to the GEC, including financial, strategic, operational, governance, risk and functional issues. The focus of the GEC is on the formulation of our group strategy and policy and the alignment of initiatives and activities within the group. The committee meets weekly and reports directly to the Sasol Limited board.

The GEC's functioning is supported by two of its subcommittees, the Southern African executive committee (SAEC) and the international executive committee (IEC), each of which focuses on dealing with issues relating to the management of our Southern African and international businesses, respectively. The meetings of both the Southern African executive committee and the international executive committee are deemed meetings of the GEC, with regard to the powers delegated to the GEC by the board of directors.

The Southern African executive committee
The GEC meets monthly with managing directors and senior functional managers of Sasol's Southern African businesses, to address material issues pertaining to Sasol's Southern African businesses, as well as regional issues. Among the issues addressed are material business matters, government relations, legal and regulatory issues, empowerment of previously disadvantaged South Africans, employment equity, HIV/Aids, socioeconomic trends and indicators, and social responsibility.

The Southern African executive committee consists of the members of the GEC and the managing directors of Sasol's Southern African businesses, including Sasol Polymers, Sasol Oil, Sasol Synfuels, Sasol Infrachem, Sasol Technology, Sasol Mining and Sasol Nitro, as well as senior executives of departments, including financial, corporate affairs, government policy and planning, and such other executives as the GEC may determine from time to time.

The international executive committee
The GEC also meets monthly with managing directors and senior functional managers of its businesses outside South Africa. The focus of the international executive committee is on the general business and strategic issues of our

international businesses and joint ventures and the performance of these businesses. It also focuses on regional issues such as the general business climate, market trends and indicators, the legal and regulatory framework, human resources and social responsibility.

In addition to GEC members, the international executive committee comprises representatives of Sasol Chevron, Sasol Solvents, Sasol Olefins & Surfactants, Sasol Wax and other non-South African managers. Depending on the regional and/or business focus of particular meetings, other members of our international businesses may also be invited to participate.

The compensation committee *The compensation committee was established in 1989 and comprises three members, all of whom are independent non-executive directors. The members are Ms E le R Bradley and Messrs P du P Kruger (chairman) and W A M Clewlow.*

The functions of the compensation committee are to:

- *assist the board of directors in exercising its function of ensuring that market-related, fair and effective compensation practices are implemented in the Sasol group;*
- *determine the compensation of group management members;*
- *make recommendations to the board in respect of directors' fees and the compensation and service conditions of the executive directors, including the chief executive; and*
- *provide a channel of communication between the board of directors and management on compensation matters.*

The compensation committee is mandated to:

- *review and approve general proposals for salary and wage adjustments in the group;*
- *review and approve proposals for the general adjustment of standard conditions of service, including matters relating to leave, housing, motor vehicles, bonuses, incentives, pension funds, provident funds, medical aid, deferred compensation, share schemes and the like;*
- *review, from time to time, the compensation policies and practices of the group and proposals to change such policies and practices and to make recommendations in this regard to the board;*
- *determine and approve any criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities;*
- *review (at least annually) and approve the terms and conditions of executive directors' service agreements, taking into account information from comparable companies;*
- *determine and approve any grants to executive directors and other senior employees made pursuant to the company's share incentive scheme;*
- *review and approve any disclosures in the annual report or elsewhere in respect of compensation policies or directors' compensation; and*
- *at least annually assess the performance of the committee and committee members.*

The compensation committee has determined the remuneration philosophy of the company, which is to offer remuneration that will attract, retain, motivate and reward employees with the skills required for the company to achieve its business goals. Remuneration is based on personal and company performance in accordance with competitive market practices.

The committee meets at least twice a year and is empowered to obtain such external or other independent professional advice it considers necessary to carry out its duties.

Directors' emoluments and other relevant remuneration are disclosed in the directors' remuneration report on page 101 of the annual report.

The audit committee *The audit committee was established in 1988 and is an important element of the board's system of monitoring and control. The audit committee meets at least three times a year. Its members, all of whom are independent non-executive directors, are Messrs W A M Clewlow (chairman), B P Connellan and C B Strauss. Mr W A M Clewlow has been designated as the audit committee financial expert for purposes of compliance with the US SEC rules. All members of the audit committee have extensive audit committee experience and are financially literate. The chairman of the board and the chief executive attend audit committee meetings on invitation.*

The audit committee has been established primarily to assist the board in overseeing the:

- *quality and integrity of the company's financial statements and public announcements in respect thereof;*
- *the scope and effectiveness of the external audit function; and*
- *the effectiveness of the company's internal controls and internal audit function.*

The board has delegated extensive powers in accordance with King II and US corporate governance requirements to the audit committee to perform the above functions. In line with these new requirements the audit committee has, among other things, recently determined which categories of non-audit services provided by the external auditor should be specifically pre-approved by the audit committee and which categories of non-audit services could be approved pursuant to the policies and procedures adopted by the committee.

corporate governance

The audit committee meets the group's external and internal auditors and executive management regularly to consider risk assessment and management, review the audit plans of the external auditors and to review accounting, auditing, financial reporting, corporate governance and compliance matters. The audit committee approves the external auditors' engagement letter and the terms, nature and scope of the audit function and the audit fee. The internal audit charter, internal audit plan and internal audit conclusions are similarly reviewed and approved by the audit committee.

Interim and annual results of the group and trading statements of the company are reviewed by the audit committee before publication.

Both the audit committee and the board are satisfied that there is adequate segregation between the external and internal audit functions and that the independence of the internal and external auditors is not in any way impaired or compromised.

The nomination and governance committee
The nomination and governance committee was formed in June 2002 and consists entirely of independent non-executive directors. The members of this committee are Ms E le R Bradley and Messrs W A M Clewlow, P du P Kruger (chairman), S Montsi and C B Strauss. The nomination and governance committee has met four times during the reporting year.

The functions of the nomination and governance committee include reviewing and making recommendations to the board on the general corporate governance framework of the company, the composition and performance of the board and its committees, legal compliance and the company's ethics policy and programmes.

The risk and safety, health and environment committee (risk and SHE committee) The risk and safety, health and environment committee was formed in November 2002. It comprises three executive and three non-executive directors and meets at least twice a year. The current members of the committee are Messrs B P Connellan (chairman), P V Cox, J H Fourie, M S V Gantsho, P du P Kruger and T S Munday.

The functions of the committee include reviewing and assessing the integrity of the company's risk management processes, including the effective management of those covering safety, health and environmental matters.

Internal control and risk management
The directors are ultimately responsible for the group's system of internal control, which is designed to provide reasonable assurance against material misstatement and loss. The group maintains a system of internal financial control that is designed to provide assurances regarding the maintenance of proper accounting records and the reliability of financial information used within the business for publication.

The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. The internal control system includes:

- a documented organisational structure and reasonable division of responsibility;
- established policies and procedures (including a code of conduct to foster a strong ethical climate), which are communicated throughout the group; and
- established mechanisms to ensure compliance.

As required by the SEC rules, the disclosure controls and procedures of the company have been formalised and are assessed periodically by management and the board for effectiveness.

Internal audit The group has an internal audit function covering its global operations. Internal audit is responsible for the following:

- assisting the board and management in monitoring the effectiveness of the company's risk management process; and
- assisting the board and management in maintaining effective controls by evaluating those controls on an ongoing basis to determine their efficiency and effectiveness and to recommend improvements.

The controls that are subject to evaluation, encompass the following:

- the information management environment;
- the reliability and integrity of financial and operating information;
- the safeguarding of assets; and
- the effective and efficient use of the company's resources.

Audit plans are based on an assessment of risk areas, as well as on issues highlighted by the audit committee and management. Audit plans are updated as appropriate to ensure that they are responsive to changes in the business.

A comprehensive findings report is presented to the risk and SHE committee and the audit committee at each of their scheduled meetings.

Follow-up audits are conducted in areas where significant internal control weaknesses are found.

Corporate governance best practice requires that the internal audit function reports directly to the audit committee. Such a direct reporting requirement is ensured by the audit committee's mandate to:

- *evaluate the effectiveness of internal audit;*
- *review and approve the internal audit charter, internal audit plans and internal audit conclusions in respect to internal control;*
- *review significant internal audit findings and the adequacy of corrective action taken in response to significant internal audit findings;*
- *assess the performance of the internal audit function and the adequacy of available internal audit resources;*
- *review significant differences of opinion between management and the internal audit function; and*
- *consider the appointment, dismissal or reassignment of the head of internal audit.*

The charter of the internal audit department provides that the head of internal audit has direct access to the chief executive and the chairman of the audit committee.

The head of internal audit reports administratively and functionally to the group general manager responsible for the company secretarial, legal, risk management and insurance departments.

Risk management *The board is responsible for governing risk management processes in the Sasol group in accordance with corporate governance best practice.*

A more formalised enterprise-wide risk management process was initiated during the 2002 financial year with the principal aim of providing the board with the assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels in order to achieve an optimal risk-reward profile. Key features of this process, some of which are still in the process of being fully implemented, include the following:

- *the appointment of a group risk manager and risk management officers for all the major businesses of the company;*
- *risk management is a line function and is to remain fully embedded in all business processes across all business units;*
- *the use of a single enterprise-wide risk management framework across the various business units;*
- *co-ordinated risk assessment and management across the different risk types facing the group, as well as integrated risk evaluation across the group's geographical locations, legal entities and business lines;*
- *the issuing by the chief executive of a risk management policy statement, which was endorsed by the board and which commits the company to effectively managing its business risks and opportunities in the interests of all stakeholders;*
- *the ongoing monitoring of the process, as well as the risk profiles of business units and major capital projects, by the group risk management forum (established as a subcommittee of the group executive committee) and the board risk and safety, health and environmental committee;*
- *the establishment of risk tolerance levels; and*
- *the undertaking, at least annually, of a systematic documented assessment of the processes surrounding key risks.*

In addition, the company's insurance services management group, with the assistance of external consultants, undertakes regular risk control audits of all the group's plants and operations using recognised international procedures and standards. The group participates in an international insurance programme that provides, at competitive cost, insurance cover for losses above acceptable deductibles.

Our most significant risks *The most significant risks currently faced by the group are:*

- *volatility in currency exchange rates;*
- *a protracted slump in crude oil and petroleum product prices;*
- *cyclicality in petrochemical product prices;*
- *not succeeding with the expedient exploitation of technological advances;*
- *our gas-to-liquids projects not proving sufficiently viable as planned;*
- *the termination after December 2003 of the Main Supply and Blue Pump agreements;*
- *sociopolitical risks relating to the countries in which we operate;*
- *regulatory changes impacting on our mining and petroleum businesses;*
- *the HIV/Aids pandemic in Southern Africa;*
- *an inability to attract and retain desired levels of sufficiently skilled employees;*

corporate governance

- patent and related intellectual property competition;
- changes in consumer and environmental regulations;
- increasing competition by products originating from countries with low production costs;
- industry-related accidents causing property damage, personal injury and/or environmental contamination; and
- an inability to interpret correctly and ensure ongoing compliance with legal requirements.

The responsibility for monitoring and managing with line management, each of these risks is assigned to a senior group executive.

Business continuity plans are in place for critical business systems that could have a material impact on the group's continuing operations. Certain of these plans are subject to regular testing and, in other cases, are subjected to ongoing tests to ensure their robustness and reliability.

Sustainability reporting *The company currently reports on all aspects of its social, transformation, ethical, safety, health and environmental policies and practices to the board and from time to time to its stakeholders. A comprehensive sustainability report dealing with these issues was published by the company in March 2003. See page 54 for more information on Sasol's sustainability reporting.*

Worker participation and employment equity *The group has established participative structures on issues that affect employees directly and materially and is committed to providing equal opportunities for its employees regardless of their ethnic origin or gender. Several programmes have been implemented to ensure practical application of the group's commitment to worker participation and employment equity, while maintaining the company's high standards and statutory compliance.*

Code of ethics *Sasol's business conduct guide commits the group to the highest standards of compliance with laws and regulations, integrity and ethics in dealing with all its stakeholders. The guide also sets out commercial policies and procedures required to be followed in the conduct of all aspects of the group's business dealings. In every case where ethical standards are called into question, or where unethical conduct is reported, the circumstances are investigated and acted upon by the appropriate executive or member of senior management.*

An ethics hotline, operated by one of the major international accounting firms, was established during the financial year ended 30 June 2002.

The hotline provides an independent facility for stakeholders of the company anonymously to report fraud and other crimes, deviations from the procurement policy and other irregularities.

Insider trading *The company secretary regularly disseminates a written notice to all directors, senior employees, management and executives, throughout the group, informing them of the provisions of the South African Insider Trading Act and that dealing in Sasol shares, during certain restricted periods, may not be undertaken.*

Investor relations and shareholder communication *The company's deputy chairman/chief executive, the chief financial officer and investor relations management conduct regular presentations on the group's performance and strategy to analysts, institutional investors and the media in South Africa, the United States of America, Canada, Europe and the United Kingdom.*

The company's investor relations management maintains regular contact with the investment community and analysts.

In order to ensure that the company communicates with its smaller shareholders and those stakeholders who do not have access to the electronic media, the company publishes and reports on details of its corporate actions and performance (including its interim and final results, as well as the chairman's review) in the main daily newspapers circulating in South Africa.

The company's communications department also maintains regular contact with the media in the dissemination of relevant information. In addition, the company maintains a website (www.sasol.com), at which access is available to the company's latest financial, operational and historical information, including its annual report.

financial statements

Forward-looking statement *Sasol has made certain forward-looking statements in its annual report and financial statements regarding possible or assumed future performance relating to certain risks and uncertainties including, without limitations:*

- *volume growth;*
- *business strategy;*
- *acquisitions of new businesses or disposition of existing businesses;*
- *increases in market share;*
- *total shareholder return;*
- *gas and coal reserves;*
- *capital expenditure;*
- *future fluctuations in product and oil prices;*
- *future fluctuations in exchange and interest rates;*
- *the impacts of recent and proposed accounting changes;*
- *cost reductions, among others; and*
- *acts of war, terrorism or other events that may adversely affect the group's operations or that of key stakeholders to the group.*

These forward-looking statements represent challenging goals for Sasol and are based on certain expectations, assumptions and estimates regarding the South African and worldwide economies, technological innovation, competitive introductions, government action, other risks and uncertainties and growth in certain markets. Although Sasol believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

Key factors necessary to achieve Sasol's goals include the:

- *ability to improve results despite unusual levels of competitiveness;*
- *ability to maintain key customer relations in important markets;*
- *improvement in demand and pricing;*
- *continuation of substantial growth in significant developing markets;*
- *ability to benefit from capital spending policies;*
- *ability to continue technology innovation;*
- *ability to maintain sustainable earnings despite fluctuations in foreign exchange rates and interest rates; and*
- *successful outcomes in regulatory matters.*

Although Sasol believes it has strategies, product offerings and resources required to achieve its objectives, if Sasol's assumptions and estimates are incorrect or if all key factors are not achieved, then actual performance could vary materially from the forward-looking statements made in this report.

Forward-looking statements can generally be identified as such because the context of the statement will include words such as the group or management "believe", "anticipates", "expects", "intend", "seek", "will", "plan", "could", "may", "endeavour", "project", "estimates" or words of similar import. Similarly, statements that describe the group's future plans, objectives or goals are also forward looking.

contents

chief financial officer's review

Introduction

In support of the annual financial statements and associated notes, this review provides further insight into the financial position, performance and arrangements of the group.

The principal reporting currency of Sasol is the rand. Amounts expressed in US dollars represent a convenience translation made in accordance with International Financial Reporting Standards (IFRS) as set out in note 26 of the accounting policies and glossary of financial reporting terms on page 115. These figures are presented for convenience purposes only.

Harmonisation of IFRS with US GAAP

Certain of the group's IFRS accounting policies differ from those which are prescribed by US GAAP. In order to minimise these differences and provide comparable reporting figures, under both IFRS and US GAAP, it is the group's intention to change its accounting policies with effect from the 2004 financial year and to harmonise them where possible with those prescribed by US GAAP. This may also include the early adoption of certain proposed amendments to IFRS as mentioned below. The principal differences between IFRS and US GAAP are set out in the reconciliation provided in this report.

Economic variables and financial indicators

Principal economic indicators The economic indicators and variables used in preparing the financial statements are:

		Income statement			Balance sheet		
	Note	2003	2002	2001	2003	2002	2001
Exchange rates	1						
rand/US$		**9,03**	10,13	7,65	**7,50**	10,27	8,02
rand/euro		**9,41**	9,08	6,79	**8,63**	10,19	6,89

		Financial statements		
	Note	2003	2002	2001
Crude oil (US$/bbl)				
Brent (Dated)	2	**27,83**	23,24	28,38
derived crude oil	3	**23,67**	20,83	26,41
Applied in South Africa (%)				
long-term discount rate	4	**9,3**	10,6	10,0
inflation rate (PPI)	5	**9,4**	11,0	9,1
Applied in Europe (%)				
long-term discount rate	4	**6,0**	6,0	6,0
inflation rate (PPI)	5	**4,9**	(0,2)	1,3
Applied in the USA (%)				
long-term discount rate	4	**6,0**	6,0	5,0
inflation rate (PPI)	5	**3,7**	(1,1)	1,4

Note

1. Exchange rates are determined as the mid-closing interbank rate of South African banks daily at 16:30 as published by Reuters. The average rate for the year is determined as an arithmetic average of the closing rates for each of the South African business days for the financial year under review.
2. Brent crude oil prices are determined from the quoted market prices of Blend North Sea crude oil as published by Platts Global Alert.
3. The derived crude oil price is a calculated crude oil price providing an indication of the level of volume weighted white product prices, expressed in terms of a crude oil price.
4. Long-term discount rates are determined by reference to the quoted government bond rates in South Africa or an extrapolation thereof with maturities approximating those of the related long-term liabilities. Discount rates in Europe and the USA are determined by reference to AAA credit-rated bonds listed on major exchanges and matching the maturities of the related long-term liabilities.
5. Producer Price Index (PPI) inflation rates are determined from published government inflation data.

Accounting policies

The consolidated financial statements are prepared in compliance with IFRS and Interpretations of those standards, as adopted by the International Accounting Standards Board (IASB) and applicable legislation.

Sasol adopted IAS39 Financial Instruments : Recognition and Measurement from the 2002 financial year. As reported in the 2002 annual financial statements, no significant adjustments were made to reported attributable earnings. Hedge accounting has been applied in both the current and previous financial years to cash flows in respect of the procurement of property, plant and equipment and certain long-term loans. Gains and losses arising on cash flow hedges are included in the cash flow hedge accounting reserve in the changes in equity statement. There is thus no additional effect in the current year other than that which has previously been reported.

New standards and interpretations issued *No new standards or interpretations which have a significant impact on Sasol were issued by the IASB during the year.*

Change in accounting policy and accounting treatment

Change in accounting policy *During the year, the group changed its accounting policy from the benchmark treatment of Borrowing Costs (IAS23) to the allowed alternative treatment. The benchmark treatment prescribed by IAS23 is to recognise borrowing costs in the income statement as incurred. The allowed alternative treatment permits the capitalisation of borrowing costs against certain qualifying assets.*

The group's external debt over the past three years has increased materially and these borrowings are used primarily to finance the group's capital expansion programme. It is therefore considered appropriate to capitalise borrowing costs to qualifying assets rather than to recognise the cost in the income statement as incurred.

It is Sasol's opinion that this change in accounting policy results in a fairer presentation of its financial results.

Comparative figures have been restated as if they had always been prepared in accordance with this standard.

For further details of the effect of the change in accounting policy, refer note 53 of the financial statements.

Change in accounting treatment *Sasol Olefins & Surfactants purchases a raw material from which a chemical component is extracted and the remaining product is then sold back to the supplier. Previously, the purchase of the raw material was reflected in cost of sales and the revenue from the returned product included in turnover.*

Because these transactions relate to the same product and supplier and are settled almost simultaneously, it is considered appropriate to rather show the net effect of these transactions as part of cost of sales.

Comparative figures have been restated as if they had always been prepared in this manner.

For further details of the effect of the change in accounting treatment, refer note 52 of the financial statements.

Key areas where management's judgement has been applied

In preparing the financial statements in terms of IFRS, applicable accounting policies are selected and estimates and assumptions made that may affect the reported financial results. Actual results may differ from these estimates.

The following accounting policies have been identified as involving particularly complex or subjective decisions or assessments:

Impairment of assets *Property, plant and equipment, goodwill and intangible assets are considered at least biannually for impairment. The future cash flows expected to be generated by these assets are assessed, taking into account forecast market conditions and the expected lives of these assets. The present value of these cash flows is compared to the current net asset value. The actual outcome of such assessments could vary from the forecasts.*

Asset retirement and rehabilitation obligations
Upon turnaround or termination, the group has obligations to remove plant and equipment and rehabilitate land in areas where it has conducted its mining and petrochemical operations. Estimating the future costs of these obligations is complex and requires management to make estimates and judgements because most of the obligations will be fulfilled in the future and contracts and laws are often not clear regarding what is required. The resulting provisions are further influenced by changing technologies and political, environmental, safety, business and statutory considerations. As a result, the liabilities reported could vary if these assessments change.

Employee benefits *The group provides for obligations and expenses under pension and provident funds as they apply to both defined contribution and defined benefit schemes, as well as post-retirement healthcare liabilities. The obligation is*

chief financial officer's review (continued)

determined based on a number of assumptions and in consultation with independent actuaries. These assumptions include, among others, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare inflation costs and rates of increase in compensation costs. The nature of the assumptions is inherently long-term and future experience may differ from these estimates.

New exposure drafts issued by the IASB

A number of exposure drafts issued by the IASB may have an impact on the group's financial results. These exposure drafts are designed by the IASB to improve existing IFRS and, where possible, to harmonise the accounting treatment between IFRS and US GAAP. These exposure drafts are expected to become effective from the 2005 financial year. Should these exposure drafts result in harmonisation with US GAAP, the group intends to adopt these standards from the earliest possible date.

The exposure drafts which may have a significant impact on the financial results of the group are discussed below.

The Effect of Changes in Foreign Exchange Rates – IAS21
In terms of this draft, currency translation gains and losses arising on consolidation of integrated foreign operations with a different functional currency to their parent may no longer be recognised in the income statement.

Furthermore, the current method used to prepare the convenience US dollar financial statements is being revised. The revised method prescribed for converting the group's results from rand to US dollars will be similar to the current accounting policy applied when translating the financial results of foreign entities, as described in note 3 of the accounting policies.

Financial Instruments: Recognition and Measurement – IAS39 The impact of the changes to this standard in respect of hedges of firm commitments may have a significant impact. All other amendments are expected to have little or no effect.

Sasol currently accounts for its hedges of firm commitments in respect of forecast future transactions as cash flow hedges. All gains and losses on these hedging instruments are recognised in equity until the transaction has occurred whereafter they are recognised in the income statement. The proposed treatment will result in these gains and losses being recognised directly in the income statement at each balance sheet date.

Furthermore, gains and losses arising on cash flow hedges will no longer be allocated to the underlying asset or liability, but will be retained in equity and recognised in the income statement on the same basis as the depreciation or amortisation of the underlying asset or liability.

Business Combinations – IAS22 Sasol is already complying with the majority of the requirements of this proposed standard. The two principal differences are that goodwill may no longer be amortised and negative goodwill is no longer carried on the balance sheet.

The transitional provisions of the standard require that any negative goodwill at the date of adoption should be written off against opening accumulated earnings. From the date the standard is adopted, goodwill will no longer be amortised but subject to an annual impairment test. For the 2003 financial year, it is submitted that these impairment reviews would not have resulted in any adjustments to reported attributable earnings.

Financial market risks and mitigation thereof

The group is exposed to a number of external risks which are not under its control and which can have a significant impact on its financial results. The group continually monitors these risks and, where appropriate, enters into derivative financial instruments to reduce them. However, no speculative trading in derivative financial instruments takes place.

Exchange rates The majority of Sasol's turnover is US dollar-based. This turnover is derived either from exports from South Africa, businesses outside of South Africa or South African sales comprising mainly petroleum and chemical products based on global commodity and benchmark prices quoted in US dollars. Furthermore, a significant part of capital expenditure is also US dollar-linked.

The rate of change in the South African PPI has for many years been above the rates of inflation of the USA and Europe. This, among other factors, has contributed to a concomitant decline in the value of the rand against the US dollar and euro. During 2002 this decline in the value of the rand reversed and the rand strengthened substantially, although it continues to be volatile against these major currencies. The prevailing strength of the rand may be unsustainable and the currency could devalue over time against both the US dollar and euro.

Sasol applies the following principal policies in order to protect itself against the effects on its South African operations of an anticipated long-term trend of a devaluing rand:

- *All major capital expenditure in foreign currency is hedged immediately on commitment of expenditure or on approval of the project (with South African Reserve Bank approval), by way of forward exchange contracts; and*
- *All imports in foreign currency in excess of an equivalent of US$20 000 are hedged immediately on commitment by way of forward exchange contracts.*

Volatility in crude oil prices *Market prices for crude oil fluctuate because they are subject to international supply and demand factors. Worldwide supply and price levels of crude oil are also influenced by international oil cartels.*

In order to protect the group against short-term US dollar oil price volatility and rand to US dollar exchange rate fluctuations adversely affecting the cost of crude oil purchases, a combination of forward exchange contracts and crude oil futures is used. While the use of these hedging instruments provides some protection against short-term volatility in crude oil prices, they do not protect against medium and longer-term trends.

Cyclicality in petrochemical product prices *The market for various chemical and especially polymer products is cyclical. Typically, higher demand during peaks in industry cycles leads producers to increase production capacity. Although peaks in these cycles have in the past been characterised by increased selling prices and higher operating margins, such peaks have prompted further investment, which has led to supply exceeding demand and a resultant reduction in selling prices and operating margins. Even though there is currently a surplus capacity of some products in the chemicals industry, with the possibility of further capacity additions in the next few years, it is not group policy to hedge against petrochemical product price movements.*

Interest rate risk *The financing of the group is structured using a combination of fixed and floating rate debt. External borrowings are denominated in the currency of the company, project or business concerned, and, if not, the cross-currency exposure is fully and specifically hedged.*

The fixing or capping of interest rates to achieve improved predictability of borrowing costs, is considered and implemented on a case-by-case and project-by-project basis taking the specific and overall risk profile and benefits into consideration.

Income statement

Turnover *In 2003, turnover increased by R4 965 million (8%) to R64 555 million. The primary factors contributing to this increase were:*

	2003	
	Rm	%
Exchange rates	(3 338)	(6)
International product prices	5 205	9
crude oil	2 569	4
other products (including chemicals)	2 636	5
Volumes	3 098	5
Increase in turnover	4 965	8

It should be noted that after adjusting for the effect on turnover of the Natref fire in the previous financial year, volumes and the increase in turnover reduce to 2% and 5%, respectively.

Operating profit *In 2003, operating profit decreased by R2 872 million (19%) to R11 911 million.*

The main factors contributing to the decrease in operating profit were:

	2003		2002	
	Rm	%	Rm	%
Exchange rates°	(4 207)	(28)	5 036	48
closing rate	(2 264)	(15)	357	4
average rate	(1 943)	(13)	4 679	44
Product prices	2 882	20	(2 406)	(23)
crude oil	1 384	10	(1 800)	(17)
other products (including chemicals)	1 498	10	(606)	(6)
Inflation on cash costs	(1 701)	(12)	(1 028)	(10)
Management initiatives	153	1	1 719	16
volume and productivity improvements	153	1	960	9
acquisition and growth benefits	—	—	759	7
Capital items	1	—	843	8
(Decrease)/increase in operating profit	(2 872)	(19)	4 164	39

°Refer foreign currency translation effects

chief financial officer's review (continued)

Capital items The following capital items were included in operating profit:

	Business category	2003 Rm
Impairments		
Investment in EST/Ceraven	Wax	78
Other	Various	5
		83
Scrapping		
Certain assets at Baltimore	Olefins & Surfactants	69
Investment in Sasol-DHB	Nitro	158
Other	Various	16
		243
Capital income		
Sale of business rights	Oil and Gas	(84)
Per note 34 page 143		242

Reconciliation of IFRS operating profit to US GAAP operating profit:

	Note	2003 Rm	2002 Rm
Operating profit per IFRS		11 911	14 783
Foreign currency translation	1	(473)	311
Hedging activities	2	(251)	(190)
Retirement obligations	3	(280)	(145)
Reversal of proportionate consolidation	4	(58)	(145)
Provision for guarantee	5	205	(205)
Business combinations	6	—	(108)
Asset retirement obligations	7	(149)	—
Other net smaller items		(10)	(77)
Operating profit per US GAAP		11 011	14 224

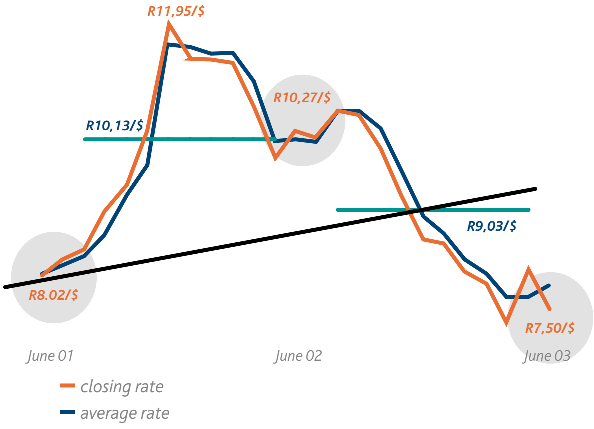
Note

In terms of US GAAP:

1. Translation gains and losses on certain entities classified as integrated foreign operations in terms of IFRS are recognised in the changes in equity statement.
2. Losses on certain derivative instruments classified as cash flow hedges were recognised in the income statement.
3. Different rules are applied in determining retirement benefit obligations.
4. All joint ventures are accounted for using the equity method.
5. As a result of events occurring subsequent to the IFRS results being published, further provisions are recognised in respect of the Sasol DHB joint venture.
6. The effective acquisition date of Sasol Wax was 1 July 2002 while for IFRS it was 1 January 2002.
7. Different discount rates are applied in determining present values.

Foreign currency translation effects

The movement in exchange rates had a significant impact on the results of the group. The fluctuation in exchange rates over the last three financial years is illustrated below:



The significant strengthening of the rand against the US dollar and euro during this financial year compared to the previous financial year (from an average rate of R10,13: US$1 to R9,03: US$1) and the strengthening in year-end rates (from R10,27: US$1 on 30 June 2002 to R7,50: US$1) resulted in a significant decrease in operating profit.

The effect of foreign currency translation on operating profit was as follows:

	Note	2003 Rm
Translation gains in 2002		(556)
(Losses)/gains on foreign exchange transactions	1	(1 539)
realised (losses)/gains	1.1	(567)
unrealised (losses)/gains	1.2	(972)
Effect of translation of integrated foreign operations	2	(169)
Effect of closing rates		(2 264)
Effect on prices of average exchange rates		(1 943)
Total exchange rate effect		(4 207)

	Note	2003 Rm	2002 Rm
Translation of foreign entities	3	**(2 627)**	1 697
Translation on net investments in foreign entities		**57**	172
Effect on balance sheet through changes in equity statement		**(2 570)**	1 869

Note

1. **(Losses)/gains on foreign exchange transactions**
   Transactions in foreign currency are translated to rand at the rate of exchange ruling at the transaction date. Gains and losses arise as a result of the difference in translation rates between transaction date and the subsequent settlement or revaluation date.
   1.1 Realised (losses)/gains arise as a result of settlement before year-end of transactions at a different rate to the original transaction rate.
   1.2 Unrealised (losses)/gains arise when transactions that have not yet been settled at year-end are translated at the rate ruling at that date.

2. **Effect of translation of integrated foreign operations**
   (Losses)/gains arising from the conversion to rand of the monetary items of integrated foreign operations (overseas marketing companies and operations integral to Sasol's business) are recognised as income or expenses in the period in which they arise.

3. **Effect of translation of foreign entities**
   (Losses)/gains arising from the conversion to rand of the net assets of foreign entities such as Sasol Wax, Sasol Chemie and Merisol are recognised in the statement of changes in equity as a foreign currency translation reserve.

Balance sheet

Capital resources

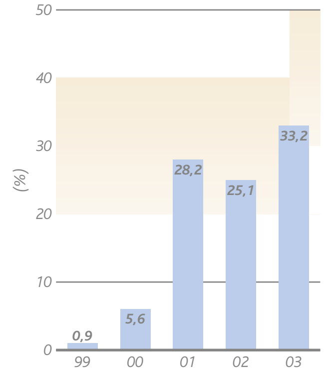
The group's capital resources comprise:

	2003 Rm	2002 Rm
Total equity	**33 818**	31 587
Total debt	**14 330**	10 675
– Long-term debt	**4 581**	5 427
– Short-term debt	**6 481**	3 474
– Bank overdraft	**3 268**	1 774
	48 148	42 262

Debt profile The group is financed primarily by means of its own cash flow. Cash shortfalls, which are usually short-term in nature, are met primarily from short-term banking facilities and the commercial paper programme.

Long-term capital expansion projects and acquisitions of businesses are financed by a combination of floating and fixed rate borrowings. These borrowings are normally in the measurement currency of the project or acquisition being financed and repayment terms match the cash flow generated by the asset.

Although the group's net borrowings have increased by R3 279 million to R11 144 million (total borrowing of R14 330 less cash of R3 186 million), the gearing ratio of 33% (refer page 92) at year-end remains satisfactory and is well within the target range of 20% to 40%. In response to the group's capital expansion programme and debt funding requirements, the group's target gearing range was increased in the latter half of the financial year to 30% to 50%. This increase followed substantial research and stress-testing of Sasol's balance sheet and business plans.



Gearing

The group's debt exposure at 30 June analysed by currency was:

	2003 Rm	2003 %	2002 Rm	2002 %
Euro	**2 609**	**18**	4 245	40
US dollar	**2 768**	**19**	2 543	24
Rand	**8 824**	**62**	3 831	36
Other	**129**	**1**	56	—
	14 330	**100**	10 675	100

Credit ratings

During the financial year the group received the following corporate credit rating from Standard and Poor's:

Category	Rating
Short-term foreign currency	A-2
Long-term foreign currency	BBB/Stable

The group has received the following corporate credit rating from Global Credit Rating Company:

Category	Rating
Short-term domestic currency (ZAR)	A1+
Long-term domestic currency (ZAR)	AA+

These positive ratings are a significant achievement and an acknowledgement of Sasol's financial strength. The long-term BBB foreign currency rating supports the quality and diverse nature of Sasol's global assets and cash flow generation. All the ratings bear testimony to Sasol's prudent financial strategy, conservative gearing and strong balance sheet.

chief financial officer's review (continued)

Cash flow

The group continues to generate strong operating cash flows which are used to service its working capital requirements, cover its debt, taxation and dividend obligations, finance capital investments and repurchase shares.

Cash generated by operating activities The compound annual rate of growth of cash generated by operating activities over the last five years is 31%.

Utilisation of available cash:

	2003 Rm	2002 Rm
Net cash at beginning of year (including restricted cash)	**1 995**	2 370
Cash generated by operating activities	**15 997**	19 457
Investment income	**178**	247
Cash available for use by the group	**18 170**	22 074
Borrowing costs paid	**(1 286)**	(863)
Tax paid	**(5 527)**	(4 749)
Dividends paid to shareholders	**(2 835)**	(2 325)
Dividends paid to minority shareholders	**(65)**	(76)
Cash available for investment	**8 457**	14 061
Capital expenditure	**(10 968)**	(8 742)
to enhance existing operations	**(3 498)**	(3 648)
to expand operations	**(7 470)**	(5 094)
Other net investing activities	**247**	313
Share buyback programme	**(185)**	(1 020)
Net cash (shortfall)/surplus	**(2 449)**	4 612

The shortfall in the current year was financed primarily from short-term borrowings.

Capital expenditure

Capital expenditure during the year amounted to R10 968 million, of which R10 272 million was incurred on property, plant and equipment and R696 million on intangible assets.

Additions to property, plant and equipment Of the R10 272 million capital expenditure (2002 – R7 945 million), R3 121 million (30%) was utilised to enhance existing operations and address environmental obligations and R7 151 million (70%) was spent to expand operations. Key projects to expand operations include:

Project	Business category	Rm
Natural Gas Project		3 164
Pipeline – Mozambique to Secunda	Oil and Gas	1 938
Central processing facilities – Temane	Petroleum	783
Conversion of Sasolburg site	Oil and Gas	443
Acrylic acid and acrylates	Solvents	892
Gas-to-liquids		618
GTL Nigeria	GTL	59
GTL Qatar	GTL	559
Butanol	Solvents	349
15th oxygen train	Synfuels	319
Natref expansion	Oil and Gas	214
Ethane cracker, HDPE and LDPE plants in Iran	Polymers	206
Other		1 389
		7 151

Capital commitments There are currently close on 150 projects in various stages of development, representing a potential capital investment approximating R60 billion. Capital authorised at 30 June 2003 less expenditure already incurred amounted to R18,1 billion, of which R8,5 billion has not yet been contracted.

Significant projects in progress include:

Project	Business category	Currency	Amount approved	Expected date of commissioning
Natural Gas Pipeline: Mozambique to Secunda	Oil and Gas	US$m	549	Feb 2004
GTL Escravos	GTL	US$m	650	Jan 2007
GTL Qatar	GTL	US$m	466	Dec 2005
Project Turbo	Polymers and Synfuels*	Rm	13 000	Oct 2005
Acrylic acid and acrylates	Solvents	Rm	2 210	Jan 2004
Mozambique-Temane field development	SPI	Rm	2 150	Feb 2004
Sasolburg conversion to natural gas	Oil and Gas	Rm	1 048	May 2004
Ethane cracker, HDPE and LDPE plants in Iran	Polymers	Rm	1 294	Oct 2005
Octene train 2	Olefins & Surfactants	Rm	870	Oct 2004
15th oxygen train	Synfuels	Rm	655	Feb 2004
Conversion of customers to natural gas	Oil and Gas	Rm	535	May 2004
New waste recycling facility	Synfuels	Rm	520	Apr 2005
Tar naptha phenolic extraction	Merisol	Rm	384	Mar 2005
Kriel South Phase II	Mining	Rm	299	Jan 2004
Vinyls expansion	Polymers	Rm	256	Sep 2004
Evaporator/crystalliser	Mining	Rm	245	Oct 2003
Mooikraal underground mine	Mining	Rm	229	Jun 2006
SAP R3	Mining	Rm	171	Sep 2003
Black product site remediation	Synfuels	Rm	150	Apr 2005
Oxygen plant integrity restoration	Synfuels	Rm	159	Sep 2003

* Project Turbo has been approved in principle but is excluded from capital commitments in the financial statements.

Shareholder information

Share buyback programme The share buyback programme continued throughout the current year, taking cognisance of the group's gearing and expected cash flow requirements. Shares purchased (59 741 477 shares) up to 30 June 2003 represent 8,9% of the company's issued share capital. The average price paid for these shares was R60,49.

There is no intention to trade these shares and no dividends are paid in respect of these shares outside the group. These shares are classified as treasury shares.

Share option scheme Sasol operates a share incentive scheme, which aims to retain and reward certain employees. Allocations of options to these employees are linked to both the company's performance and that of the individual.

The offer price of the options equals the market price of the underlying shares on the trading day immediately preceding the granting of the option.

The scheme has 41,9 million shares available for allocation to its employees, of which 26,5 million have already been allocated. During 2003 a further 4,9 million share options (2002 – 6,8 million) were offered to employees at an average price of R107,76 per share option (2002 – R88,55 per share option).

In accordance with the group's accounting policy, the cost of share options granted to employees is not reflected in the group's financial statements. Once the standard is adopted, in terms of ED2 Share-Based Payments, Sasol will be required to recognise this expense in the income statement. Had this policy been applied in the current year an expense of R144 million (2002 – R114 million) would have been recognised in the income statement.

This calculation is determined using the Black-Scholes valuation method taking into account the ruling price of the share on the JSE at 30 June 2003.

Dividends

It is Sasol's intention to distribute dividends on an annual basis covered approximately three times by earnings over time. The group's policy is to maintain a dividend cover of between 2,5 and 3,5. In determining the dividend to be declared, the group also considers the potential reinvestment opportunities within the group.

The total dividend for the current year of 450 cents per share is equal to the dividend paid in respect of the 2002 financial year. This represents a dividend cover of 2,9 times.

financial review ‡

	Compound growth* %	2003 Restated‡ Rm	2002 Restated‡ Rm	2001 Restated‡ Rm	2000 Rm
Balance sheet					
Property, plant and equipment	23,1	**42 363**	38 453	29 346	18 798
Non-current assets		**4 159**	3 748	2 355	1 846
Current assets		**23 097**	23 529	19 742	9 021
Total assets	24,2	**69 619**	65 730	51 443	29 665
Total equity	21,0	**33 818**	31 587	23 244	17 715
Convertible debentures		**—**	—	—	—
Interest-bearing debt		**14 277**	10 579	8 429	777
Interest-free liabilities		**21 524**	23 564	19 770	11 173
Total equity and liabilities	24,2	**69 619**	65 730	51 443	29 665
Income statement					
Turnover	31,1	**64 555**	59 590	40 768	25 762
Operating profit	30,7	**11 911**	14 783	10 619	6 292
Income from associates		**60**	31	11	6
Extraordinary item		**—**	—	—	—
Borrowing (costs)/income		**(58)**	(54)	34	(189)
Income before tax	29,4	**11 913**	14 760	10 664	6 109
Taxation		**(4 007)**	(4 905)	(3 512)	(1 994)
Income after tax	30,9	**7 906**	9 855	7 152	4 115
Minority interest		**(89)**	(38)	(27)	(19)
Equalisation reserve transfer		**—**	—	—	—
Attributable earnings	29,7	**7 817**	9 817	7 125	4 096
Cash flow statement					
Cash from operations	30,0	**15 986**	19 241	15 277	8 793
Investment income		**178**	247	253	204
Decrease/(increase) in working capital		**11**	216	(1 195)	(1 010)
Cash generated by operating activities and investment income	30,6	**16 175**	19 704	14 335	7 987
Borrowing costs paid		**(1 286)**	(863)	(509)	(387)
Tax paid		**(5 527)**	(4 749)	(2 972)	(1 267)
Cash available from operating activities	26,1	**9 362**	14 092	10 854	6 333
Dividends and debenture interest paid		**(2 835)**	(2 325)	(1 655)	(1 114)
Cash retained from operating activities	27,2	**6 527**	11 767	9 199	5 219
Additions to property, plant and equipment		**(10 272)**	(7 945)	(3 657)	(1 817)
Additions to intangible assets		**(696)**	(797)	(438)	(354)
Acquisition of businesses		**(155)**	(565)	(8 350)	(2 827)
Other movements		**402**	878	(291)	242
(Increase)/decrease in funding requirements		**(4 194)**	3 338	(3 537)	463

‡ The financial results of the group have, from the beginning of the 2000 financial year, been prepared in accordance with International Financial Reporting Standards. Figures prior to 2000 have not been restated to comply with International Financial Reporting Standards.
During 2003 the group changed its accounting policy to capitalise borrowing costs on qualifying assets and its accounting treatment in respect of turnover. Figures prior to 2001 have not been restated.

* Five-year compound growth percentage per annum

	1999	1998	1997	1996	1995	1994
	Rm	Rm	Rm	Rm	Rm	Rm
Balance sheet						
Property, plant and equipment	16 048	14 981	13 163	11 547	10 707	10 203
Non-current assets	908	645	598	446	435	325
Current assets	7 300	7 893	7 231	6 631	5 878	4 443
Total assets	24 256	23 519	20 992	18 624	17 020	14 971
Total equity	15 131	13 025	11 778	10 077	9 018	7 367
Convertible debentures	1 028	1 028	1 028	1 028	1 028	1 028
Interest-bearing debt	1 123	2 145	1 146	1 317	1 936	1 863
Interest-free liabilities	6 974	7 321	7 040	6 202	5 038	4 713
Total equity and liabilities	24 256	23 519	20 992	18 624	17 020	14 971
Income statement						
Turnover	19 180	16 666	15 810	13 545	11 955	9 842
Operating profit	3 701	3 121	3 900	3 213	2 805	2 521
Income from associates	—	—	—	—	—	—
Extraordinary item	—	—	—	—	(119)	—
Borrowing (costs)/income	75	165	331	281	144	(76)
Income before tax	3 776	3 286	4 231	3 494	2 830	2 445
Taxation	(1 203)	(1 225)	(1 592)	(1 226)	(934)	(912)
Income after tax	2 573	2 061	2 639	2 268	1 896	1 533
Minority interest	(32)	(28)	(33)	(34)	(29)	(32)
Equalisation reserve transfer	—	100	—	(100)	50	50
Attributable earnings	2 541	2 133	2 606	2 134	1 917	1 551
Cash flow statement						
Cash from operations	5 063	4 301	4 869	4 097	3 678	3 293
Investment income	384	269	445	436	267	135
Decrease/(increase) in working capital	(895)	(318)	(414)	(25)	(38)	(320)
Cash generated by operating activities and investment income	4 552	4 252	4 900	4 508	3 907	3 108
Borrowing costs paid	(309)	(104)	(114)	(155)	(123)	(210)
Tax paid	(1 105)	(1 211)	(998)	(1 241)	(826)	(245)
Cash available from operating activities	3 138	2 937	3 788	3 112	2 958	2 653
Dividends and debenture interest paid	(980)	(978)	(901)	(236)	(125)	(599)
Cash retained from operating activities	2 158	1 959	2 887	2 876	2 833	2 054
Additions to property, plant and equipment	(2 348)	(2 927)	(2 617)	(1 998)	(1 480)	(1 272)
Additions to intangible assets	—	—	—	—	—	—
Acquisition of businesses	(346)	(148)	—	—	—	—
Other movements	8	130	(101)	60	(101)	29
(Increase)/decrease in funding requirements	(528)	(986)	169	938	1 252	811

shareholders' information

Shareholders' diary

Financial year-end	30 June 2003
Annual general meeting	28 November 2003
Dividends	
Interim dividend	
– SA cents per share	215
– last date to trade cum dividend	4 April 2003
– paid	14 April 2003
Final dividend	
– SA cents per share	235
– date declared	5 September 2003
– last date to trade cum dividend	3 October 2003
– payable	13 October 2003

Statistics

		2003	2002	2001	2000	1999	1998
Number of shareholders – beneficial		**41 165**					
Number of shareholders – registered			7 944	11 273	13 245	15 018	14 577
The increase in the number of shareholders, when compared to the prior year's disclosure, is due to disclosing the beneficial ownership in 2003 compared to the registered ownership in previous years.							
Shares in issue*	– million	**668,8**	666,9	665,0†	606,8	606,1	605,1
Shares repurchased	– million	**59,7**	57,9	47,1	27,8	—	—
Net shares in issue**	– million	**609,1**	609,0	617,9	579,0	606,1	605,1
Debentures in issue	– million	**—**	—	—	56,4	56,4	56,4
Weighted average shares in issue**	– million	**609,3**	612,5	627,3	604,4	605,8	605,0
JSE statistics							
Shares traded ‡	– million	**396,2**	377,5	317,7	265,6	292,2	217,5
Traded to issued	– %	**59,2**	56,6	47,8	43,8	48,2	35,9
Value of share transactiions	– million	**38 111**	35 997	19 073	12 001	6 835	6 865
Market price per share							
year-end	– SA cents	**8 355**	11 000	7 600	4 665	4 190	3 480
high	– SA cents	**12 150**	13 520	8 100	5 500	4 400	6 650
low	– SA cents	**7 550**	6 250	4 320	3 400	2 040	2 825
NYSE statistics▼							
Shares traded	– thousand	**2 397**					
Market price per share							
year-end	– US cents	**1 128**					
high	– US cents	**1 230**					
low	– US cents	**1 030**					

* Before share buyback programme
† Includes conversion of 56,4 million debentures into shares with effect from 26 June 2000
** After share buyback programme
‡ Includes share buyback programme
▼ As quoted on NYSE (American Depositary Shares) since 9 April 2003

share ownership

at 30 June 2003

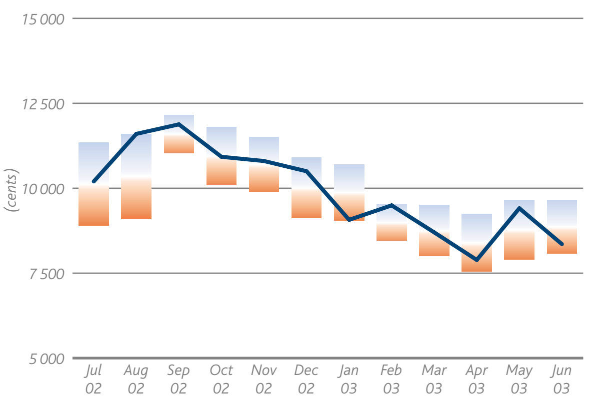
Beneficial ownership	Number of shareholders	% of shareholders	Number of shares	% of shares
Holdings (shares)				
1 – 1 000	32 861	79,8	10 247 541	1,5
1 001 – 5 000	5 884	14,3	13 030 778	1,9
5 001 – 10 000	868	2,1	6 366 290	1,0
10 001 – 50 000	893	2,2	20 586 356	3,1
50 001 – 100 000	223	0,5	15 936 680	2,4
100 001 – 1 000 000	365	0,9	101 577 828	15,2
Over 1 000 000	71	0,2	501 052 952	74,9
	41 165	100,0	668 798 425	100,0

The increase in the number of shareholders, when compared to the prior year's disclosure, is due to disclosing the beneficial ownership in 2003 compared to the registered ownership in previous years.

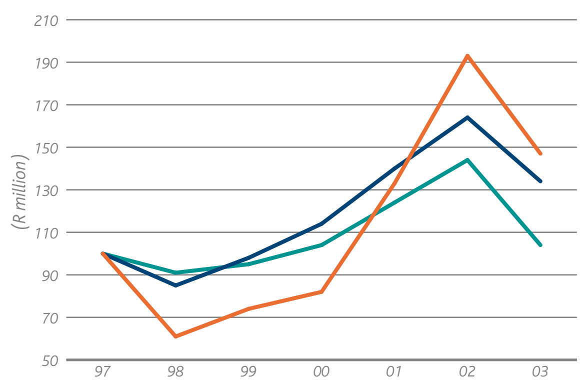
	Number of shareholders	% of shareholders	Number of shares	% of shares
Category				
Companies	2 017	4,9	269 838 565	40,4
Treasury shares	1	—	59 741 477	8,9
Insurance companies	70	0,2	32 031 070	4,8
Pension and provident funds	696	1,7	163 655 802	24,5
American depositary shares*	1	-	28 147 791	4,2
Growth funds and unit trusts	454	1,1	65 735 156	9,8
Private individuals	37 926	92,1	49 648 564	7,4
	41 165	100,0	668 798 425	100,0

*Held by the Bank of New York as depositary and listed on the New York Stock Exchange.

	Number of shareholders	% of shareholders	Number of shares	% of shares
Public and non-public shareholding				
Public	41 142	99,9	605 439 479	90,5
Non-public	23	0,1	63 358 946	9,5
– Directors and their associates	8		547 265	
– Directors of subsidiary companies	12		43 989	
– Sasol Investment Company (Pty) Limited	1		59 741 477	
– Sasol Employee Share Savings Trust	1		393 987	
– Sasol Pension Fund	1		2 632 228	
	41 165	100,0	668 798 425	100,0



Share price



Performance against JSE

share ownership *(continued)*

at 30 June 2003

Major shareholders

Pursuant to section 140A of the South African Companies Act, the following beneficial shareholdings exceeding 5% in aggregate, as at 30 June 2003, were disclosed or established from enquiries:

	Number of shares (millions)	% of shares
Public Investment Commissioner	89	13,4
Sasol Investment Company (Pty) Limited*	60	8,9
Industrial Development Corporation of South Africa Limited	53	8,0

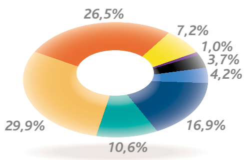
* A wholly-owned subsidiary of Sasol Limited.

Furthermore the directors have ascertained that some of the shares registered in the names of nominee holders are managed by various fund managers and that, at 30 June 2003, the following fund managers were responsible for managing 2% or more of the share capital of Sasol Limited:

	Number of shares (millions)	% of shares
Old Mutual Asset Management	83	12,5
Sanlam Investment Managers	42	6,3
Stanlib Limited	40	6,1
Allan Gray Limited	35	5,3
Capital International Inc. (USA)	33	5,1
RMB Asset Management	24	3,7
Investec Asset Management	17	2,7
PIC Equities	17	2,7
Wellington Management Company LLP (USA)	15	2,4
Coronation Asset Management	15	2,4

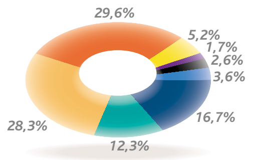
Beneficial holding disclosures

Beneficial ownership by fund type 2003

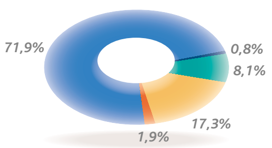


American depositary shares
Corporate holding
Insurance companies
Investment funds
Pension funds
Private investors
Foreign banks
Other

Beneficial ownership by fund type 2002

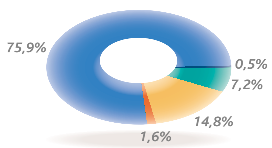


Beneficial ownership by geographic region 2003



South Africa
Rest of Africa
Europe
North America
Other

Beneficial ownership by geographic region 2002



value added statement

Value added is defined as the value created by the activities of a business and its employees and in the case of Sasol is determined as turnover less the cost of purchased materials and services. The value added statement reports on the calculation of value added and its application among the stakeholders in the group. This statement shows the total wealth created and how it was distributed, taking into account the amounts retained and reinvested in the group for the replacement of assets and development of operations.

for the year ended 30 June

		2003 Rm		2002 Restated Rm		2001 Restated Rm		2000 Rm		1999 Rm
Turnover		**64 555**		59 590		40 768		25 762		19 180
Less purchased materials and services		**(39 066)**		(32 820)		(22 844)		(13 754)		(10 860)
Value added		**25 489**		26 770		17 925		12 008		8 320
Investment income		**227**		261		255		204		384
Wealth created		**25 716**		27 031		18 179		12 212		8 704
	%		%		%		%		%	
Employees	**35,2**	**9 055**	29,3	7 921	27,2	4 957	32,3	3 943	37,5	3 265
Providers of equity capital	**11,4**	**2 924**	8,7	2 363	9,3	1 682	9,2	1 123	10,9	947
Providers of loan capital	**0,9**	**225**	1,1	284	1,2	210	3,2	396	4,6	398
Governments – direct taxes	**14,2**	**3 651**	17,3	4 669	21,9	3 988	17,4	2 125	12,2	1 063
Reinvested in the group	**38,3**	**9 861**	43,6	11 794	40,4	7 342	37,9	4 625	34,8	3 031
Wealth distribution	**100,0**	**25 716**	100,0	27 031	100,0	18 179	100,0	12 212	100,0	8 704
Employee statistics										
Number of employees at year-end		**31 150**		31 100		30 800		26 300		24 300
		Rand		**Rand**		**Rand**		Rand		Rand
Turnover per employee		**2 072 392**		1 916 077		1 323 636		979 544		789 300
Value added per employee		**818 266**		860 772		581 948		456 578		342 387
Wealth created per employee		**825 554**		869 164		590 227		464 335		358 189

monetary exchanges with governments

	2003 Rm	2002 Rm	2001 Rm	2000 Rm	1999 Rm
Direct taxes	**3 651**	4 669	3 988	2 125	1 063
South African current tax	**3 080**	4 262	3 599	2 004	952
foreign tax	**198**	87	178	19	23
secondary taxation on companies	**373**	320	211	102	88
Employees' tax	**1 641**	1 538	995	790	637
Customs, excise and fuel duties	**1 450**	733	786	778	800
Property tax	**62**	64	15	14	13
RSC levies	**89**	70	66	51	37
VAT paid	**1 464**	1 417	1 032	1 180	907
Other	**47**	36	31	33	30
	8 404	8 527	6 913	4 971	3 487
VAT received	**(1 856)**	(1 684)	(1 279)	(1 289)	(1 195)
Other	**(2)**	—	—	—	(2)
Net monetary exchanges with governments	**6 546**	6 843	5 634	3 682	2 290

summary of statistics and definitions

Liquidity	Measures the group's ability to meet its maturing obligations and unexpected cash needs over a short-term	
Current ratio	Current assets Current liabilities	–:1
Quick ratio	Current assets – inventory Current liabilities	–:1
Cash ratio	Cash and cash equivalents – bank overdraft Current liabilities	–:1
Debt leverage	Measures the group's ability to meet capital and interest payments over the long-term	
Total liabilities to shareholders' equity	Non-current liabilities + current liabilities Shareholders' equity	–%
Total borrowings to shareholders' equity	Long-term debt + short-term debt + bank overdraft (total borrowings) Total shareholders' equity	–%
Net borrowings to shareholdings' equity (gearing)	Total borrowings – cash Shareholders' equity	–%
Debt coverage	Cash generated by operating activities Total borrowings	– times
Borrowing cost cover	Net income before borrowing costs and taxation Borrowing costs paid	– times
Profitability	Measures the financial performance of the group	
Return on shareholders' equity	Attributable earnings Average shareholders' equity	–%
Return on total assets	Net income before borrowing costs and taxation Average non-current assets + average current assets	–%
Return on net assets	Net income before borrowing costs and taxation Average total assets – average total liabilities	–%
Gross margin	Gross profit Turnover	–%
Operating margin	Operating profit Turnover	–%
Efficiency	Measures the effectiveness and intensity of the group's management of its resources	
Net asset turnover ratio	Turnover Average total assets – average total liabilities	– times
Depreciation to cost of property, plant and equipment	Depreciation Cost of property, plant and equipment	–%
Net working capital to turnover	(Inventories + trade receivables + other receivables and prepaid expenses) – (accounts payable + other payables and accrued expenses) Turnover	–%

Refer to the notes to the annual financial statements for additional working capital ratios

*For 1998, 1997, 1996 and 1995 the result is a net cash surplus

•Not available

sasol

reaching new frontiers

2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
1,2	1,4	1,4	1,7	1,7	1,5	1,8	1,8	1,5	1,3
0,7	0,9	0,9	1,0	1,1	1,0	1,2	1,3	1,1	0,9
—	0,1	0,2	0,1	0,2	0,4	0,6	0,7	0,5	0,4
106,8	109,0	121,9	66,9	49,5	66,7	63,3	66,9	68,1	77,4
42,8	34,1	36,8	8,5	5,9	15,3	8,9	11,9	19,3	22,2
33,2	25,1	28,1	5,6	0,9	*	*	*	*	5,9
1,1	1,8	1,7	5,2	4,4	1,9	3,9	3,1	1,9	1,5
9,4	17,4	21,4	16,8	13,2	32,6	38,1	23,5	24,0	12,6
24,1	36,1	34,9	24,2	16,8	15,9	21,8	20,2	20,8	19,7
17,9	25,7	26,8	24,1	17,1	15,2	21,9	20,5	18,5	18,7
37,1	54,9	53,0	38,1	26,9	25,1	36,1	34,1	31,7	33,3
39,0	41,6	37,8	31,9	29,0	23,2	31,1	•	•	•
18,5	24,8	26,0	24,4	19,3	18,7	24,7	23,7	23,5	25,6
2,0	2,2	2,0	1,5	1,3	1,2	1,3	1,3	1,3	1,2
5,9	6,0	4,5	5,9	5,2	4,8	4,5	4,7	5,0	4,8
17,4	21,3	27,1	20,8	18,6	15,9	14,5	13,9	12,5	13,6

summary of statistics and definitions (continued)

Shareholders' returns	Measures key financial variables on a per share basis	
Attributable earnings per share	Attributable earnings / Weighted average number of shares in issue after the share buyback programme	–SA cents –US cents
Headline earnings per share	Headline earnings (refer note 35) / Weighted average number of shares in issue after the share buyback programme	–SA cents –US cents
Dividend per share	Interim dividend per share paid + final dividend per share declared	–SA cents –US cents
Dividend cover	Attributable earnings per share + STC on prior year final dividend – STC on current year final dividend / Interim dividend paid per share + final dividend declared per share	–times
Net asset value per share	Shareholders' equity / Total number of shares in issue after the share buyback programme	–SA cents
Productivity		
Annual increase in turnover	Turnover – prior year turnover / Prior year turnover	–%
Employee cost to turnover	Total employee cost / Turnover	–%
Depreciation and amortisation to turnover	Total depreciation on property, plant and equipment + amortisation of goodwill, negative goodwill and intangible assets / Turnover	–%
Effective tax rate	Taxation / Net income before tax	–%
Employee statistics		
Number of employees (at year end)		
Paid to employees		– R million
Average paid to employees		– R thousand
Economic indicators		
Average crude oil price (Brent)		– US$/bbl
Rand/US dollar exchange rate	– closing – average	–:1 –:1
Rand/euro exchange rate	– closing – average	–:1 –:1

•Not available

‡euro brought into use on 1 January 1999

Refer to the notes to the annual financial statements for additional working capital ratios

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
	1 283	1 603	1 136	620	409	326	422	350	323	264
	142	158	149	99	67	67	95	90	89	73
	1 280	1 597	1 258	666	402	324	420	348	●	●
	142	158	164	106	66	66	95	89	●	●
	450	450	320	220	151	147	147	123	102	90
	58	44	39	30	25	30	33	31	28	25
	2,9	3,5	3,5	3,2	2,7	2,2	2,9	2,8	3,1	2,9
	5 503	5 142	3 744	3 060	2 665	2 321	2 118	1 841	1 716	1 477
	8,3	46,2	58,2	34,3	15,1	5,4	16,7	13,3	21,5	10,9
	14,0	13,3	12,2	15,3	17,0	17,7	16,9	17,2	17,6	18,1
	7,0	6,8	6,0	7,6	7,3	7,2	6,2	6,6	7,3	7,9
	33,6	33,2	32,9	32,7	31,9	37,3	37,6	35,1	33,0	37,3
	31 150	31 100	30 800	26 300	24 300	24 900	24 700	25 000	27 300	27 900
	9 055	7 921	4 957	3 943	3 265	2 948	2 668	2 326	2 100	1 786
	291	255	161	150	134	118	108	93	76	64
	27,83	23,24	28,38	24,03	12,60	16,15	20,92	17,78	17,05	15,38
	7,50	10,27	8,02	6,93	6,06	5,46	4,35	4,33	3,64	3,65
	9,03	10,13	7,65	6,28	6,06	4,88	4,43	3,91	3,63	3,61
	8,63	10,19	6,89	6,54	6,34	‡	‡	‡	‡	‡
	9,41	9,08	6,79	6,35	6,77	‡	‡	‡	‡	‡

approval of financial statements

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group and the company as at the end of the financial year and the results of their operations and cash flows, in conformity with International Financial Reporting Standards. The group's external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards and incorporate disclosure in line with the accounting policies of the group. The consolidated annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, the internal auditors and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 30 June 2004 and, in light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The consolidated annual financial statements, set out on pages 98 to 183, and the company's annual financial statements, set out on pages 184 to 190, which have been prepared on the going concern basis, were approved by the board of directors on 5 September 2003 and were signed on their behalf by:

Pieter P Kruger

Paul Kruger

Pieter Cox

5 September 2003

certificate of the company secretary

In my capacity as the company secretary, I hereby confirm, in terms of the South African Companies Act, 1973, that for the year ended 30 June 2003, Sasol Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Nereus Joubert

5 September 2003

report of the independent auditors

To the members of Sasol Limited

We have audited the group annual financial statements and annual financial statements of Sasol Limited set out on pages 98 to 190 for the year ended 30 June 2003. These financial statements are the responsibility of the directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope *We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:*

- *examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;*
- *assessing the accounting principles used and significant estimates made by management; and*
- *evaluating the overall financial statement presentation.*

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion *In our opinion, the financial statements fairly present, in all material respects, the financial position of the group and of the company at 30 June 2003, and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, International Financial Reporting Standards and in the manner required by the Companies Act in South Africa.*

KPMG Inc.

KPMG Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
5 September 2003

directors' report

(company registration number 1979/003231/06)

The directors have pleasure in presenting their report for the year ended 30 June 2003.

Nature of business *Sasol Limited, the holding company of the group, is incorporated and domiciled in the Republic of South Africa and was listed on the JSE Securities Exchange South Africa on 31 October 1979 and on the New York Stock Exchange on 9 April 2003.*

Sasol is an integrated oil and gas group with substantial chemical interests, based in South Africa and operating in numerous countries throughout the world. Sasol provides liquid fuels in South Africa and is an international producer of chemicals. Sasol also uses in-house technology for the commercial production of synthetic fuels and chemicals from low-grade coal and manufactures more than 200 fuel and chemical products, which are sold in more than 90 countries. In addition, Sasol operates coal mines to provide feedstock for its synthetic fuel and chemical plants, manufactures and markets synthetic gas and operates the only inland crude oil refinery in South Africa.

The nature of the businesses of the significant operating subsidiaries and incorporated joint ventures is set out on pages 189 and 190.

Financial results *Attributable earnings after the change in accounting policies as discussed below, of R7 817 million for the year was 20 % lower (2002 – 38% higher) than the R 9 817 million (restated) of the previous year. Basic attributable earnings per share, after taking into account the share buyback programme, decreased by 20% (2002 – increased by 41%) from 1 603 cents to 1 283 cents.*

There have been no significant changes to International Financial Reporting Standards (IFRS) or Interpretations thereof issued that have had a significant impact on Sasol's consolidated financial statements for the year ended 30 June 2003.

The financial year-end was changed from 25 June to 30 June with effect from the 2002 financial year. The change in year-end had no material effect on the consolidated financial statements.

Sasol Italy S.p.A. has a year-end of 31 May and has been included in the consolidated financial statements up to that date. The different year-end had no material effect on the consolidated financial statements.

Change in accounting policy *The group's accounting policy has been changed during the current year in order to capitalise borrowing costs on all qualifying assets. This policy has been adopted retrospectively and comparative figures restated. The effect of this change in accounting policy is more fully described in note 53 of the consolidated financial statements.*

Change in accounting treatment *Sasol Olefins & Surfactants purchases a raw material from which a chemical component is extracted and the remaining product is then sold back to the supplier. Previously, the purchase of the raw material was reflected in cost of sales and the revenue from the returned product included in turnover. Because these transactions relate to the same product and supplier and are settled almost simultaneously, it is considered appropriate to rather show the net effect of these transactions as part of cost of sales. Comparative figures have been restated as if they had always been prepared in this manner. For further details of the effect of the change in accounting treatment, refer note 52 of the financial statements.*

In December 2002, the South African Institute of Chartered Accountants (SAICA), in conjunction with the JSE Securities Exchange South Africa, issued Circular 7/2002. This circular defines headline earnings and prohibits adjustments thereof for capital appreciation, deferred tax on capital appreciation, investment variances or actuarial basis changes. This definition, which differs from that used in previous years, became applicable immediately. The current calculation for headline earnings complies with SAICA Circular 7/2002 and no adjustments were required or made for prior periods.

Full details of the financial results, including the effect of any changes in accounting policies, are disclosed in the consolidated financial statements.

Subsidiaries, joint ventures and associates

Subsidiaries *Sasol Olefins and Surfactants GmbH finalised an agreement with RWE-DEA AG to acquire 100% of the shareholding in Condea Nanjing Chemical Company (China), including the 30% share previously held by the Nanjing Surfactants Factory. The company's name has since been changed to Sasol (China) Chemical Co Ltd. The transaction was finalised during September 2002.*

With effect from 1 May 2003, Sasol Italy S.p.A. acquired the remaining 49% of SLOVECA, Sasol Slovakia, spol. s r.o.

Joint ventures *Sasol Gas Holdings (Pty) Limited entered into a joint venture agreement with Coal Energy and Power Resources Limited (CEPR) whereby 51% of Sasol Gas' Durban South Gas distribution business was sold to CEPR with effect from 1 July 2002.*

Sasol Polymers International Investments (Pty) Limited entered into a joint venture agreement with the National Petroleum Corporation of Iran. An incorporated joint venture, Arya Sasol Polymer Company, was registered on 9 March 2003 and Sasol acquired a 50% stake in the entity.

With effect from 1 January 2003, the group divested of its 60% shareholding in Sasol DHB Holdings Incorporated.

Associates *Sasol Germany GmbH reached agreement with BP plc to acquire a 16,67% stake in Aetylen Rohrleitungsgesellschaft mbH & Co. KG. The transaction was finalised during September 2002.*

With effect from February 2003, Sasol Polymers International Investments (Pty) Limited acquired an additional 15% interest in Wesco China Limited.

Share capital

New shares issued *The company's authorised share capital remained unchanged during the year. A further 1 929 700 shares were issued during the year in terms of the Sasol Share Incentive Scheme.*

Share buyback programme *Pursuant to a special resolution passed at the annual general meeting held on 29 November 2002, in terms of which general authority was granted for the company to repurchase a maximum of 10% of its own shares in issue on that date, a further 1 884 328 (2002 – 10 782 249) shares of Sasol Limited were purchased by the wholly owned subsidiary, Sasol Investment Company (Pty) Limited in Sasol Limited, at a total cost of R185 million (2002 – R1 020 million). This brings the total shareholding of Sasol Investment Company (Pty) Limited to 59 741 477 (2002 – 57 857 149) shares representing 8,9% (2002 - 8,7%) of Sasol Limited's issued share capital. Shareholders' equity has been reduced by the cost of these shares. There is no intention to trade these shares and no dividends are paid in respect of these shares outside the group. These shares are classified as treasury shares.*

Shares held in reserve *At the annual general meeting of 28 November 2003, members will be requested to consider an ordinary resolution placing the 464 327 175 authorised but unissued ordinary shares of the Company, other than those required to meet the requirements of the Sasol Share Incentive Scheme, under the control of the Directors until the 2004 annual general meeting. Note 36 provides further details regarding the share capital of Sasol Limited.*

American Depositary Shares *At 30 June 2003, the company had in issue through The Bank of New York as depositary, and listed on the New York Stock Exchange (NYSE) 28 147 791 American Depositary Shares (ADSs). Each ADS represents one ordinary share.*

Sasol Share Incentive Scheme *In terms of the Sasol Share Incentive Scheme 41 874 400 shares (2002 – 43 804 100 shares) are under the control of the directors for purposes of enabling Sasol Limited to allot shares and to grant options in respect of shares to present and future employees, including executive directors of Sasol Limited, its subsidiaries and joint ventures. Note 37 to the consolidated annual financial statements provides further details regarding the Sasol Share Incentive Scheme.*

Dividends *An interim dividend of 215 cents per share (2002 – 200 cents per share) was paid on 14 April 2003. A final dividend in respect of the year ended 30 June 2003 of 235 cents per share (2002 – 250 cents per share) was declared on 5 September 2003. As the final dividend was declared subsequent to the financial year-end, in accordance with IFRS, no provision has been recognised in the consolidated annual financial statements in respect of this final dividend.*

The total dividend for the year amounted to 450 cents per share (2002 – 450 cents per share). This total dividend is covered approximately three times by attributable earnings.

The estimated total cash flow of the final dividend of 235 cents per share is R1 431 million (2002 – 250 cents per share – R1 524 million).

The board is satisfied that the capital remaining after payment of the final dividend is sufficient to support the current operations and to facilitate future development of the business.

Property, plant and equipment *Capital expenditure incurred during the year ended 30 June 2003 amounted to R10 272 million (2002 – R7 945 million).*

Capital expenditure authorised less expenditure incurred to 30 June 2003 amounted to R17 853 million (2002 – R23 649 million).

Further details of capital acquisitions and future projects are provided in the chief financial officer's review on pages 84 and 85 and in the notes to the consolidated financial statements.

Directors *The following directors resigned during the year:*

Dr Z Z R Rustomjee	*resigned 18 September 2002*
Mr R Havenstein (executive)	*resigned 30 June 2003*

With effect from 1 June 2003, Mr M S V Gantsho was appointed as a non-executive director.

The following non-executive directors were appointed subsequent to year-end:

Mr S B Pfeiffer	*appointed 1 July 2003*
Mr A Jain	*appointed 1 July 2003*

The composition of the board of directors is given on pages 8 and 9. The remuneration of Sasol Limited's directors is set out on pages 101 to 105.

Auditors *KPMG Inc. continued in office as auditors of Sasol Limited and its subsidiaries excluding the Sasol Chemie group. PricewaterhouseCoopers continued in office as auditors of the Sasol Chemie group of companies.*

At the annual general meeting of 28 November 2003, shareholders will be requested to appoint KPMG Inc. auditors of Sasol Limited for the 2004 financial year.

KPMG will be appointed auditors of the Sasol Chemie group of companies with effect from 1 July 2003.

Post-balance sheet events

Issue of corporate bond *Sasol successfully issued a R2 000 million corporate bond in South Africa on 1 September 2003. The group will utilise the bond to fund part of its ongoing capital funding requirements and to improve its debt cost and maturity structure. The maturity date of the bond is 1 September 2007. Interest is charged at a fixed rate of 10,5% per annum payable 1 March and 1 September each year.*

directors' report *(continued)*

Acquisition of subsidiary *On 11 July 2003 Sasol Italy S.p.A. acquired the remaining 48,05% shares in G.D. Portbury Limited (Dubai) trading as Sasol Gulf for a cash consideration of US$2,65 million (R20 million).*

Sasol Mining – coal mining venture *In June 2002, Anglo Operations Limited and Sasol Mining (Pty) Limited initiated a study to consider the development of the Kriel South coal reserves in Mpumalanga province. Subsequent to 30 June 2003, an agreement was reached in terms of which Anglo Operations Limited will establish a new opencast operation on the northern portion of the coalfield and Sasol has been granted access to the southern portion of the Kriel South coalfield, through the expansion of its existing underground operations at Syferfontein Colliery.*

Anglo Operations Limited will invest R769 milion (US$96 million) and Sasol Mining R320 million (US$40 million) in the project. Anglo Operations Limited will produce, for Sasol's consumption, 5 million tons of coal a year while a similar production rate will be added to the rate at which Sasol's Syferfontein Colliery will produce. Together they are expected to yield an estimated 200 million tons of thermal coal for supply to Sasol Synfuels at Secunda over 20 years. Production will commence in July 2005.

Petroleum Pipelines Bill *The South African Government has amended the Petroleum Pipelines Bill such as to guarantee National Petroleum Refiners of South Africa (Pty) Limited's (Natref) supply of crude oil through the Durban – Sasolburg crude oil pipeline. The Bill envisages a pipeline licensing dispensation that will ensure the supply of crude oil to Natref at commercial rates for its existing refining capacity for as long as it continues to operate. The Bill does not specifically provide for a continued differentiation between the pipeline tariff for the transport of crude oil and that of refined products. A reduction in this differential would have an adverse effect on the refining margins of the Natref refinery.*

The Bill is of an enabling nature, and provides for a pipeline authority to be instituted. This pipeline authority will be empowered to set tariffs for petroleum pipes. The revised Bill outlines specific guidelines for the pipeline authority in determining and approving pipeline tariffs. Until such time as the proposed legislation is promulgated and decisions taken by the pipeline authority, the impact on Sasol's share in Natref cannot be ascertained. The authority will also approve the tariffs for storage and loading facilities. In terms of the Bill tariffs must be set at a level that will enable the licensee to recover its investment, operate and maintain the system and make a profit commensurate with the risk. The Bill provides that licensees may not discriminate between customers or classes of customers regarding access, tariffs, conditions or service except in circumstances approved by the regulating authority.

Petroleum Products Act Amendment Bill
This Bill was tabled in parliament on 25 August 2003. The Bill aims to create a legislative framework for the governance of the fuel industry. This Bill will have an impact on the fuel industry after the termination of supply agreements between the oil companies at the end of December 2003.

In issuing wholesale licences, wholesalers will be required to procure products manufactured from coal, natural gas and vegetable matter before buying or selling product made from other raw material. A proposed licensing system may in terms of the Bill afford preferential rights to retailers who are supplied with wholesale products manufactured from coal, gas or vegetable matter. Sasol is currently in the process of evaluating the effects of this Bill.

Secretary *The company secretary of Sasol Limited is Dr N L Joubert. His business and postal addresses appear on page 194.*

Special resolutions

Sasol Limited

Effective date	*Resolution*
18 December 2002	Authorised the directors to approve the purchase of a maximum of 10% of Sasol Limited's shares in issue on that date by the company or any of its subsidiaries, subject to the provisions of the Companies Act and rules and requirements of the JSE Securities Exchange South Africa.
18 December 2002	Amended the articles of association of Sasol Limited in terms of which the maximum number of directors allowed was increased from thirteen to fifteen.
18 December 2002	Amended the articles of association of Sasol Limited to ensure that one-third of the directors retire from office at every annual general meeting.

Subsidiary companies

Subsidiary	*Effective date*	*Resolution*
National Petroleum Refiners South Africa (Pty) Limited	5 December 2002	Increased the authorised share capital of the company by the creation of 117 redeemable preference shares.

directors' remuneration report

The chairman of the compensation committee has pleasure in submitting the directors' remuneration report for 2003.

The compensation committee *The compensation committee was established in 1989 and comprises three members, all of whom are independent non-executive directors. At 30 June 2003, its members were P du P Kruger (chairman), W A M Clewlow and E le R Bradley.*

This committee is mandated by the Sasol Limited board to support and advise on the group's remuneration policies and set the remuneration and incentive plans for executive directors as well as members of the executive committee and group management. The committee is committed to apply principles of accountability and transparency aligned to an overall remuneration philosophy intended to let reward play an integral part in supporting and achieving the business strategy.

Group remuneration philosophy *Recognising that the Sasol group is operating in a global environment, the intention is that:*

- *rewards are designed to reflect the competitive global market in which the group operates;*
- *demanding key performance outputs and indicators be applied to a significant portion of the total reward including non-financial performance;*
- *the reward of executives be linked to the creation of value to shareholders; and*
- *rewards will ensure equity between executives and facilitate deployment of human capital in the group.*

Directors' emoluments *The executive directors, who are full-time employees, are appointed to the board to bring the competencies and experience appropriate to the group's needs as a global business. The objective is to ensure that remuneration received is on terms commensurate with market rates that reflect such responsibilities, taking account of industry, external market and country benchmarks on a regular basis.*

Executive directors' remuneration *Executive directors' remuneration comprises the following elements:*

- *basic salary, set annually by reference to performance and external market rates;*
- *an annual incentive plan linked to the performance of the group as well as attainment of strategic and agreed personal objectives; The plan is designed to reward executives for achieving sustained increases in shareholder value. Bonuses paid in a year are in respect of the previous year's performance;*
- *retirement benefits are paid to contributory retirement schemes established and/or approved by the group. Subject to the rules of the schemes, the rate of contribution paid is structured to enable the executive director to retire at the age of 60 years; and*
- *other benefits include entitlement to a car allowance scheme and cover on the group's medical health care scheme.*

Non-executive directors' fees *The current fees of non-executive directors were approved by the compensation committee. The revised fees of the non-executive directors will be submitted to the shareholders for approval at the annual general meeting to be held on 28 November 2003.*

Annual directors' fees for the year ending 30 June 2003 were:

Board/committee meeting		Remuneration	
		Director rand	Chairman rand
Sasol Limited board	South African director	200 000	400 000
	Non-resident director	US$71 200	
Audit committee		100 000	200 000
Compensation committee		60 000	120 000
Risk and safety, health and environment committee		60 000	120 000
Nomination and governance committee		60 000	120 000
Subsidiary boards		100 000	200 000

directors' remuneration report *(continued)*

Except for the fees of the chairman of Sasol Limited, the chairman of a board or a board committee is paid double the rate of a member. The fees of the chairman of Sasol Limited are listed in the table below.
Executive directors do not receive directors' fees.

Executive directors	Salary R'000	Bonus* R'000	Retirement funding R'000	Other R'000	Total 2003 R'000	Total 2002 R'000
P V Cox (deputy chairman and CE)	3 448	2 921	715	291	**7 375**	6 320
L P A Davies	2 095	1 416	376	230	**4 117**	3 421
J H Fourie	1 971	1 411	491	228	**4 101**	3 423
R Havenstein[1]	1 898	1 318	375	1 066	**4 657**	3 837
T S Munday	1 799	1 251	355	229	**3 634**	2 977
Total	**11 211**	**8 317**	**2 312**	**2 044**	**23 884**	**19 978**

**The bonus paid refers to incentives awarded based on the results of the previous financial year.*

Non-executive directors	Board meeting fees R'000	Paid by subsidiaries R'000	Committee fees R'000	Total 2003 R'000	Total 2002 R'000
P du P Kruger (chairman)	820	1 635	220	**2 675**	1 900
E le R Bradley	200	—	120	**320**	140
W A M Clewlow	200	—	420	**620**	240
B P Connellan	200	—	140	**340**	150
M S V Gantsho[2]	17	—	—	**17**	—
S Montsi	200	—	100	**300**	100
Z Z R Rustomjee[3]	50	—	—	**50**	75
J E Schrempp[4]	620	—	—	**620**	712
C B Strauss	200	—	160	**360**	150
Total	**2 507**	**1 635**	**1 160**	**5 302**	**3 467**

1 Resigned 30 June 2003. Includes payment in lieu of leave
2 Appointed 1 June 2003
3 Resigned 18 September 2002
4 Fees paid in US$

Directors' service contracts *There are no fixed-term service contracts for executive or non-executive directors. Executive directors have standard employee service agreements with notice periods of 30 days. An executive director is required to retire from the board at age 60, unless requested by the board to extend his or her term. A non-executive director is required to retire at age 70 unless the board, subject to the articles of association and by unanimous resolution on a year-to-year basis, extend the director's term of office until the year in which he turns 73.*

Directors' share options

Executive directors *Directors participate in the Sasol Share Incentive Scheme, which is designed to recognise the contributions of senior staff to the growth in the value of the group's financial position and financial performance and to retain key employees. Within the limits imposed by the company's shareholders, options are allocated to the directors and senior staff in proportion to their contribution to the business as reflected by their seniority and the group's performance. The options, which are allocated at the closing market price ruling on the trading day immediately preceding the granting of the option, vest after stipulated periods and are exercisable up to a maximum of nine years from the date of allocation.*

Options are granted for a period of nine years and vest as follows:

2 years – 1st third

4 years – 2nd third

6 years – final third

In terms of the Sasol Share Incentive Scheme, 60 000 000 shares (2002 – 60 000 000 shares) are under the control of the directors for purposes of enabling Sasol Limited to allot shares and to grant options in respect of shares to present and future employees, including executive directors, of Sasol Limited, its subsidiaries and joint ventures.

Share option allocations are considered annually and are recommended by the compensation committee and approved by the trustees of the Sasol Share Trust.

Non-executive directors *Non-executive directors received a once-off allocation of share options. The non-executive directors were granted options to 25 000 shares each, 12 500 vesting after two years and 12 500 vesting after four years from the date of the grant.*

Share options granted (number)	**Balance at beginning of year**	**Share options granted on 5 September 2002**	**Average price per share (SA rand)**	**Share options exercised**	**Balance at end of year**
Executive directors					
P V Cox	517 800	104 800	117	(25 000)	**597 600**
L P A Davies	271 800	41 100	117	(25 800)	**287 100**
J H Fourie	178 100	38 700	117	(38 900)	**177 900**
R Havenstein[1]	163 200	37 300	117	(38 000)	**—**
T S Munday	202 000	35 300	117	—	**237 300**
Non-executive directors					
P du P Kruger	25 000	—		(12 500)	**12 500**
E le R Bradley	25 000	—		(12 500)	**12 500**
W A M Clewlow	25 000	—		—	**25 000**
B P Connellan	25 000	—		—	**25 000**
S Montsi	25 000	—		—	**25 000**
J E Schrempp	25 000	—		—	**25 000**
C B Strauss	25 000	—		—	**25 000**
Total	**1 507 900**	**257 200**		**(152 700)**	**1 449 900**

[1] 162 500 share options lapsed on date of resignation (30 June 2003)

directors' remuneration report *(continued)*

Share options exercised during the period 1 July 2002 to 30 June 2003:

Share options exercised	Exercise dates/ periods	Number of share options exercised	Average rand grant price per share option	Average rand market price per share option	Gain on exercise of share options 2003 R'000	2002 R'000
Executive directors						
P V Cox	09/09/2002	25 000	R42,30	R117,00	**1 868**	—
L P A Davies	10/09/2002	25 800	R48,90	R117,49	**1 770**	—
J H Fourie	13/09/2002 – 30/09/2002 and 30/04/2003 – 05/05/2003	38 900	R37,84	R109,93	**2 804**	1 082
R Havenstein	25/03/2003 – 30/05/2003	38 000	R39,73	R 90,42	**1 926**	687
T S Munday	—	—	—	—	**—**	1 246
Non-executive directors						
P du P Kruger	25/03/2003	12 500	R53,80	R 88,70	**436**	—
E le R Bradley	28/11/2003	12 500	R53,80	R107,00	**665**	—
Total		**152 700**			**9 469**	3 015

The options outstanding at the end of the year vest during the following periods:

Vesting period (number)	**Already vested**	**Within 1 year**	**1 to 2 years**	**2 to 5 years**	**More than 5 years**	**Total**
Executive directors						
P V Cox	108 500	85 700	117 300	251 100	35 000	**597 600**
L P A Davies	55 900	51 000	48 000	118 500	13 700	**287 100**
J H Fourie	—	30 600	43 400	91 000	12 900	**177 900**
T S Munday	52 500	48 400	38 100	86 600	11 700	**237 300**
Non-executive directors						
P du P Kruger	—	—	12 500	—	—	**12 500**
E le R Bradley	—	—	12 500	—	—	**12 500**
W A M Clewlow	12 500	—	12 500	—	—	**25 000**
B P Connellan	12 500	—	12 500	—	—	**25 000**
S Montsi	12 500	—	12 500	—	—	**25 000**
J E Schrempp	12 500	—	12 500	—	—	**25 000**
C B Strauss	12 500	—	12 500	—	—	**25 000**
Total	**279 400**	**215 700**	**334 300**	**547 200**	**73 300**	**1 449 900**

Beneficial shareholding *The aggregate beneficial shareholding at 30 June 2003 of the directors of the company and their immediate families (none of whom has a holding in excess of 1%) in the issued shares of the company is detailed below. There have been no material changes in these shareholdings since that date. Save for the Sasol Share Incentive Scheme, no arrangements to which the company was a party existed at the end of the financial year, or at any time during the year, which would enable the directors or their families to acquire benefits by means of the acquisition of shares in the company.*

At 30 June 2003 Messrs Davies, Gantsho, Munday, Montsi and Schrempp and their immediate families held no beneficial shares in Sasol Limited.

Beneficial shareholding	***2003 (number of shares)***	*2002 (number of shares)*
Executive directors		
P V Cox	***38 830***	*15 850*
J H Fourie	***57 740***	*49 040*
R Havenstein	***37 500***	*9 800*
Non-executive directors		
P du P Kruger	***219 200***	*206 700*
E le R Bradley	***159 700***	*157 200*
W A M Clewlow	***13 195***	*13 195*
B P Connellan	***1 000***	*1 000*
C B Strauss	***20 100***	*20 100*
Total	***547 265***	*472 885*

Interest of directors in contracts *The directors have certified that they did not have a material interest in any transaction of any significance with the company or any of its subsidiaries or joint ventures. Accordingly, a conflict of interest with regard to directors' interests in contracts does not exist. There have been no material changes since 30 June 2003 up to the date of this report. In accordance with the requirements of the South African Companies Act, Sasol Limited maintains a register of directors' interests in contracts.*

Succession planning *Considerable emphasis is placed on succession planning at the executive and senior management level by the board. Detailed and intensive planning is conducted through the chairman's office in consultation with the nomination and governance committee. The chief executive is required to regularly report to the board on the group's management development and employment equity programmes.*

sasol limited group accounting policies and glossary of financial reporting terms

Sasol Limited is the holding company of the Sasol group (the group) and is domiciled in the Republic of South Africa. The following principal accounting policies were applied by the group for the financial year ended 30 June 2003. These policies are consistent in all material respects with those applied in previous years, except for the policy on borrowing costs which has been changed.

Glossary of financial reporting terms

This glossary of financial reporting terms is provided to ensure clarity of meaning as certain terms may not always have the same meaning or interpretation in other countries.

Group structures

Associate — An entity, other than a subsidiary or joint venture in which the group has significant influence over financial and operating policies.

Company — A legal business entity registered in terms of the applicable legislation of that country.

Entity — Sasol Limited, a subsidiary, joint venture or associate.

Foreign entity — An entity domiciled outside the Republic of South Africa whose activities are not an integral part or extension of the group's South African operations.

Group — The group comprises Sasol Limited, its subsidiaries and its interest in joint ventures and associates.

Integrated foreign operation — An entity domiciled outside the Republic of South Africa whose activities are an integral part or extension of the group's South African operations.

Joint venture — An entity over which the group exercises joint control established under a contractual arrangement.

Operation — A component of the group

- that represents a separate major line of business or geographical area of operation; and
- can be distinguished operationally and for financial reporting purposes.

Strategic business unit — A distinguishable component of the group engaged in providing similar goods or services that are different to those provided by other strategic business units. The primary strategic business units are

- Sasol Mining
- Sasol Synfuels
- Sasol Oil and Gas
- Sasol Olefins & Surfactants
- Sasol Polymers
- Sasol Solvents
- Sasol Wax
- Sasol Nitro

Classified as "other group companies" in the segment report

- – Sasol Technology
- – Sasol Petroleum International
- – Sasol Synfuels International
- – Sasol Infrachem
- – Merisol
- – Sasol Financing
- – Other corporate head office functions

Subsidiary — Any entity over which the group has the power to exercise control.

Accounting	
Acquisition date	*The date on which control in respect of subsidiaries, joint control in respect of joint ventures and significant influence in respect of associates commences.*
Commissioning date	*The date that an item of property, plant and equipment, whether acquired or constructed, is brought into use.*
Consolidated financial statements	*The financial results of the group which comprise the financial results of Sasol Limited and its subsidiaries, the group's proportionate interest in the financial results of joint ventures and its interest in associates.*
Control	*The ability, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain economic benefit from its activities. When assessing the ability to control an entity, the existence and effect of potential voting rights that are presently exercisable or convertible are taken into account.*
Discontinuing operation	*An operation that, pursuant to a single plan, is being disposed of in its entirety, piecemeal or terminating through abandonment.*
Discount rate	*The rate used for purposes of determining discounted cash flows defined as the yield at balance sheet date on AAA credit rated bonds (for entities outside South Africa) and relevant South African government bonds (for South African entities) that have maturity dates approximating the term of the related cash flows. This pre-tax interest rate reflects the current market assessment of the time value of money. When determining the cash flows, the risks specific to the asset or liability are taken into account and are therefore not included in determining the discount rate.*
Disposal date	*The date on which control in respect of subsidiaries, joint control in respect of joint ventures and significant influence in respect of associates ceases.*
Fair value	*The value for which an asset could be exchanged or a liability settled in a market related transaction.*
Financial results	*Comprise the financial position (assets, liabilities and equity), results of operations (revenue and expenses) and cash flows of the group or any entity within the group.*
Long-term	*A period longer than twelve months from balance sheet date.*
Measurement currency	*The currency that best reflects the economic substance of the underlying events and circumstances relevant to an entity.*
Qualifying asset	*An asset that necessarily takes a substantial period of time to get ready for its intended use.*
Recoverable amount	*The amount that reflects the greater of the net selling price and value in use that can be attributed to an asset as a result of its ongoing use by the entity. In determining the value in use, expected pre-tax future cash flows are discounted to their present values using the discount rate.*
Revenue	*Comprises the sale of products, services rendered, licence fees, royalties, dividends received and interest received, excluding value-added tax, excise duty and levies.*
Significant influence	*The ability, directly or indirectly, to participate in, but not exercise control over, the financial and operating policy decisions of an entity so as to obtain benefit from its activities.*
Turnover	*Comprises revenue generated by operating activities and includes sales, services rendered, licence fees and royalties.*

sasol limited group accounting policies and glossary of financial reporting terms (continued)

Financial instruments

Available-for-sale financial asset	A financial asset, excluding a loan or receivable issued by an originating entity, an investment acquired for trading purposes and a derivative instrument. An investment intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, is classified as a non-current available-for-sale financial asset.
Cash and cash equivalents	Cash on hand, demand deposits and other short-term, highly liquid investments.
Cash flow hedge	A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction and that will affect the income statement.
Derivative instrument	A financial instrument ● whose value changes in response to movements in a specified interest rate, commodity price, foreign exchange rate or similar variable; ● that requires minimal initial net investment; and ● whose terms require or permit net settlement at a future date.
Financial asset	Cash or cash equivalents, a right to receive cash or cash equivalents, equity instrument or a right to exchange a financial instrument under favourable conditions.
Financial instrument	A financial asset or financial liability.
Financial liability	A contractual obligation to pay cash or transfer other benefits or an obligation to exchange a financial instrument under unfavourable conditions.
Monetary asset	An asset which will be settled in a fixed or easily determinable amount of money.
Monetary liability	A liability which will be settled in a fixed or easily determinable amount of money.
Trading investment	An investment acquired principally for the purpose of generating economic benefits from short-term fluctuations in price.
Held-to-maturity investment	An investment, with a fixed maturity and fixed or determinable future payments, that management has the positive intent and ability to hold to maturity. The investment is classified as a non-current asset, except when it has a maturity within twelve months from the balance sheet date, in which case it is classified as a current asset.
Trade date	The date an entity commits itself to purchase or sell a financial instrument.

Statement of compliance

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those Standards, as adopted by the International Accounting Standards Board and applicable legislation.

Principal accounting policies

1. Basis of preparation of financial results *The consolidated financial statements are prepared using the historical cost convention except for specific financial instruments as described on pages 176 to 183, which are stated at fair value.*

The consolidated financial statements are prepared on the going concern basis.

The accounting policies are consistent with those applied in previous years except for the policy on borrowing costs as described in note 53 to the financial statements.

These accounting policies are consistently applied throughout the group.

2. Basis of consolidation of financial results *The consolidated financial statements reflect the financial results of the group. All financial results are consolidated with similar items on a line-by-line basis except for investments in associates.*

Inter-company transactions, balances and unrealised gains and losses between group entities are eliminated on consolidation. To the extent that a loss on a transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, that loss is recognised in the income statement.

In respect of joint ventures and associates, unrealised gains and losses are eliminated to the extent of the group's interest in these entities. Unrealised gains and losses arising from transactions with associates are eliminated against the investment in the associate.

Subsidiaries *The financial results of subsidiaries are consolidated into the group's results from the acquisition date until the disposal date. Minority interest at the acquisition date is determined as the minority shareholders' proportionate share of the fair value of the net assets of subsidiaries acquired.*

Joint ventures *The financial results of joint ventures are proportionately consolidated into the group's results from the acquisition date until the disposal date.*

Associates *The financial results of associates are included in the group's results according to the equity method from the acquisition date until the disposal date.*

Under this method, subsequent to the acquisition date, the group's share of profits or losses of associates is recognised in the income statement as equity accounted earnings and its share of movements in equity reserves is recognised in the changes in equity statement. All cumulative post-acquisition movements in the equity of associates are adjusted against the cost of the investment.

Goodwill and negative goodwill relating to associates is included in the carrying value of those associates. The amortisation of goodwill and negative goodwill is recognised in the income statement as part of equity accounted earnings of those associates.

If impaired, the carrying value of the group's share of the underlying assets of associates is written down to its estimated recoverable amount in accordance with the accounting policy on impairment.

Associates whose financial year-ends on a date other than 30 June are included in the consolidated financial statements using their most recently audited financial statements. Adjustments are made to the associates' financial results for material transactions and events between the group and the associates in the intervening period. When the group's share of losses in associates equals or exceeds its interest in those associates, the group does not recognise further losses, unless the group has a contractual obligation in respect of those associates.

3. Measurement currency and foreign currency translations
Measurement currency *The financial results of an entity are accounted for in its measurement currency. The consolidated financial statements are presented in rand, which is the measurement currency of the group.*

Foreign entities *Income and expenditure transactions of foreign entities are translated at the average rate of exchange for the year. All assets and liabilities, including fair value adjustments arising on acquisition, are translated at the rate of exchange ruling at the balance sheet date. Differences arising on translation are recognised in the changes in equity statement as a foreign currency translation reserve.*

On disposal of part or all of the investment, the proportionate share of the related cumulative gains and losses previously recognised in the foreign currency translation reserve in the

sasol limited group accounting policies and glossary of financial reporting terms *(continued)*

changes in equity statement are included in determining the profit or loss on disposal of that investment recognised in the income statement.

Integrated foreign operations *Income and expenditure transactions of integrated foreign operations are treated as if they were transactions of the company holding the investment. These transactions are translated at the rate of exchange ruling at the transaction date. Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date. Non-monetary assets and liabilities, stated at historical cost, are translated at the rate of exchange ruling at the transaction date. Non-monetary assets and liabilities, stated at fair value, are translated at the rate of exchange ruling at the date the fair values were determined. Differences arising on conversion of monetary assets and liabilities are recognised in the income statement.*

Other foreign currency transactions *Income and expenditure transactions are translated into the measurement currency of the individual entity at the rate of exchange ruling at the transaction date.*
Monetary assets and liabilities are translated at the rate of exchange ruling at the balance sheet date.
Differences arising on translation of monetary assets and liabilities are recognised in the income statement unless they arise from qualifying cash flow hedges.
Differences arising on translation of available-for-sale equities are included in the changes in equity statement as an investment fair value reserve.

4. Property, plant and equipment *Property, plant and equipment is stated at cost less accumulated depreciation and impairment. Land is not depreciated.*

The cost of self-constructed assets includes expenditure on materials, direct labour and an appropriate proportion of project overheads. Cost also includes the estimated costs of dismantling and removing the assets and site rehabilitation costs to the extent that they relate to the construction of the asset as well as gains or losses on qualifying cash flow hedges. Borrowing costs are capitalised on qualifying assets.

When plant and equipment comprises major components with different useful lives, these components are accounted for as separate items. Expenditure incurred to replace or modify a significant component of plant is capitalised and any remaining book value of the component replaced is written off in the income statement. All other expenditure is recognised in the income statement.

Property, plant and equipment is depreciated on a straight-line basis over its expected useful life. The depreciation rates applied are provided on page 160.

5. Intangible assets *Intangible assets are stated at cost less accumulated amortisation and impairment.*

Intangible assets are recognised if it is probable that future economic benefits will flow to the entity from the assets and the costs of the assets can be reliably measured.

Intangible assets are amortised on a straight-line basis over their expected useful lives. The amortisation period is reviewed annually. Amortisation rates applied are provided on page 163.

Research and development expenditure *Research expenditure is recognised in the income statement.*

Development expenditure relating to the production of new or substantially improved products or processes is capitalised if the products or processes are technically and commercially feasible. Cost includes expenditure on materials, direct labour and project overheads. All remaining development expenditure is recognised in the income statement.

Software *Purchased software and the direct costs associated with the customisation and installation thereof are capitalised. Expenditure on internally-developed software is capitalised if it meets the criteria for capitalising development expenditure. Expenditure incurred to restore or maintain the originally assessed future economic benefits of existing software systems is recognised in the income statement.*

Patents and trademarks *Expenditure on purchased patents and trademarks is capitalised. Expenditure incurred to extend the life of the patents or trademarks is capitalised. All other expenditure is recognised in the income statement.*

Exploration expenditure *The successful efforts method is used to account for oil and gas exploration activities. In terms of this method, the success of each exploration effort is judged on a site-by-site basis at least biannually. Once proven reserves are identified, expenditure on wells is capitalised. All other expenditure on exploratory wells is recognised in the income statement.*

Mining exploration costs are recognised in the income statement until completion of a final feasibility study supporting proven and probable reserves. Expenditure incurred subsequent to proven and probable reserves being identified is capitalised.

Expenditure on producing mines or development properties is capitalised only when excavation or drilling is incurred to extend reserves or further delineate existing proven and probable reserves.

6. Business combinations (goodwill and negative goodwill) *The purchase method is used when an entity is acquired. On acquisition date, fair values are attributed to the identifiable assets and liabilities.*

Fair values of the identifiable assets and liabilities are determined by reference to market values of those or similar items, where available, or by discounting expected future cash flows to present values using the discount rate.

The cost of acquisition is the fair value of the group's contribution in the form of assets transferred, shares issued or liabilities assumed at the acquisition date plus costs directly attributable to the acquisition.

On acquisition date, goodwill is recognised when the cost of the acquisition exceeds the fair value of the group's interest in the net identifiable assets of the entity acquired and, similarly, negative goodwill is recognised when the cost of acquisition is less than the net identifiable assets acquired.

Goodwill is stated at cost less accumulated amortisation and impairment. Goodwill is amortised on a straight-line basis over its expected useful life, not exceeding twenty years. The estimated useful life of goodwill is determined based on the evaluation of the business acquired.

The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying value of any related goodwill.

To the extent that negative goodwill relates to the expectation of future losses and expenses on the date of acquisition, that portion is recognised in the income statement when the future losses and expenses are incurred. Any remaining negative goodwill not exceeding the identifiable non-monetary assets acquired, is recognised in the income statement over the remaining weighted average useful life of the depreciable and amortisable assets. The amount of negative goodwill exceeding the fair values of identifiable non-monetary assets and not related to future losses or expenses is recognised in the income statement.

Goodwill and negative goodwill are presented as a net figure.

7. Long-term debt and equity investments *The group classifies its investments in debt and equity securities into the following categories:*

- *trading;*
- *held-to-maturity; and*
- *available-for-sale.*

The classification is dependent on the purpose for which the investment is acquired. Management determines the classification of its investments at the time of the purchase and re-evaluates such designation at least biannually.

Investments are stated initially on trade date at cost including transaction costs.

Trading and available-for-sale investments are subsequently carried at fair value. Held-to-maturity investments are carried at amortised cost using the effective yield method.

The fair values of investments are based on quoted bid prices or amounts derived from cash flow models. Fair values for unlisted equity securities are estimated using methods reflecting the specific circumstances of the investee. Equity securities for which fair values cannot be measured reliably are recognised at cost less impairment.

Gains and losses arising from revaluation of trading investments are recognised in the income statement. Unrealised gains and losses arising from revaluation of available-for-sale investments are recognised in the changes in equity statement as an investment fair value reserve. On disposal or impairment of an available-for-sale investment, cumulative unrealised gains and losses previously recognised in the investment fair value reserve in the changes in equity statement are included in determining the profit or loss on disposal of or impairment charge relating to that investment, which is recognised in the income statement.

8. Impairment of assets *The group's assets, other than inventories and deferred tax, are reviewed biannually or whenever events or changes in circumstances indicate that the carrying value may not be recoverable, to determine whether there is any indication of impairment.*

The impairment recognised in the income statement is the excess of the carrying value over the recoverable amount. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash flows independently, the recoverable amount is determined for the larger cash-generating unit to which the asset belongs.

sasol limited group accounting policies and glossary of financial reporting terms *(continued)*

A previously recognised impairment will be reversed in so far as estimates change as a result of an event occurring after the impairment was recognised. An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the income statement.

9. Inventories *Inventories are valued at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and transporting the inventory to its present location.*

Cost is determined as follows:

Crude oil and other raw materials	First-in-first-out method (FIFO)
Process, maintenance and other materials	Weighted average purchase price
Work-in-progress	Allocation of direct labour, overhead and material costs incurred
Manufactured products including consignment inventory	Production cost according to FIFO method

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

10. Trade and other receivables *Trade and other receivables are stated at invoiced value less provision for doubtful debts.*

11. Cash and cash equivalents *Cash and cash equivalents are stated at cost that is deemed to be fair value. For cash flow statement purposes bank overdrafts are offset against cash and cash equivalents.*

12. Restricted cash *Cash which is subject to restrictions on its use is stated separately at cost in the balance sheet.*

13. Provisions *A provision is recognised when the group has a legal or constructive obligation arising from a past event that will probably be settled, and a reliable estimate of the amount can be made.*

Long-term provisions are determined by discounting the expected future cash flows to their present value using the discount rate. The increase in discounted long-term provisions as a result of the passage of time is recognised as a deemed borrowing cost in the income statement.

Environmental rehabilitation provisions *Estimated long-term environmental provisions, comprising pollution control, rehabilitation and mine closure, are based on the group's environmental policy taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations arise on construction of the asset, they are capitalised as part of the cost of those assets.*

Decommissioning costs of plant and equipment
The estimated present value of future decommissioning costs, taking into account current environmental and regulatory requirements, is capitalised as part of property, plant and equipment, to the extent that they relate to the construction of the asset, and the related provisions are raised. These estimates are reviewed annually. A subsequent expenditure is recognised in the income statement.

Ongoing rehabilitation expenditure *Ongoing rehabilitation expenditure is recognised in the income statement.*

14. Trade and other payables *Trade and other payables are stated at cost.*

15. Dividends payable *Dividends payable and the related taxation thereon are recognised as a liability in the period in which they are declared.*

16. Share capital *Issued share capital is stated in the changes in equity statement at the amount of the proceeds received less directly attributable issue costs.*

17. Share buyback programme *When Sasol Limited's shares are repurchased by a subsidiary, the amount paid, including directly attributable costs, is disclosed as a deduction from total shareholders' equity. Where such shares are subsequently reissued, any consideration received is included in the changes in equity statement.*

18. Taxation *The income tax charge is determined based on net income before tax for the year and takes deferred tax and secondary taxation on companies into account.*

Current tax *The current tax charge is the expected tax payable on the taxable income for the year using enacted tax rates and any adjustments to tax payable in respect of prior years.*

Deferred tax *Deferred tax is provided for using the liability method, on all temporary differences between the carrying values of assets and liabilities for accounting purposes and the* *amounts used for tax purposes. No deferred tax is provided on temporary differences relating to:*

- *non-tax deductible goodwill;*
- *non-taxable negative goodwill;*
- *the initial recognition (other than in a business combination) of an asset or liability to the extent neither accounting nor taxable profit is affected on acquisition; and*
- *investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.*

The provision for deferred tax is determined using enacted or substantially enacted tax rates at balance sheet date that are expected to apply when the asset is realised or liability settled. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be realised.

The provision for deferred tax assets and liabilities reflects the tax consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities. Deferred tax liabilities have not been provided on undistributed earnings of foreign subsidiaries where those earnings are not expected to be distributed.

Secondary taxation on companies (STC)
STC is recognised as part of the current tax charge in the income statement when the related dividend is declared.

19. Revenue *Revenue is recognised net of indirect taxes, rebates and trade discounts and consists primarily of the sale of products, services rendered, licence fees, royalties, dividends received and interest received.*

Revenue is recognised when the following criteria are met:

- *evidence of an arrangement exists;*
- *delivery has occurred or services have been rendered and the significant risks and rewards of ownership have been transferred to the purchaser;*
- *transaction costs can be reliably measured;*
- *the selling price is fixed or determinable; and*
- *collectability is reasonably assured.*

The timing of revenue recognition is as follows. Revenue from:

- *the sale of products is recognised when the group no longer retains continuing managerial involvement associated with ownership;*
- *services rendered is based on the stage of completion of the transaction, based on the proportion that costs incurred to date bear to the total cost of the project;*
- *licence fees and royalties is recognised on an accrual basis;*
- *dividends received is recognised when the right to receive payment is established; and*
- *interest received is recognised on a time proportion basis using the effective interest rate method.*

20. Leases
Finance leases *Leases where the group assumes substantially all the benefits and risks of ownership, are classified as finance leases. Finance leases are capitalised as property, plant and equipment at the lower of fair value or the present value of the minimum lease payments at the inception of the lease with an equivalent amount being stated as a finance lease liability.*

The capitalised amount is depreciated over the asset's useful life. Lease payments are allocated between capital repayments and borrowing costs using the effective interest rate method.

Operating leases *Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised in the income statement over the lease term on a basis representative of the pattern of use.*

21. Borrowing costs *The group has changed its accounting policy during the current financial year to capitalise borrowing costs on qualifying assets.*

Borrowing costs are capitalised against qualifying assets in all entities.

Such borrowing costs are capitalised over the period during which the asset is being constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted or when the asset is substantially complete. All other borrowing costs are recognised in the income statement.

Where funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation on that asset is the actual borrowing costs incurred on the borrowing during the period.

Where funds are made available from general borrowings and used for the purpose of obtaining qualifying assets, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining qualifying assets.

sasol limited group accounting policies and glossary of financial reporting terms *(continued)*

The amount of borrowing costs capitalised will not exceed the amount of borrowing costs incurred.

22. Employee benefits

Short-term employee benefits *Remuneration to employees for services rendered is recognised in the income statement. Provision is made for accumulated leave and incentive bonuses.*

Post-employment benefits *The group operates defined contribution and defined benefit retirement plans for its employees in the countries in which it operates. These plans are generally funded through payments to trustee-administered funds as determined by annual actuarial calculations.*

Defined contribution pension plans *Contributions to defined contribution pension plans are recognised in the income statement.*

Defined benefit plans *The group's net obligation in respect of defined benefit plans is actuarially calculated separately for each plan by deducting the fair value of plan assets from the gross obligation. The gross obligation is determined by estimating the future benefit attributable to employees in return for services rendered to date.*

This future benefit is discounted using the discount rate to determine its present value. Independent actuaries perform this calculation annually using the projected unit credit method.

Improvements to a benefit plan relating to past service are recognised in the income statement as an expense on a straight-line basis over the vesting period.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in the income statement over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Where the plan assets exceed the gross obligation, the asset recognised is limited to the total of unrecognised net actuarial losses, unrecognised past service costs related to improvements to the benefit plan and the present value of any future refunds from the plan or reductions in future contributions to the plan.

Post-retirement healthcare benefit plans *The group provides post-retirement healthcare benefits to certain of its retirees. The entitlement of these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued on a systematic basis over the expected remaining period of employment, using an accounting methodology similar to that for defined benefit pension plans. Independent actuaries perform this calculation annually.*

Equity and equity-related compensation benefits
The Sasol Share Incentive Scheme allows certain group employees the option to acquire shares in Sasol Limited over a prescribed period. The exercise price of these options equals the market price of the underlying shares on the trading day immediately preceding the granting of the option. Consequently no compensation cost or obligation is recognised. When the options are exercised, share capital is increased by the proceeds received less directly attributable issue costs.

23. Financial instruments *Financial instruments are initially recognised on trade date at cost including transaction costs when the related contractual rights or obligations exist. Certain financial instruments are subsequently revalued.*

Derivative instruments, financial instruments acquired for trading purposes and available-for-sale financial assets are stated at fair value. Held-to-maturity investments are stated at cost taking into account any accumulated amortisation and impairment.

Financial assets and liabilities are recognised when the group has rights to receive or obligations to pay economic benefits and are derecognised when these rights or obligations no longer exist.

The fair value of financial instruments is determined as follows:

- *short-term receivables and payables, other than derivative instruments, at the historic invoice amount less any provision for doubtful debts;*
- *derivative instruments are marked to market at balance sheet date; and*

- *long-term financial assets at the current market value if listed or, if unlisted, the amount determined using appropriate valuation methods.*

Gains and losses arising on the revaluation at balance sheet date of available-for-sale financial assets are recognised as an investment fair value reserve in the changes in equity statement until the asset is disposed of or impaired, at which time the cumulative gain or loss is recognised in the income statement.

All derivative instruments are marked to market at year-end. Resulting gains or losses on derivative instruments, excluding designated hedging instruments, are recognised in the income statement.

All other gains and losses on revaluation to fair value of financial instruments are recognised in the income statement on valuation date.

Premiums or discounts arising from the difference between the cost of financial instruments purchased or issued and the amounts receivable or repayable at maturity are recognised as borrowing costs using the effective interest rate method.

Hedge accounting *The group is exposed to market risks from changes in interest rates, foreign exchange rates and commodity prices. The group uses derivative instruments to hedge its exposure to fluctuations in interest rates, foreign currencies and certain commodity prices.*

The group's criteria for a derivative instrument to be classified as a hedge require that:

- *the hedge transaction is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk;*
- *the effectiveness of the hedge can be reliably measured throughout the duration of the hedge;*
- *there is adequate documentation of the hedging relationship at the inception of the hedge; and*
- *for cash flow hedges, the forecasted transaction that is the subject of the hedge must be highly probable.*

Where a derivative instrument is designated as a cash flow hedge of an asset, liability or expected future transaction, the effective part of any gain or loss arising on the derivative instrument is classified as a cash flow hedge accounting reserve in the changes in equity statement until the underlying transaction occurs. The ineffective part of any gain or loss is recognised in the income statement.

If the expected future transaction results in the recognition of an asset or liability, the associated gain or loss is transferred from the cash flow hedge accounting reserve in the changes in equity statement to the underlying asset or liability on the transaction date. Other cash flow hedge gains or losses are recognised in the income statement at the same time as the hedged transaction occurs.

When forward exchange contracts are entered into as fair value hedges, no hedge accounting is applied. All gains and losses on such contracts are recognised in the income statement.

24. Comparative figures *Comparative figures have been reclassified or restated where necessary to afford a proper and more meaningful comparison of results.*

25. Segmental reporting *Segment information is reported on both a strategic business unit (primary) and geographical (secondary) basis. This approach is based on the manner in which segments are organised and managed. The segmental report is set out on pages 121 to 127.*

26. Convenience conversion from rand to United States dollar *The principal reporting currency of the group is the rand. This currency reflects the economic substance of the underlying events and circumstances of the group. Supplementary United States dollar information is provided for convenience only.*

The conversion to United States dollar is performed as follows:

- *assets and liabilities are translated at the closing rate of exchange on balance sheet date;*
- *income and expenses are translated at average exchange rates for the years presented except for significant transactions which are translated at rates ruling on the transaction dates;*
- *shareholders' equity, other than attributable earnings for the year, is translated at the closing rate on each balance sheet date; and*
- *the resulting translation differences are included in total shareholders' equity.*

sasol limited group balance sheet

for the year ended 30 June

2003 US$m°		Note	2003 Rm	2002 Restated Rm	2001 Restated Rm
	Assets				
5 652	Property, plant and equipment	1	42 363	38 453	29 346
(42)	Goodwill and negative goodwill	2	(314)	(518)	(523)
274	Intangible assets	3	2 051	1 854	1 074
92	Investments in securities	4	690	480	817
36	Investments in associates	5	270	333	28
60	Retirement benefit assets	6	451	497	445
108	Long-term receivables	7	808	1 008	449
1	Long-term financial assets	8	9	9	11
26	Deferred tax asset	9	194	85	54
6 207	**Non-current assets**		46 522	42 201	31 701
1 167	Inventories	10	8 748	9 013	7 210
1 029	Trade receivables	11	7 713	8 994	7 871
370	Other receivables and prepaid expenses	12	2 773	1 521	2 208
2	Short-term financial assets	13	12	232	19
89	Cash restricted for use	14	665	959	433
425	Cash	14	3 186	2 810	2 001
3 082	**Current assets**		23 097	23 529	19 742
9 289	**Total assets**		69 619	65 730	51 443
	Equity and liabilities				
4 472	Shareholders' equity		33 518	31 315	23 137
40	Minority interest		300	272	107
4 512	**Total equity**		33 818	31 587	23 244
611	Long-term debt	15	4 581	5 427	4 970
332	Long-term provisions	16	2 486	2 892	2 339
345	Retirement benefit obligations	17	2 589	2 778	2 006
13	Long-term deferred income	18	96	65	—
816	Deferred tax liability	9	6 113	6 062	5 137
2 117	**Non-current liabilities**		15 865	17 224	14 452
865	Short-term debt	19	6 481	3 474	3 479
87	Short-term financial liabilities	20	654	360	6
209	Short-term provisions	21	1 566	2 189	1 715
76	Tax payable	22	571	2 398	2 206
542	Trade payables	23	4 060	4 226	3 945
445	Other payables and accrued expenses	24	3 336	2 498	2 332
436	Bank overdraft	14	3 268	1 774	64
2 660	**Current liabilities**		19 936	16 919	13 747
9 289	**Total equity and liabilities**		69 619	65 730	51 443

°US$ convenience translation

sasol limited group income statement

for the year ended 30 June

2003 US$m°		Note	2003 Rm	2002 Restated Rm	2001 Restated Rm
7 149	**Turnover**	25	64 555	59 590	40 768
(4 357)	Cost of sales and services rendered		(39 347)	(34 812)	(25 353)
2 792	**Gross profit**		25 208	24 778	15 415
67	Non-trading income	26	604	1 241	602
(551)	Marketing and distribution expenditure		(4 977)	(4 273)	(2 024)
(488)	Administrative expenditure		(4 407)	(4 125)	(2 596)
(312)	Other operating expenditure		(2 809)	(3 394)	(977)
(189)	Translation (losses)/gains	27	(1 708)	556	199
1 319	**Operating profit**	28	11 911	14 783	10 619
18	Dividends and interest received	30	167	230	244
7	Income from associates	31	60	31	11
(25)	Borrowing costs	32	(225)	(284)	(210)
1 319	**Net income before tax**		11 913	14 760	10 664
(444)	Taxation	33	(4 007)	(4 905)	(3 512)
875	**Net income after tax**		7 906	9 855	7 152
(10)	Minority interest		(89)	(38)	(27)
865	**Attributable earnings**		7 817	9 817	7 125
	Basic earnings per share (cents)	35			
142	– attributable earnings basis		1 283	1 603	1 136
142	– headline earnings basis		1 280	1 597	1 258
	Diluted earnings per share (cents)	35			
140	– attributable earnings basis		1 262	1 571	1 123
139	– headline earnings basis		1 259	1 565	1 243
	Dividends per share (cents)				
27	– interim		215	200	140
31*	– final		235*	250	180
58			450	450	320

*Declared subsequent to 30 June 2003 and has been presented for information purposes only. No provision regarding this final dividend has been recognised.

°US$ convenience translation

sasol limited group
changes in equity statement

for the year ended 30 June

	Share capital Rm	Foreign currency translation reserve (Note 38) Rm	Investment fair value reserve Rm	Cash flow hedge accounting reserve Rm	Share buyback programme Rm
Balance at 26 June 2000					
As previously stated	1 559	142	—	—	(1 290)
Effect of change in accounting policy (note 53)	—	—	—	—	—
Balance at 26 June 2000 (restated)	**1 559**	**142**	**—**	**—**	**(1 290)**
Shares issued	43	—	—	—	—
Conversion of debentures	1 028	—	—	—	—
Increase in foreign currency translation reserve for the year	—	209	—	—	—
Shares repurchased during the year	—	—	—	—	(1 119)
Attributable earnings for the year	—	—	—	—	—
Dividends paid	—	—	—	—	—
Change in shareholding of subsidiaries	—	—	—	—	—
Tax effects	—	(2)	—	—	—
Balance at 25 June 2001 (restated)	**2 630**	**349**	**—**	**—**	**(2 409)**
Shares issued	76	—	—	—	—
Increase in foreign currency translation reserve for the year	—	1 980	—	—	—
Increase in investment fair value reserve	—	—	2	—	—
Effect of cash flow hedge accounting	—	—	—	(191)	—
Amounts transferred to long-term debt	—	—	—	(85)	—
Shares repurchased during the year	—	—	—	—	(1 020)
Attributable earnings for the year	—	—	—	—	—
Dividends paid	—	—	—	—	—
Change in shareholding of subsidiaries	—	—	—	—	—
Tax effects	—	(111)	—	35	—
Balance at 30 June 2002 (restated)	**2 706**	**2 218**	**2**	**(241)**	**(3 429)**
Shares issued	77	—	—	—	—
Decrease in foreign currency translation reserve for the year	—	(2 487)	—	—	—
Effect of cash flow hedge accounting	—	—	—	(128)	—
Shares repurchased during the year	—	—	—	—	(185)
Attributable earnings for the year	—	—	—	—	—
Dividends paid	—	—	—	—	—
Change in shareholding of subsidiaries	—	—	—	—	—
Tax effects	—	(83)	—	27	—
Balance at 30 June 2003	**2 783**	**(352)**	**2**	**(342)**	**(3 614)**

	Accumulated earnings Rm	Shareholders' equity Rm	Minority interest Rm	Total equity Rm
Balance at 26 June 2000				
As previously stated	16 276	16 687	106	16 793
Effect of change in accounting policy (note 53)	821	821	—	821
Balance at 26 June 2000 (restated)	17 097	17 508	106	17 614
Shares issued	—	43	—	43
Conversion of debentures	—	1 028	—	1 028
Increase in foreign currency translation reserve for the year	—	209	3	212
Shares repurchased during the year	—	(1 119)	—	(1 119)
Attributable earnings for the year	7 125	7 125	27	7 152
Dividends paid	(1 655)	(1 655)	(27)	(1 682)
Change in shareholding of subsidiaries	—	—	(2)	(2)
Tax effects	—	(2)	—	(2)
Balance at 25 June 2001 (restated)	22 567	23 137	107	23 244
Shares issued	—	76	—	76
Increase in foreign currency translation reserve for the year	—	1 980	36	2 016
Increase in investment fair value reserve	—	2	—	2
Effect of cash flow hedge accounting	—	(191)	—	(191)
Amounts transferred to long-term debt	—	(85)	—	(85)
Shares repurchased during the year	—	(1 020)	—	(1 020)
Attributable earnings for the year	9 817	9 817	38	9 855
Dividends paid	(2 325)	(2 325)	(76)	(2 401)
Change in shareholding of subsidiaries	—	—	167	167
Tax effects	—	(76)	—	(76)
Balance at 30 June 2002 (restated)	30 059	31 315	272	31 587
Shares issued	—	77	—	77
Decrease in foreign currency translation reserve for the year	—	(2 487)	(16)	(2 503)
Effect of cash flow hedge accounting	—	(128)	—	(128)
Shares repurchased during the year	—	(185)	—	(185)
Attributable earnings for the year	7 817	7 817	89	7 906
Dividends paid	(2 835)	(2 835)	(65)	(2 900)
Change in shareholding of subsidiaries	—	—	20	20
Tax effects	—	(56)	—	(56)
Balance at 30 June 2003	35 041	33 518	300	33 818

sasol limited group
cash flow statement

for the year ended 30 June

	Note	2003 Rm	2002 Restated Rm	2001 Restated Rm
Cash receipts from customers		**64 696**	60 049	39 767
Cash paid to suppliers and employees		**(48 699)**	(40 592)	(25 685)
Cash generated by operating activities	40	**15 997**	19 457	14 082
Investment income	43	**178**	247	253
Borrowing costs paid	32	**(1 286)**	(863)	(509)
Tax paid	22	**(5 527)**	(4 749)	(2 972)
Cash available from operating activities		**9 362**	14 092	10 854
Dividends paid	44	**(2 835)**	(2 325)	(1 655)
Cash retained from operating activities		**6 527**	11 767	9 199
Additions to property, plant and equipment	1	**(10 272)**	(7 945)	(3 657)
Additions to intangible assets	3	**(696)**	(797)	(438)
Non-current assets sold	45	**504**	137	112
Acquisition of businesses	46	**(155)**	(565)	(8 350)
Sasol Chemie purchase price reduction	46	**—**	341	—
Cash acquired on acquisition of businesses	46	**119**	35	154
(Increase)/decrease in investments		**(184)**	78	(546)
(Increase)/decrease in long-term receivables		**(37)**	287	(11)
Cash utilised in investing activities		**(10 721)**	(8 429)	(12 736)
Share capital issued		**77**	76	43
Share buyback programme		**(185)**	(1 020)	(1 119)
Dividends paid to minority shareholders		**(65)**	(76)	(27)
Increase/(decrease) in long-term debt		**122**	(2 457)	4 097
Increase/(decrease) in short-term debt		**3 088**	(962)	2 379
Cash effect of financing activities		**3 037**	(4 439)	5 373
(Decrease)/increase in cash and cash equivalents		**(1 157)**	(1 101)	1 836
Cash and cash equivalents				
– at end of year	14	**583**	1 995	2 370
– arising on translation (refer note 38)		**255**	(726)	(28)
– at beginning of year		**(1 995)**	(2 370)	(506)
(Decrease)/increase in cash and cash equivalents		**(1 157)**	(1 101)	1 836

sasol limited group
segment information

The group has eight primary reportable segments that are used by senior management to make key operating decisions and assess performance. These are Sasol Mining, Sasol Synfuels, Sasol Oil and Gas and Sasol's main chemical businesses namely Sasol Olefins & Surfactants, Sasol Polymers, Sasol Solvents, Sasol Wax and Sasol Nitro. For presentation purposes, Sasol's main chemical businesses are classified as Sasol's chemical businesses presented as a single segment and detailed disclosure is provided on subsequent pages.

The group executive committee and senior management evaluate the performance of the reportable segments based on operating profit. The group accounts for intersegment sales and transfers as if the sales and transfers were entered into under the same terms and conditions as would have been entered into in a market-related transaction.

Revenue recognition

Turnover on external sales is recognised upon delivery of the product to the customer, which in accordance with the related contractual terms is the point at which the risks and rewards of ownership pass to the customer.

Ex-tank sales: when products are loaded into the customer's vehicle or unloaded from the seller's storage tanks;

Ex-works: when products are available at the seller's premises;

Carriage Paid To (CPT): on delivery of products to a specified location (main carriage is paid for by the seller);

Free on Board (FOB): when products are loaded into the transport vehicle – customer is responsible for shipping and handling costs;

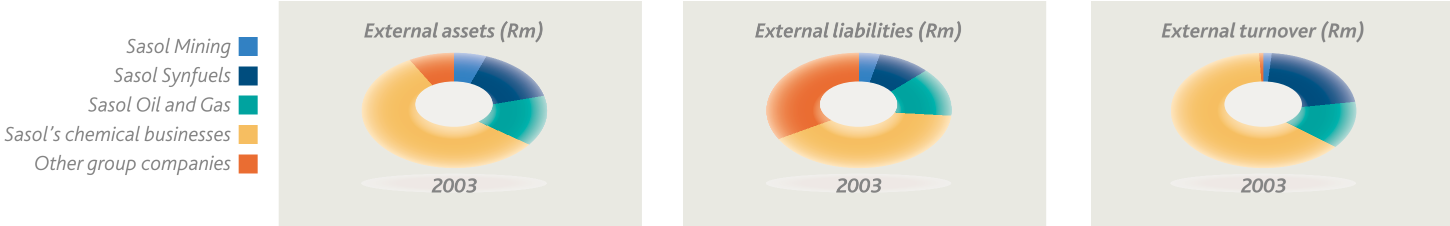
Cost Insurance Freight (CIF) and Cost Freight Railage (CFR): when products are loaded into the transport vehicle – seller is responsible for shipping and handling costs which are included in the selling price;

Proof of Delivery (POD): when products are delivered to and signed for by the customer; and

Consignment sales: as and when products are consumed by customers.

Sasol Mining	Sasol Synfuels	Sasol Oil and Gas	Sasol's chemical businesses
Shipping and handling costs are included in turnover when billed to customers in conjunction with the sale of a product.	The sale of finished goods is managed through marketing companies within the group. Turnover from these sales are recorded by Sasol Synfuels and a management fee is paid to those marketing companies. Risks and rewards of ownership pass when the goods have passed over the appropriate weighbridge or flowmeter.	Turnover derived from the supply of gas is determined as measured at Sasol's outlet flange on the customers' premises. Measurement of turnover from the supply of fuel oil is determined based on measurement through a flowmeter into the customers' tanks.	Revenue recognition is determined in accordance with the contractual agreements entered into with customers.

sasol limited group business segment report



Sasol Mining

	2003 Rm	2002 Rm	2003 US$m	2002 US$m
Balance sheet				
Property, plant and equipment	**3 198**	3 200	**427**	312
Other long-term assets	**306**	245	**41**	24
Current assets	**441**	394	**59**	38
Total assets – External*	**3 945**	3 839	**527**	374
Long-term liabilities	**553**	558	**74**	54
Current liabilities	**526**	451	**70**	44
Total liabilities – External*	**1 079**	1 009	**144**	98
Income statement				
Turnover				
– External	**1 013**	1 239	**112**	122
– Intersegment	**4 003**	3 651	**443**	360
Turnover	**5 016**	4 890	**555**	482
Depreciation and amortisation	**(473)**	(537)	**(52)**	(53)
Translation (losses)/gains	**(27)**	24	**(3)**	2
Capital items	**(4)**	(8)	**—**	(1)
Operating profit	**1 273**	1 327	**141**	131
Contribution to attributable earnings	**911**	935	**101**	92
Cash flow statement				
Cash flow from operations	**1 790**	1 928	**198**	190
Additions to property, plant and equipment	**523**	451	**58**	45
Additions to intangible assets	**71**	—	**8**	—
Other				
Number of employees	**8 051**	8 251	**8 051**	8 251
Capital commitments	**512**	427	**68**	42

Sasol Synfuels

	2003 Rm	2002 Rm	2003 US$m	2002 US$m
Balance sheet				
Property, plant and equipment	**7 067**	6 105	**943**	594
Other long-term assets	**530**	519	**71**	51
Current assets	**2 460**	2 071	**328**	202
Total assets – External*	**10 057**	8 695	**1 342**	847
Long-term liabilities	**1 214**	1 042	**162**	101
Current liabilities	**915**	1 032	**122**	100
Total liabilities – External*	**2 129**	2 074	**284**	201
Income statement				
Turnover				
– External	**13 643**	12 620	**1 511**	1 246
– Intersegment	**4 309**	3 959	**477**	391
Turnover	**17 952**	16 579	**1 988**	1 637
Depreciation and amortisation	**(988)**	(750)	**(109)**	(74)
Translation (losses)/gains	**(16)**	13	**(2)**	1
Capital items	**5**	(18)	**1**	(2)
Operating profit	**8 053**	8 012	**892**	790
Contribution to attributable earnings	**5 436**	5 378	**602**	531
Cash flow statement				
Cash flow from operations	**8 839**	9 182	**979**	906
Additions to property, plant and equipment	**1 686**	1 131	**187**	112
Additions to intangible assets	**192**	356	**21**	35
Other				
Number of employees	**5 941**	5 872	**5 941**	5 872
Capital commitments	**1 412**	1 869	**188**	182

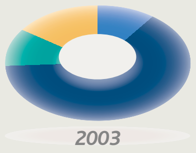
Sasol Oil and Gas

	2003 Rm	2002 Rm	2003 US$m	2002 US$m
Balance sheet				
Property, plant and equipment	**5 744**	2 767	**766**	269
Other long-term assets	**239**	178	**32**	17
Current assets	**3 926**	2 633	**524**	256
Total assets – External*	**9 909**	5 578	**1 322**	542
Long-term liabilities	**1 238**	1 021	**165**	99
Current liabilities	**2 813**	659	**376**	64
Total liabilities – External*	**4 051**	1 680	**541**	163
Income statement				
Turnover				
– External	**8 507**	6 414	**942**	633
– Intersegment	**473**	372	**52**	37
Turnover	**8 980**	6 786	**994**	670
Depreciation and amortisation	**(290)**	(204)	**(32)**	(20)
Translation (losses)/gains	**(208)**	(39)	**(23)**	(4)
Capital items	**85**	(65)	**9**	(6)
Operating profit	**1 308**	1 956	**145**	193
Contribution to attributable earnings	**987**	1 423	**109**	141
Cash flow statement				
Cash flow from operations	**1 427**	2 181	**158**	215
Additions to property, plant and equipment	**3 180**	1 403	**352**	138
Additions to intangible assets	**25**	4	**3**	—
Other				
Number of employees	**1 573**	1 550	**1 573**	1 550
Capital commitments	**4 064**	6 962	**542**	678

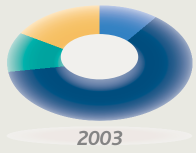
A comprehensive segmental analysis of Sasol's chemical businesses is provided on page 124.

*Excludes tax and deferred tax.

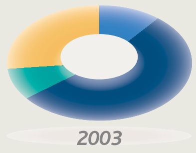
Operating profit (Rm)



Contribution to attributable earnings (Rm)

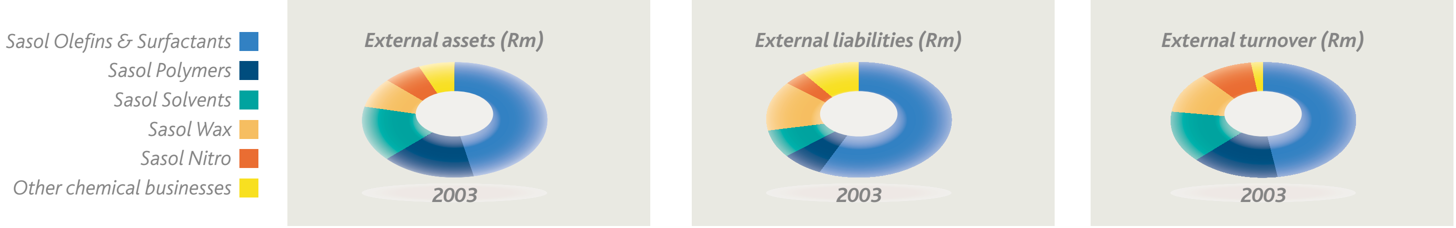


Cash flow from operations (Rm)



Sasol's chemical businesses				Other group companies				Sasol group			
2003 Rm	2002 Rm	2003 US$m	2002 US$m	2003 Rm	2002 Rm	2003 US$m	2002 US$m	2003 Rm	2002 Rm	2003 US$m	2002 US$m
23 221	25 088	3 098	2 443	3 133	1 293	418	126	42 363	38 453	5 652	3 744
1 597	1 399	213	136	1 293	1 322	172	129	3 965	3 663	529	357
15 062	17 599	2 009	1 714	1 208	832	162	81	23 097	23 529	3 082	2 291
39 880	44 086	5 320	4 293	5 634	3 447	752	336	69 425	65 645	9 263	6 392
6 234	8 376	832	816	513	165	68	17	9 752	11 162	1 301	1 087
5 723	7 548	763	735	9 388	4 831	1 253	470	19 365	14 521	2 584	1 413
11 957	15 924	1 595	1 551	9 901	4 996	1 321	487	29 117	25 683	3 885	2 500
41 030	39 023	4 543	3 852	362	294	40	29	64 555	59 590	7 148	5 882
3 150	2 477	349	244	784	637	87	63	12 719	11 096	1 408	1 095
44 180	41 500	4 892	4 096	1 146	931	127	92	77 274	70 686	8 556	6 977
(2 647)	(2 529)	(294)	(249)	(125)	(46)	(14)	(4)	(4 523)	(4 066)	(501)	(400)
(805)	391	(89)	39	(652)	167	(72)	17	(1 708)	556	(189)	55
(323)	(150)	(36)	(15)	(5)	(2)	(1)	—	(242)	(243)	(27)	(24)
1 917	3 531	212	349	(640)	(43)	(71)	(4)	11 911	14 783	1 319	1 459
1 412	2 588	156	255	(929)	(507)	(103)	(50)	7 817	9 817	865	969
4 374	6 473	484	639	(444)	(523)	(49)	(51)	15 986	19 241	1 770	1 899
3 096	3 970	343	392	1 787	990	197	97	10 272	7 945	1 137	784
176	40	19	4	232	397	26	40	696	797	77	79
13 554	13 604	13 554	13 604	2 031	1 823	2 031	1 823	31 150	31 100	31 150	31 100
4 862	2 660	649	259	7 222	12 144	964	1 182	18 072	24 062	2 411	2 343

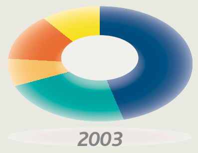
sasol limited group
business segment report
sasol's chemical businesses



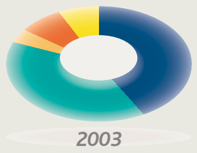
	Sasol Olefins & Surfactants				Sasol Polymers				Sasol Solvents			
	2003 Rm	2002 Rm	2003 US$m	2002 US$m	2003 Rm	2002 Rm	2003 US$m	2002 US$m	2003 Rm	2002 Rm	2003 US$m	2002 US$m
Balance sheet												
Property, plant and equipment	**10 652**	13 522	**1 421**	1 317	**4 564**	4 624	**609**	450	**4 411**	3 123	**589**	304
Other long-term assets	**322**	69	**43**	7	**348**	724	**46**	70	**(160)**	(320)	**(21)**	(31)
Current assets	**7 656**	9 508	**1 021**	926	**1 625**	1 766	**217**	172	**1 981**	2 089	**264**	203
Total assets – External*	**18 630**	23 099	**2 485**	2 250	**6 537**	7 114	**872**	692	**6 232**	4 892	**832**	476
Long-term liabilities	**3 903**	5 645	**521**	550	**355**	362	**47**	35	**387**	475	**52**	46
Current liabilities	**2 922**	3 877	**390**	378	**514**	499	**69**	49	**535**	517	**71**	50
Total liabilities – External*	**6 825**	9 522	**911**	928	**869**	861	**116**	84	**922**	992	**123**	96
Income statement												
Turnover												
– External	**19 543**	19 129	**2 164**	1 888	**6 245**	5 580	**691**	551	**5 950**	5 666	**659**	559
– Intersegment	**290**	254	**32**	25	**116**	115	**13**	11	**622**	139	**69**	14
Turnover	**19 833**	19 383	**2 196**	1 913	**6 361**	5 695	**704**	562	**6 572**	5 805	**728**	573
Depreciation and amortisation	**(1 474)**	(1 479)	**(163)**	(146)	**(445)**	(397)	**(49)**	(39)	**(157)**	(126)	**(18)**	(12)
Translation (losses)/gains	**(161)**	15	**(18)**	1	**(195)**	186	**(22)**	19	**(292)**	82	**(32)**	9
Capital items	**(72)**	(6)	**(8)**	(1)	**(6)**	(1)	**(1)**	—	**—**	—	**—**	—
Operating profit/(loss)	**(5)**	1 201	**(1)**	119	**884**	912	**98**	90	**436**	786	**48**	78
Contribution to attributable earnings	**(95)**	777	**(11)**	77	**635**	722	**70**	71	**588**	689	**65**	68
Cash flow statement												
Cash flow from operations	**1 316**	2 341	**146**	231	**1 240**	1 535	**137**	152	**634**	911	**70**	90
Additions to property, plant and equipment	**740**	2 139	**82**	211	**553**	420	**61**	41	**1 376**	958	**152**	95
Additions to intangible assets	**63**	20	**7**	2	**—**	—	**—**	—	**9**	3	**1**	—
Other												
Number of employees	**4 165**	3 973	**4 165**	3 973	**2 762**	3 009	**2 762**	3 009	**1 396**	1 343	**1 396**	1 343
Capital commitments	**1 409**	759	**188**	74	**1 969**	128	**263**	12	**1 064**	1 642	**142**	160

*Excludes tax and deferred tax.

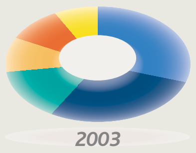
Operating profit (Rm)



Contribution to attributable earnings (Rm)



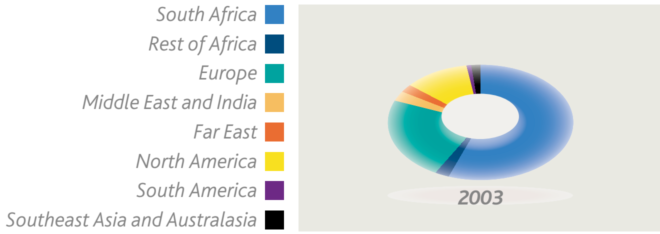
Cash flow from operations (Rm)

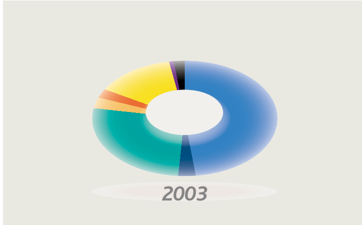


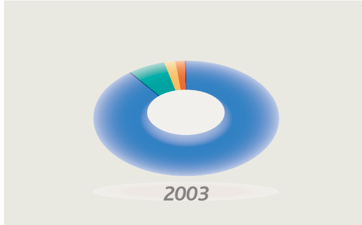
Sasol Wax				Sasol Nitro				Other chemical businesses				Sasol's chemical businesses			
2003 Rm	2002 Rm	2003 US$m	2002 US$m	2003 Rm	2002 Rm	2003 US$m	2002 US$m	2003 Rm	2002 Rm	2003 US$m	2002 US$m	2003 Rm	2002 Rm	2003 US$m	2002 US$m
1 036	1 224	138	119	1 066	1 460	142	142	1 492	1 135	199	111	23 221	25 088	3 098	2 443
834	732	111	71	174	176	23	17	79	18	11	2	1 597	1 399	213	136
1 511	1 878	202	183	1 402	1 598	187	156	887	760	118	74	15 062	17 599	2 009	1 714
3 381	3 834	451	373	2 642	3 234	352	315	2 458	1 913	328	187	39 880	44 086	5 320	4 293
702	857	94	83	83	206	11	21	804	831	107	81	6 234	8 376	832	816
974	1 845	130	180	381	581	51	56	397	229	52	22	5 723	7 548	763	735
1 676	2 702	224	263	464	787	62	77	1 201	1 060	159	103	11 957	15 924	1 595	1 551
4 663	3 840	516	379	3 810	3 984	422	393	819	824	91	82	41 030	39 023	4 543	3 852
110	53	12	5	117	138	13	14	1 895	1 778	210	175	3 150	2 477	349	244
4 773	3 893	528	384	3 927	4 122	435	407	2 714	2 602	301	257	44 180	41 500	4 892	4 096
(213)	(210)	(24)	(21)	(159)	(147)	(18)	(14)	(199)	(170)	(22)	(17)	(2 647)	(2 529)	(294)	(249)
(32)	—	(4)	—	(98)	83	(10)	8	(27)	25	(3)	2	(805)	391	(89)	39
(84)	—	(9)	—	(161)	(93)	(18)	(9)	—	(50)	—	(5)	(323)	(150)	(36)	(15)
149	175	16	17	253	442	28	44	200	15	23	1	1 917	3 531	212	349
58	81	6	8	121	313	14	30	105	6	12	1	1 412	2 588	156	255
427	538	47	53	419	669	46	66	338	479	38	47	4 374	6 473	484	639
120	88	13	9	135	103	15	10	172	262	20	26	3 096	3 970	343	392
54	2	6	—	39	8	4	1	11	7	1	1	176	40	19	4
1 152	1 149	1 152	1 149	1 970	2 069	1 970	2 069	2 109	2 061	2 109	2 061	13 554	13 604	13 554	13 604
36	9	5	1	57	64	8	6	327	58	43	6	4 862	2 660	649	259

sasol limited group geographic segment report

Total turnover	External turnover	Operating profit



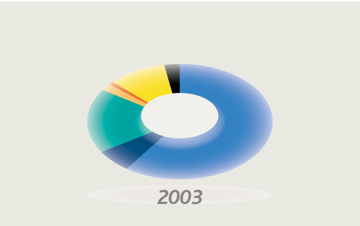




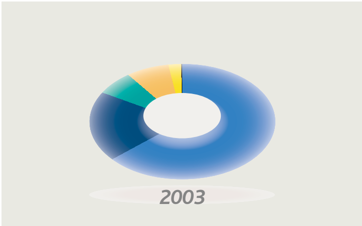
	Total turnover				External turnover				Operating profit			
	2003 Rm	2002 Rm	2003 US$m	2002 US$m	2003 Rm	2002 Rm	2003 US$m	2002 US$m	2003 Rm	2002 Rm	2003 US$m	2002 US$m
South Africa	43 025	37 673	4 764	3 718	31 136	26 735	3 448	2 638	10 896	12 115	1 206	1 196
Rest of Africa	1 960	2 035	217	201	1 959	2 079	217	205	15	12	2	1
Mozambique	40	23	4	2	40	24	4	2	(181)	(88)	(20)	(9)
Nigeria	132	325	15	32	131	325	15	32	23	20	3	2
Rest of Africa	1 788	1 687	198	167	1 788	1 730	198	171	173	80	19	8
Europe	17 842	16 563	1 977	1 636	17 149	16 390	1 899	1 618	781	1 491	87	148
Germany	5 245	5 105	581	504	5 078	4 948	562	488	(404)	597	(45)	59
Italy	2 722	2 607	302	258	2 722	2 607	301	257	(94)	152	(10)	15
Netherlands	1 638	1 776	182	175	1 615	1 760	179	174	222	443	25	44
Rest of Europe	8 237	7 075	912	699	7 734	7 075	857	699	1 057	299	117	30
Middle East and India	2 101	1 426	232	141	2 076	1 425	230	141	224	182	24	18
Iran	65	83	7	8	65	84	7	8	2	2	—	—
Qatar	22	8	2	1	87	8	10	1	130	1	14	—
Rest of Middle East and India	2 014	1 335	223	132	1 924	1 333	213	132	92	179	10	18
Far East	1 702	1 779	188	176	1 634	1 783	181	176	229	328	25	32
North America	8 825	9 552	977	942	8 809	9 514	975	939	(229)	528	(25)	52
United States of America	8 202	8 929	908	881	8 186	8 891	906	878	(221)	423	(24)	42
Rest of North America	623	623	69	61	623	623	69	61	(8)	105	(1)	10
South America	716	683	79	67	697	675	77	67	7	63	1	6
Southeast Asia and Australasia	1 103	975	122	96	1 095	989	121	98	(12)	64	(1)	6
	77 274	70 686	8 556	6 977	64 555	59 590	7 148	5 882	11 911	14 783	1 319	1 459

*Excludes deferred tax.

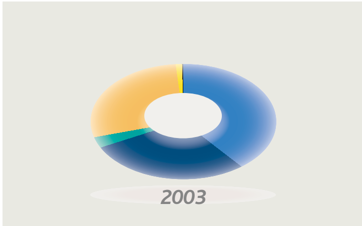
Total external assets*



Additions to property, plant and equipment
(by location of assets)



Capital commitments



Total external assets*				Additions to property, plant and equipment				Capital commitments			
2003 Rm	2002 Rm	2003 US$m	2002 US$m	2003 Rm	2002 Rm	2003 US$m	2002 US$m	2003 Rm	2002 Rm	2003 US$m	2002 US$m
41 367	34 502	5 520	3 360	6 559	5 399	726	533	7 112	8 735	948	850
4 389	1 950	586	190	2 015	563	223	56	5 135	10 099	686	983
3 149	912	421	89	1 953	20	216	2	1 461	4 178	195	407
753	610	100	59	59	539	7	54	3 654	5 921	488	576
487	428	65	42	3	4	—	—	20	—	3	—
12 586	15 422	1 679	1 502	679	844	75	83	522	721	69	71
5 717	6 833	763	665	319	388	35	38	221	305	29	30
3 795	5 187	506	505	284	362	31	35	236	345	31	34
959	1 281	128	125	61	76	7	8	60	64	8	6
2 115	2 121	282	207	15	18	2	2	5	7	1	1
1 362	708	181	68	786	224	87	22	5 075	4 299	677	419
228	25	30	2	224	—	25	—	1 295	—	173	—
645	249	86	24	559	224	62	22	3 780	4 299	504	419
489	434	65	42	3	—	—	—	—	—	—	—
611	282	82	27	2	—	—	—	—	—	—	—
7 192	10 579	959	1 031	204	728	23	72	192	142	26	14
7 064	10 389	942	1 012	204	728	23	72	192	142	26	14
128	190	17	19	—	—	—	—	—	—	—	—
149	169	20	16	—	—	—	—	—	—	—	—
1 769	2 033	236	198	27	187	3	18	36	66	5	6
69 425	65 645	9 263	6 392	10 272	7 945	1 137	784	18 072	24 062	2 411	2 343

sasol limited group
notes to the financial statements

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
1. Property, plant and equipment			
Carrying value	**42 363**	38 453	29 346
Additions to property, plant and equipment			
To enhance existing operations	**3 121**	3 237	1 647
– per the property, plant and equipment note	**3 204**	3 621	1 647
– inventory capitalised (refer note 42)	**—**	(195)	—
– rehabilitation costs capitalised (refer page 172)	**(83)**	(7)	—
– investments in securities capitalised (refer note 4)	**—**	(182)	—
To expand operations	**7 151**	4 708	2 010
– per the property, plant and equipment note	**7 167**	4 708	2 010
– cash flow hedge accounting reserve	**(16)**	—	—
Per the cash flow statement	**10 272**	7 945	3 657
For further details of property, plant and equipment, refer pages 160 and 161.			
2. Goodwill and negative goodwill			
Goodwill			
Cost			
Balance at beginning of year	**473**	229	160
Acquisition of businesses (refer note 46)	**—**	181	53
Fair value adjustments (refer note 46)	**48**	—	—
Translation of foreign entities (refer note 38)	**(133)**	63	16
Balance at end of year	**388**	473	229
Amortisation			
Balance at beginning of year	**81**	35	19
Current year charge (refer note 28)	**42**	33	15
Current year impairment (refer note 34)	**73**	—	—
Translation of foreign entities (refer note 38)	**(30)**	13	1
Balance at end of year	**166**	81	35
Carrying value at end of year	**222**	392	194
Comprising			
Sasol Solvents	**20**	21	22
Sasol Wax	**102**	235	71
Sasol Nitro	**98**	126	70
Other – not considered significant in aggregate	**2**	10	31
	222	392	194

for the year ended 30 June

	2003 **Rm**	2002 Restated Rm	2001 Restated Rm
2. Goodwill and negative goodwill *(continued)*			
Negative goodwill			
Cost			
Balance at beginning of year	**(1 279)**	(776)	—
Acquisition of businesses (refer note 46)	**(49)**	—	(783)
Fair value adjustments (refer note 46)	**—**	(101)	—
Translation of foreign entities (refer note 38)	**154**	(402)	7
Balance at end of year	**(1 174)**	(1 279)	(776)
Amortisation			
Balance at beginning of year	**(369)**	(59)	—
Current year charge (refer note 28)	**(301)**	(282)	(59)
Translation of foreign entities (refer note 38)	**32**	(28)	—
Balance at end of year	**(638)**	(369)	(59)
Carrying value at end of year	**(536)**	(910)	(717)
Comprising			
Sasol Olefins & Surfactants	**(256)**	(508)	(372)
Sasol Solvents	**(242)**	(362)	(302)
Sasol Nitro	**(38)**	(40)	(43)
	(536)	(910)	(717)
Goodwill and negative goodwill per balance sheet	**(314)**	(518)	(523)

The IASB has issued an exposure draft to replace the current standard on business combinations. The effects of this standard are more fully described in the chief financial officer's review, refer page 80.

3. Intangible assets			
Carrying value	**2 051**	1 854	1 074
Additions to intangible assets			
To enhance existing operations	**377**	411	81
To expand operations	**319**	386	357
Per the cash flow statement	**696**	797	438

For further details of intangible assets, refer pages 162 and 163.

sasol limited group
notes to the financial statements (continued)

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
4. Investments in securities			
Available-for-sale investments			
Unlisted investments			
at fair value	**537**	368	
at cost			817
Investments carried at fair value (cost in 2001)			
Balance at beginning of year	**368**	817	265
Acquisition of businesses (refer note 46)	**50**	—	3
Investments purchased/(disposed)	**161**	(190)	546
Revaluation to fair value	**—**	(2)	—
Transfer to property, plant and equipment (refer note 1)	**—**	(182)	—
Transfer to investments in associates	**(18)**	(92)	—
Translation of foreign entities (refer note 38)	**(24)**	17	3
Balance at end of year	**537**	368	817
Investments held-to-maturity	**153**	**112**	**—**
Investments carried at amortised cost			
Balance at beginning of year	**112**	—	—
Investments purchased	**41**	112	—
Balance at end of year	**153**	112	—
Net investments in securities	**690**	480	817

As the group has more than five investments, a register is maintained in terms of paragraph 27 of Schedule 4 of the South African Companies Act. The register is available for inspection at the registered office of Sasol Limited.

For further details of investments in securities, refer page 165.

	2003 Rm	2002 Restated Rm	2001 Restated Rm
5. Investments in associates			
Investment at cost	**211**	258	10
Loans to associates	**2**	—	16
Share of post-acquisition reserves	**57**	75	2
	270	333	28

For further details of investments in associates, refer page 166.

	2003 Rm	2002 Restated Rm	2001 Restated Rm
6. Retirement benefit assets			
Retirement benefit assets	**451**	569	445
Short-term portion (refer note 12)	**—**	(72)	—
	451	497	445

For further details of retirement benefit assets, refer page 174.

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
7. Long-term receivables			
Total long-term receivables	**933**	1 115	470
Short-term portion (refer note 12)	**(125)**	(107)	(21)
	808	1 008	449
Comprising			
Long-term joint venture receivables	**103**	137	120
Long-term interest-bearing loans	**351**	543	147
Long-term interest-free loans	**354**	328	182
	808	1 008	449
Maturity profile			
Within one year	**125**	107	21
One to two years	**164**	200	67
Two to three years	**141**	191	81
Three to four years	**115**	264	64
Four to five years	**70**	165	98
Over five years	**318**	188	139
	933	1 115	470
8. Long-term financial assets			
Arising on long-term financial instruments	**9**	9	11
Long-term financial assets include the revaluation of in-the-money long-term derivative instruments, refer pages 176 to 183.			
9. Deferred tax			
Reconciliation			
Balance at beginning of year			3 477
Effect on opening balance of change in accounting policy			351
Balance at beginning of year (restated)	**5 977**	5 083	3 828
Acquisition of businesses (refer note 46)	**22**	105	1 770
Fair value adjustments (refer note 46)	**—**	(45)	—
Current year charge	**297**	206	(476)
– per the income statement (refer note 33)	**356**	236	(476)
– per the changes in equity statement	**(59)**	(30)	—
Translation of foreign entities (refer note 38)	**(377)**	628	(39)
Balance at end of year	**5 919**	5 977	5 083
Comprising			
Deferred tax asset	**(194)**	(85)	(54)
Deferred tax liability	**6 113**	6 062	5 137
	5 919	5 977	5 083

sasol limited group
notes to the financial statements (continued)

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
9. Deferred tax (continued)			
Arising from the following temporary differences			
Property, plant and equipment	**7 416**	7 367	5 518
Intangible assets	**324**	67	(65)
Current assets	**74**	68	183
Long-term debt	**(85)**	(72)	(40)
Short and long-term provisions	**(1 124)**	(1 153)	(289)
Assessed losses	**(596)**	(143)	(126)
Other	**(90)**	(157)	(98)
	5 919	5 977	5 083
Attributable to the following tax jurisdictions			
South Africa	**4 315**	3 694	3 516
Nigeria	**281**	190	—
Germany	**474**	779	626
Italy	**(145)**	(82)	(29)
United States of America	**989**	1 372	956
Other	**5**	24	14
	5 919	5 977	5 083
Estimated tax losses			
Available for offset against future taxable income	**2 574**	812	911
Utilised to reduce the deferred tax balance	**(2 196)**	(477)	(420)
Not recognised as a deferred tax asset	**378**	335	491

Deferred tax assets have been recognised to the extent that it is probable that the entities will generate future taxable income against which these tax losses can be utilised.

A portion of the estimated tax losses available may be subject to various statutory limitations as to their usage in the event of significant changes in those entities.

Unremitted earnings of foreign subsidiaries and foreign incorporated joint ventures

No provision is made for the income tax effect which may arise on the remittance of unremitted earnings by certain foreign subsidiaries and incorporated joint ventures. It is expected that, where there is no double taxation relief, these earnings will be permanently reinvested in these entities.

	2003 Rm	2002 Restated Rm	2001 Restated Rm
Unremitted earnings at end of year	**1 401**	1 248	887
Tax effect if remitted	**267**	224	162

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
9. Deferred tax (continued)			
Secondary taxation on companies (STC)			
STC is a tax levied on South African companies at a rate of 12,5% of dividends distributed.			
In calculating current and deferred tax, the effects of STC are not taken into account.			
On declaration of a dividend, the company includes the tax of 12,5% on this dividend in its computation of the income tax expense in the period of such declaration.			
Undistributed earnings subject to STC	**34 138**	29 305	21 808
Tax effect if distributed	**3 793**	3 256	2 423
Available STC credits at end of year	**—**	5	1
10. Inventories			
Crude oil and other raw materials	**1 768**	1 869	1 806
Process material	**413**	636	337
Maintenance and other materials	**936**	726	911
Work in process	**154**	138	—
Manufactured products	**5 435**	5 620	4 148
Consignment inventory	**42**	24	8
	8 748	9 013	7 210
Inventories carried at net realisable value (included in the above)			
Crude oil and other raw materials	**75**	193	167
Process material	**5**	—	11
Maintenance and other materials	**31**	12	65
Manufactured products	**582**	186	3
	693	391	246
Write-down of inventories to net realisable value			
Crude oil and other raw materials	**10**	5	1
Maintenance and other materials	**5**	1	—
Manufactured products	**31**	36	—
Income statement charge (refer note 28)	**46**	42	1
Analysis of inventory obsolescence			
Balance at beginning of year	**64**	52	—
Provision raised during year	**7**	18	57
Provision utilised during year	**(3)**	(5)	—
Provision released during year	**(8)**	(2)	(5)
Translation of foreign entities	**(1)**	1	—
Balance at end of year	**59**	64	52
Inventories pledged as security over long-term debt (refer page 168)	**2 819**	2 193	2 805
Inventories to sale of products (%)	**13,8**	15,4	18,0
Inventories to cost of sales and services rendered (%)	**22,2**	25,9	28,4

sasol limited group
notes to the financial statements (continued)

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
11. Trade receivables			
Trade receivables	**7 869**	9 297	8 122
Provision for doubtful debts	**(156)**	(303)	(251)
	7 713	8 994	7 871
Currency analysis – trade receivables			
Euro	**2 392**	2 997	1 608
United States dollar	**1 847**	2 385	2 329
Pound sterling	**71**	140	63
Rand	**3 144**	3 168	3 110
Other currencies	**259**	304	761
	7 713	8 994	7 871
Provision for doubtful debts			
Balance at beginning of year	**303**	251	110
Provision raised during year	**16**	132	170
Acquisition of businesses	**—**	11	—
Provision utilised during year	**(103)**	(7)	(29)
Provision released during year	**(47)**	(115)	—
Translation of foreign entities	**(13)**	31	—
Balance at end of year	**156**	303	251
Trade receivables to turnover (%)	**11,9**	15,1	19,3
12. Other receivables and prepaid expenses			
Employee related receivables	**19**	12	7
Capital projects related receivables	**156**	59	17
Duties receivable from customers	**868**	—	—
Related party receivables	**228**	53	42
– third parties	**114**	1	—
– joint ventures	**114**	52	42
Value-added tax	**518**	410	323
Other receivables	**747**	752	1 771
	2 536	1 286	2 160
Prepaid expenses	**112**	56	27
	2 648	1 342	2 187
Short-term portion of			
– retirement benefit assets (refer note 6)	**—**	72	—
– long-term receivables (refer note 7)	**125**	107	21
	2 773	1 521	2 208

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
13. Short-term financial assets			
Arising on short-term financial instruments	**12**	232	19
Short-term financial assets include the revaluation of in-the-money derivative instruments, refer pages 176 to 183.			
14. Cash and cash equivalents			
Cash and cash equivalents			
Restricted cash	**665**	959	433
Cash	**3 186**	2 810	2 001
Bank overdraft	**(3 268)**	(1 774)	(64)
Per the cash flow statement	**583**	1 995	2 370
Comprising			
South African funds	**(1 563)**	(950)	(146)
Funds outside South Africa	**2 146**	2 945	2 516
	583	1 995	2 370
Cash restricted for use			
Cash held in trust	**439**	640	433
Cash held as collateral	**154**	236	—
Other cash restricted for use	**72**	83	—
	665	959	433
Currency analysis			
Euro	**593**	876	433
Rand	**72**	83	—
	665	959	433
Cash			
Cash on hand and in bank	**2 439**	2 548	1 090
Foreign currency accounts	**154**	—	—
Short-term deposits	**593**	262	911
	3 186	2 810	2 001

sasol limited group
notes to the financial statements (continued)

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
14. Cash and cash equivalents (continued)			
Currency analysis			
Euro	**548**	880	562
United States dollar	**948**	1 203	1 510
Pound sterling	**53**	59	20
Rand	**1 549**	609	(146)
Other currencies	**88**	59	55
	3 186	2 810	2 001
Bank overdraft	**(3 268)**	(1 774)	(64)
Currency analysis			
Euro	**(52)**	(32)	—
United States dollar	**(29)**	(100)	(63)
Pound sterling	**—**	—	(1)
Rand	**(3 184)**	(1 642)	—
Other currencies	**(3)**	—	—
	(3 268)	(1 774)	(64)

Under the terms of the secured credit facility of Sasol Chemie, the group and its financing banks have agreed that the cash of Sasol Chemie and certain of its subsidiaries of R759 million (2002 – R1 942 million; 2001 – R932 million) will not be available for distribution to the Sasol group treasury but there are certain restrictions on its use for operating purposes within Sasol Chemie. This cash is excluded from restricted cash.

	2003 Rm	2002 Restated Rm	2001 Restated Rm
15. Long-term debt			
Total long-term debt	**5 479**	6 264	5 364
Short-term portion (refer note 19)	**(898)**	(837)	(394)
	4 581	5 427	4 970

For further details of long-term debt, refer pages 167 to 169.

	2003 Rm	2002 Restated Rm	2001 Restated Rm
16. Long-term provisions			
Total long-term provisions	**2 954**	3 510	2 748
Short-term portion (refer note 21)	**(468)**	(618)	(409)
	2 486	2 892	2 339

For further details of long-term provisions, refer page 172.

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
17. Retirement benefit obligations			
Post-retirement healthcare	**1 365**	1 443	1 266
Accrued pension liability	**1 252**	1 372	765
Total retirement benefit obligations	**2 617**	2 815	2 031
Less short-term portion			
– post-retirement healthcare	**(26)**	(31)	(21)
– accrued pension liability	**(2)**	(6)	(4)
	2 589	2 778	2 006
For further details of retirement benefit obligations, refer pages 173 to 175.			
18. Long-term deferred income			
Deferred income	**96**	65	—
Amounts received in respect of capital investment, to be recognised in income over the operating life of the plant of 25 years from commissioning date.			
19. Short-term debt			
Comprising			
Commercial paper in issue	**3 288**	223	1 019
Revolving credit	**1 184**	257	1 468
Bank loans	**995**	721	367
Trade finance	**—**	895	17
Other	**2**	541	214
Short-term external debt	**5 469**	2 637	3 085
Short-term joint venture loans	**114**	—	—
Short-term portion of long-term debt (refer note 15)	**898**	837	394
	6 481	3 474	3 479
Reconciliation			
Balance at beginning of year	**2 637**	3 085	979
Acquisition of businesses (refer note 46)	**16**	215	—
Fair value adjustments (refer note 46)	**—**	(41)	—
Loans raised	**5 071**	577	2 107
Loans repaid	**(2 097)**	(1 539)	(45)
Translation of foreign entities (refer note 38)	**(158)**	340	44
Balance at end of year	**5 469**	2 637	3 085

sasol limited group
notes to the financial statements (continued)

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
19. Short-term debt (continued)			
Currency analysis			
Euro	**335**	964	241
United States dollar	**1 286**	535	1 563
Rand	**3 840**	1 138	1 281
Other currencies	**8**	—	—
	5 469	2 637	3 085
Interest-bearing status			
Interest-bearing	**5 464**	2 604	3 060
Non-interest-bearing	**5**	33	25
	5 469	2 637	3 085
Security			
Secured	**5 387**	1 850	2 870
Unsecured	**82**	787	215
	5 469	2 637	3 085
20. Short-term financial liabilities			
Arising on short-term financial instruments	**654**	360	6
Short-term financial liabilities include the revaluation of out-of-the-money derivative instruments, refer pages 176 to 183.			
21. Short-term provisions			
Short-term employee provisions	**414**	630	310
Other provisions	**656**	904	971
	1 070	1 534	1 281
Short-term portion of			
– long-term provisions (refer note 16)	**468**	618	409
– retirement benefit obligations (refer note 17)	**28**	37	25
	1 566	2 189	1 715
Reconciliation			
Balance at beginning of year	**1 534**	1 281	236
Acquisition of businesses (refer note 46)	**1**	—	145
Provision for write-down of investments in businesses	**—**	24	132
Net income statement (release)/charge (refer note 28)	**(322)**	38	768
Translation of foreign entities (refer note 38)	**(143)**	191	—
Balance at end of year	**1 070**	1 534	1 281

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
22. Tax payable			
Net tax payable	**571**	2 398	2 206
Tax paid			
Amounts unpaid at beginning of year	**(2 398)**	(2 206)	(1 174)
Interest received on tax receivable	**6**	—	—
Per the income statement (refer note 33)	**(3 651)**	(4 669)	(3 988)
Charged directly to equity (refer note 38)	**(115)**	(106)	(2)
Acquisition of businesses (refer note 46)	**—**	(14)	(14)
Translation of foreign entities (refer note 38)	**60**	(152)	—
	(6 098)	(7 147)	(5 178)
Amounts unpaid at end of year	**571**	2 398	2 206
Per the cash flow statement	**(5 527)**	(4 749)	(2 972)
Comprising			
Normal tax and foreign tax	**(5 154)**	(4 429)	(2 761)
STC	**(373)**	(320)	(211)
	(5 527)	(4 749)	(2 972)
23. Trade payables			
Net trade payables	**4 060**	4 226	3 945
Trade payables to cost of sales and services rendered (%)	**10,3**	12,1	15,6
24. Other payables and accrued expenses			
Accrued expenses	**345**	468	749
Capital projects related payables	**612**	804	328
Duties payable to revenue services	**971**	—	—
Employee related payables	**408**	303	268
Insurance related payables	**2**	18	6
Related party payables	**14**	5	14
– third parties	**—**	1	1
– joint ventures	**14**	4	13
Value-added tax	**103**	83	66
Other payables	**881**	817	901
	3 336	2 498	2 332

sasol limited group
notes to the financial statements (continued)

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
25. Turnover			
Sale of products	**63 353**	58 450	40 120
Services rendered	**479**	284	267
Other trading income	**723**	856	381
	64 555	59 590	40 768
Comprising			
Within South Africa	**31 101**	27 049	25 829
Exported from South Africa	**7 211**	8 201	6 873
Outside South Africa	**26 243**	24 340	8 066
	64 555	59 590	40 768
Turnover analysis per invoice currency			
Euro	**14 983**	13 712	4 678
United States dollar	**15 570**	17 707	9 216
Pound sterling	**444**	406	141
Rand	**31 611**	27 028	26 039
Other currencies	**1 947**	737	694
	64 555	59 590	40 768
Prior year figures have been restated in accordance with current year classifications and to take account of the change in accounting treatment described in note 52.			
26. Non-trading income			
Includes income from management fees, royalties and from the sale of certain by-products. The 2002 figure also includes the insurance refund (refer note 28)	**604**	1 241	602
27. Translation (losses)/gains			
(Loss)/gain on foreign exchange transactions	**(1 539)**	482	182
– realised	**(567)**	230	61
– unrealised	**(972)**	252	121
(Loss)/gain on translation of foreign operations	**(169)**	74	17
	(1 708)	556	199
Comprising			
Derivative financial instruments	**(916)**		
Trade receivables	**(585)**		
Other	**(38)**		
	(1 539)		
Loss on translation of foreign operations	**(169)**		
	(1 708)		

Further details on translation losses and gains are provided in the chief financial officer's review, refer pages 82 and 83.

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
28. Operating profit			
Operating profit includes			
Amortisation of			
– goodwill	**(42)**	(33)	(15)
– negative goodwill	**301**	282	59
– intangible assets	**(314)**	(94)	(53)
Capital items (refer note 34)	**(242)**	(243)	(1 086)
Depreciation of property, plant and equipment	**(4 468)**	(4 221)	(2 436)
Employee costs	**(9 055)**	(7 921)	(4 957)
Exploration expenditure	**(120)**	(259)	(185)
Insurance refund	**—**	541	—
Movement in provisions			
– long-term	**(55)**	(959)	(535)
– short-term	**322**	(38)	(768)
Operating lease charges			
– buildings	**(115)**	(108)	(69)
– plant and equipment	**(263)**	(261)	(34)
Research and development expenditure	**(376)**	(359)	(268)
Restructuring costs	**(90)**	—	—
Technical and other fees	**(257)**	(221)	(79)
Write-down of inventories to net realisable value	**(46)**	(42)	(1)
29. Auditors' remuneration			
Audit fees	**44**	23	15
– KPMG	**28**	14	12
– Other external auditors	**16**	9	3
Other fees paid to auditors of group companies	**12**	17	4
– Management consulting fees	**1**	2	1
– Tax consulting fees	**7**	5	1
– Other consulting and financial services	**4**	10	2
Expenses	**2**	4	—
	58	44	19
30. Dividends and interest received			
Dividends received			
– outside South Africa	**12**	2	11
Interest received	**155**	228	233
– South Africa	**99**	116	141
– outside South Africa	**56**	112	92
	167	230	244

sasol limited group
notes to the financial statements *(continued)*

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
31. Income from associates			
Net income before tax	**82**	43	21
Taxation	**(22)**	(12)	(10)
	60	31	11
Comprising			
Amounts distributed to shareholders	**17**	17	9
Amounts retained by associates	**43**	14	2
	60	31	11
For further details of associates, refer page 166.			
32. Borrowing costs			
Bank overdraft	**8**	4	19
Borrowings	**920**	591	315
Finance leases	**20**	4	35
Other	**130**	165	91
	1 078	764	460
Finance charges	**208**	99	49
Total borrowing costs	**1 286**	863	509
Amounts capitalised (refer note 53)	**(1 061)**	(579)	(299)
Income statement charge	**225**	284	210
Comprising			
South Africa	**819**	373	299
Outside South Africa	**467**	490	210
	1 286	863	509
33. Taxation			
South African normal tax	**3 080**	4 262	3 599
– current year	**3 307**	4 295	3 601
– prior years	**(227)**	(33)	(2)
STC	**373**	320	211
Foreign tax	**198**	87	178
	3 651	4 669	3 988
Deferred tax	**356**	236	(476)
– current year	**335**	235	(414)
– prior years	**8**	(19)	(62)
– tax rate change (Italy)	**13**	20	—
	4 007	4 905	3 512

for the year ended 30 June

	2003 %	2002 Restated %	2001 Restated %
33. Taxation (continued)			
Reconciliation of effective tax rate			
Total income tax expense differs from the amount computed by applying the South African normal tax rate to net income before tax. The reasons for these differences are:			
South African normal tax rate	**30,0**	30,0	30,0
Increase in rate of tax due to			
– STC	**3,1**	2,2	2,0
– different foreign tax rate	**0,2**	1,0	0,7
– increase in assessed losses	**1,2**	—	—
– other disallowed expenditure	**2,9**	1,4	1,0
	37,4	34,6	33,7
Decrease in rate of taxation due to			
– prior year adjustments	**(1,8)**	(0,4)	(0,6)
– utilisation of assessed losses	**—**	(0,5)	(0,2)
– exempt other income	**(2,0)**	(0,5)	—
Effective tax rate	**33,6**	33,2	32,9

The reason for the difference in the effective tax rate between 2003 and 2002 is due mainly to an increase in assessed losses and increased disallowed expenditure, partially offset by the increase in prior year adjustments and exempt other income. The reason for the difference in the effective tax rate between 2002 and 2001 is mainly due to the increased STC payable on higher dividends, increased foreign tax and disallowed expenditure, partially offset by the increase in exempt other income.

	Rm	Rm	Rm
34. Capital items included in operating profit			
Impairment of			
– property, plant and equipment	**(5)**	(145)	(685)
– intangible assets	**(5)**	—	(35)
– goodwill	**(73)**	—	—
(Loss)/profit on disposal of			
– property, plant and equipment	**(16)**	4	(117)
– intangible assets	**84**	—	(1)
– investments in businesses	**(158)**	(50)	(132)
Scrapping of property, plant and equipment	**(69)**	(52)	(116)
	(242)	(243)	(1 086)
Tax effect thereon	**2**	30	275
	(240)	(213)	(811)

Further details on capital items are provided in the chief financial officer's review, refer page 82.

sasol limited group
notes to the financial statements *(continued)*

for the year ended 30 June

	2003	2002	2001
35. Earnings per share			
Earnings per share is derived by dividing attributable earnings by the weighted average number of shares after taking the share buyback programme into account.			
Appropriate adjustments are made in calculating diluted and headline earnings per share.			
Diluted earnings per share reflect the potential dilution that could occur if all of the group's outstanding share options were exercised.			
No adjustments were made to reported earnings attributable to shareholders in the computation of diluted earnings per share.			
	Number of shares million	Number of shares million	Number of shares million
Weighted average number of shares	**609,3**	612,5	627,3
Potential dilutive effect of outstanding share options	**10,3**	12,5	7,4
Diluted weighted average number of shares	**619,6**	625,0	634,7
	Rm	Rm	Rm
Headline earnings is determined as follows:			
Attributable earnings	**7 817**	9 817	7 125
Adjusted for			
– capital items (refer note 34)	**242**	243	1 086
– goodwill amortised	**42**	33	15
– negative goodwill amortised	**(301)**	(282)	(59)
– tax effect thereon	**(2)**	(30)	(275)
Headline earnings	**7 798**	9 781	7 892
	Cents	Cents	Cents
Basic earnings per share			
Attributable earnings basis	**1 283**	1 603	1 136
Diluted earnings basis	**1 262**	1 571	1 123
Effect of share buyback programme	**113**	129	63
Headline earnings per share			
Attributable earnings basis	**1 280**	1 597	1 258
Diluted earnings basis	**1 259**	1 565	1 243
Effect of share buyback programme	**112**	128	70

for the year ended 30 June

	2003	2002	2001
36. Share capital			
	Number of shares	Number of shares	Number of shares
Authorised			
Ordinary shares of no par value	**1 175 000 000**	1 175 000 000	1 175 000 000
Issued			
Shares issued at beginning of year	**666 868 725**	664 979 525	606 831 125
Issued by the Sasol Share Incentive Scheme	**1 929 700**	1 889 200	1 766 000
Conversion of debentures	**—**	—	56 382 400
Shares issued at end of year	**668 798 425**	666 868 725	664 979 525
Held in reserve			
Allocated to the Sasol Share Incentive Scheme	**41 874 400**	43 804 100	25 693 300
Under control of the directors	**464 327 175**	464 327 175	484 327 175
	506 201 575	508 131 275	510 020 475

The directors are authorised, by resolution of the shareholders and until the forthcoming annual general meeting, to issue the shares under their control for any purpose and upon such terms and conditions as they deem fit.

37. The Sasol Share Incentive Scheme

In 1988 the shareholders approved the adoption of the Sasol Share Incentive Scheme. The scheme was introduced to provide an incentive for senior employees (including executive directors) of the group who participate in management and also non-executive directors from time to time.

The objective of the Sasol Share Incentive Scheme is the retention of key employees. Allocations are linked to the performance of both the group and the individual. Options are granted for a period of nine years and vest as follows:

- 2 years – 1st third
- 4 years – 2nd third
- 6 years – final third

The offer price of these options equals the closing market price of the underlying shares on the trading day immediately preceding the granting of the option.

In terms of the scheme, options to a maximum of 60 000 000 (2002 – 60 000 000; 2001 – 40 000 000) ordinary shares may be offered by the trustees to eligible group employees. Each employee is limited to holding a maximum of 1 000 000 (2002 – 600 000; 2001 – 600 000) options to acquire Sasol Limited shares.

On resignation, share options which have not yet vested will lapse and share options which have vested may be taken up at the employee's election before their last day of service. Payment on shares forfeited will therefore not be required. On death, all options vest immediately and the deceased estate has a period of 12 months to exercise these options. On retirement the options vest immediately and the nine-year expiry period remains unchanged.

It is group policy that employees who have access to price-sensitive information should not deal in Sasol Limited shares for the periods from 1 January for half year-end and 1 July for year-end until publication of the results.

sasol limited group
notes to the financial statements *(continued)*

for the year ended 30 June

	2003	2002	2001
37. The Sasol Share Incentive Scheme *(continued)*			
	Number of shares	Number of shares	Number of shares
Shares allotted	**18 125 600**	16 195 900	14 306 700
Share options granted	**26 495 200**	24 067 000	19 945 900
Available for allocation	**15 379 200**	19 737 100	5 747 400
	60 000 000	60 000 000	40 000 000
Movements in the number of options granted			
Balance at beginning of year	**24 067 000**	19 945 900	16 052 700
Options granted	**4 942 300**	6 835 000	6 085 000
Options implemented	**(1 929 700)**	(1 889 200)	(1 766 000)
Options forfeited	**(44 000)**	(83 900)	(53 500)
Options expired	**(540 400)**	(740 800)	(372 300)
Balance at end of year	**26 495 200**	24 067 000	19 945 900
Vesting periods of options granted			
Already vested	**2 829 700**	1 334 000	420 600
Within one year	**5 518 400**	4 057 700	3 065 200
One to two years	**4 847 200**	4 992 500	3 902 800
Two to three years	**4 736 700**	3 307 800	
Three to four years	**4 736 400**	4 851 100	9 177 500
Four to five years	**2 231 600**	3 214 800	
Over five years	**1 595 200**	2 309 100	3 379 800
	26 495 200	24 067 000	19 945 900
	Cents	Cents	Cents
Average price at which share options were granted during the year	**10 776**	8 855	5 620
Average market price of options traded during the year	**10 787**	10 432	6 108
	Rm	Rm	Rm
Compensation expense (unrecognised)	**144**	114	74

Calculated using the Black Scholes model in accordance with accounting principles generally accepted in the United States of America. No compensation cost has been recognised in the financial statements. This is the compensation expense that would have been recognised had a fair value model been applied.

for the year ended 30 June

37. The Sasol Share Incentive Scheme *(continued)*

	Number of shares	Weighted average exercise price Rand	Weighted average remaining life Years
Range of exercise prices			
Details of unimplemented share options granted up to 30 June 2003			
R21,00 – R30,00	3 379 100	25,53	3,49
R31,00 – R40,00	1 757 600	37,22	5,32
R41,00 – R50,00	4 082 400	42,64	5,07
R51,00 – R60,00	5 243 700	54,51	4,03
R61,00 – R70,00	894 600	69,04	3,16
R71,00 – R80,00	4 143 800	78,61	6,53
R81,00 – R90,00	1 400 800	88,45	8,17
R91,00 – R100,00	262 000	93,59	9,00
R101,00 – R110,00	727 700	106,68	6,24
R111,00 – R130,00	4 407 100	115,52	8,00
R131,00 – R140,00	196 400	132,40	8,00
	26 495 200	66,44	
Details of unimplemented options vested at 30 June 2003			
R21,00 – R30,00	906 100	26,85	
R31,00 – R40,00	552 200	38,58	
R41,00 – R50,00	168 500	44,63	
R51,00 – R60,00	911 300	54,32	
R61,00 – R70,00	141 400	69,44	
R71,00 – R80,00	78 200	76,70	
R101,00 – R110,00	52 800	101,00	
R111,00 – R130,00	19 200	113,00	
	2 829 700	44,52	

sasol limited group
notes to the financial statements (continued)

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
38. Foreign currency translation reserve			
Translation of foreign entities			
Property, plant and equipment			
– cost	**(5 993)**	7 057	639
– accumulated depreciation	**3 203**	(3 144)	(429)
Goodwill			
– cost	**(133)**	63	16
– accumulated amortisation	**30**	(13)	(1)
Negative goodwill			
– cost	**154**	(402)	7
– accumulated amortisation	**(32)**	28	—
Intangible assets			
– cost	**(195)**	152	4
– accumulated amortisation	**87**	(106)	(4)
Investments in securities	**(24)**	17	3
Investments in associates	**(39)**	100	1
Retirement benefit assets	**(83)**	—	—
Long-term receivables	**(240)**	553	39
Long-term financial assets	**(2)**	—	—
Inventories	**(861)**	1 404	113
Trade receivables	**(744)**	1 440	105
Other receivables and prepaid expenses	**(100)**	619	44
Short-term financial assets	**(1)**	—	—
Cash and cash equivalents	**(255)**	726	28
Minority interest	**16**	(36)	(3)
Long-term debt	**1 009**	(3 074)	(27)
Long-term provisions	**276**	(457)	(89)
Retirement benefit obligations	**339**	(452)	—
Long-term deferred income	**20**	—	—
Deferred tax	**377**	(628)	39
Short-term debt	**158**	(340)	(44)
Short-term financial liabilities	**1**	—	—
Short-term provisions	**143**	(191)	—
Tax payable	**60**	(152)	—
Trade payables	**526**	(1 003)	(118)
Other payables and accrued expenses	**(324)**	(464)	(120)
	(2 627)	1 697	203
Arising from net investment in foreign entities	**140**	283	6
Less tax effect thereon			
– normal	**(115)**	(106)	(2)
– deferred	**32**	(5)	—
Movement for the year	**(2 570)**	1 869	207
Balance at beginning of year	**2 218**	349	142
Balance at end of year	**(352)**	2 218	349

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
38. Foreign currency translation reserve (continued)			
Comprising			
Sasol Oil and Gas	**157**	423	122
Sasol Olefins & Surfactants	**(16)**	459	98
Sasol Polymers	**(169)**	97	—
Sasol Solvents	**70**	138	(1)
Sasol Nitro	**20**	176	97
Sasol Wax	**(103)**	(137)	(53)
Merisol	**39**	69	39
Sasol Financing	**296**	1 046	—
Sasol Synfuels International	**(462)**	—	—
Sasol Petroleum International	**(148)**	(81)	(2)
Other	**(36)**	28	49
	(352)	2 218	349

39. Share buyback programme	**Number of shares**	Number of shares	Number of shares
Held by the wholly-owned subsidiary, Sasol Investment Company (Pty) Limited			
Balance at beginning of year	**57 857 149**	47 074 900	27 799 600
Repurchased during year	**1 884 328**	10 782 249	19 275 300
Balance at end of year	**59 741 477**	57 857 149	47 074 900
Percentage of issued share capital (%)	**8,9**	8,7	7,1
	Cents	Cents	Cents
Average cumulative purchase price	**6 049**	5 927	5 118
Average purchase price during year	**9 784**	9 462	5 806

At each annual general meeting since 25 October 1999 the shareholders have authorised the directors to approve the repurchase, by Sasol Limited or any of its subsidiaries, of Sasol Limited shares, subject to the provisions of the South African Companies Act and the requirements of the JSE Securities Exchange South Africa.

	Rm	Rm	Rm
40. Cash generated by operating activities			
Cash flow from operations (refer note 41)	**15 986**	19 241	15 277
Movement in working capital (refer note 42)	**11**	216	(1 195)
	15 997	19 457	14 082

sasol limited group
notes to the financial statements *(continued)*

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
41. Cash flow from operations			
Operating profit	**11 911**	14 783	10 619
Adjusted for			
amortisation of			
– intangible assets	**314**	94	53
– goodwill	**42**	33	15
– negative goodwill	**(301)**	(282)	(59)
deferred income	**51**	65	—
depreciation of property, plant and equipment	**4 468**	4 221	2 436
effect of cash flow hedge accounting	**(46)**	—	—
impairment of			
– property, plant and equipment	**5**	145	685
– intangible assets	**5**	—	35
– goodwill	**73**	—	—
loss/(profit) on disposal of			
– property, plant and equipment	**16**	(4)	117
– intangible assets	**(84)**	—	1
– investments in businesses	**158**	50	132
movement in provision for doubtful debts	**(147)**	52	141
movement in long-term provisions			
– income statement charge	**55**	959	535
– utilisation	**(430)**	(1 170)	(421)
movement in short-term provisions	**(322)**	38	768
movement in retirement benefit			
– assets	**(37)**	—	4
– obligations	**140**	163	99
scrapping of property, plant and equipment	**69**	52	116
write-down of inventories to net realisable value	**46**	42	1
	15 986	19 241	15 277

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
42. Movement in working capital			
Movement in inventories			
Per the balance sheet	**265**	(1 803)	(3 524)
Capitalised as property, plant and equipment	**—**	(195)	—
Acquisition of businesses (refer note 46)	**142**	267	3 020
Write-down of inventories to net realisable value	**(46)**	(42)	(1)
Write-down of investments in businesses	**—**	—	(77)
Translation of foreign entities (refer note 38)	**(861)**	1 404	113
	(500)	(369)	(469)
Movement in trade receivables			
Per the balance sheet	**1 281**	(1 123)	(3 696)
Acquisition of businesses (refer note 46)	**325**	194	2 731
Movement in provision for doubtful debts	**147**	(52)	(141)
Translation of foreign entities (refer note 38)	**(744)**	1 440	105
	1 009	459	(1 001)
Movement in other receivables and prepaid expenses			
Per the balance sheet	**(1 252)**	687	(1 584)
Acquisition of businesses (refer note 46)	**31**	111	683
Write-down of investments in businesses	**—**	(50)	(55)
Translation of foreign entities (refer note 38)	**(100)**	619	44
	(1 321)	1 367	(912)
Movement in trade payables			
Per the balance sheet	**(166)**	281	2 417
Acquisition of businesses (refer note 46)	**(91)**	(155)	(1 240)
Translation of foreign entities (refer note 38)	**526**	(1 003)	(118)
	269	(877)	1 059
Movement in other payables and accrued expenses			
Per the balance sheet	**838**	166	1 074
Acquisition of businesses (refer note 46)	**(372)**	(64)	(826)
Translation of foreign entities (refer note 38)	**(324)**	(464)	(120)
	142	(362)	128
Movement in financial assets and liabilities			
Long-term financial assets	**(2)**	—	—
Short-term financial assets	**219**	(2)	—
Short-term financial liabilities	**195**	—	—
	412	(2)	—
Decrease/(increase) in working capital	**11**	216	(1 195)

sasol limited group
notes to the financial statements (continued)

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
43. Investment income			
Interest received (refer note 30)	**155**	228	233
Interest received on tax (refer note 22)	**(6)**	—	—
Dividends received			
– investments (refer note 30)	**12**	2	11
– associates (refer note 31)	**17**	17	9
	178	247	253
44. Dividends paid			
Final dividend – prior year	**(1 524)**	(1 101)	(785)
Interim dividend – current year	**(1 311)**	(1 224)	(870)
	(2 835)	(2 325)	(1 655)
Expected cash flow on final dividend – current year	**(1 431)**		
45. Non-current assets sold			
Property, plant and equipment	**398**	137	112
Intangible assets	**106**	—	—
	504	137	112
46. Acquisition of businesses			
Property, plant and equipment	**(174)**	(688)	(8 554)
Intangible assets	**—**	(31)	(132)
Investments in securities	**(50)**	—	(3)
Investments in associates	**—**	(92)	(39)
Long-term receivables	**—**	(57)	(105)
Inventories	**(142)**	(267)	(3 020)
Trade receivables	**(325)**	(194)	(2 731)
Other receivables and prepaid expenses	**(31)**	(111)	(683)
Cash and cash equivalents	**(119)**	(35)	(154)
Long-term debt	**102**	283	401
Long-term provisions	**12**	34	1 056
Retirement benefit obligations	**1**	169	891
Deferred tax	**22**	105	1 770
Short-term debt	**16**	215	—
Short-term provisions	**1**	—	145
Tax payable	**—**	14	14
Trade payables	**91**	155	1 240
Other payables and accrued expenses	**372**	64	826
	(224)	(436)	(9 078)
Minority interest	**20**	52	(2)
	(204)	(384)	(9 080)
Goodwill (refer note 2)	**—**	(181)	(53)
Negative goodwill (refer note 2)	**49**	—	783
Total purchase price	**(155)**	(565)	(8 350)

for the year ended 30 June

	2003 **Rm**	2002 Restated Rm	2001 Restated Rm
46. Acquisition of businesses (continued)			
Comprising			
Sasol Olefins & Surfactants and Sasol Solvents	**(155)**	—	(8 178)
Sasol Wax	**—**	(521)	—
Sasol Nitro	**—**	(44)	(103)
Other – not considered significant in aggregate	**—**	—	(69)
Total purchase price	**(155)**	(565)	(8 350)
Fair value adjustments			
Property, plant and equipment	**—**	(149)	—
Investments in associates	**48**	—	—
Long-term provisions	**—**	475	—
Deferred tax	**—**	(45)	—
Short-term debt	**—**	(41)	—
	48	240	—
Goodwill (refer note 2)	**(48)**	—	—
Negative goodwill (refer note 2)	**—**	101	—
Purchase price amendment	**—**	341	—
Comprising			
Sasol Olefins & Surfactants	**—**	341	—

The adjustment in the current year relates to the valuation of certain investments, included in the acquisition of the remaining third of Sasol Wax during 2002, which have since been finalised.

47. Guarantees and contingent liabilities	**Guarantee 2003 Rm**	**Out-standing exposure 2003 Rm**	Guarantee 2002 Rm
Guarantees in respect of GTL ventures	**8 426**	—	—
Commercial paper holders	**4 000**	3 288	4 000
Guarantees in respect of the natural gas project	**1 597**	610	1 574
Domestic medium-term note holders	**—**	—	2 000
Natref preference shareholders	**887**	887	770
Guarantees in respect of joint venture commitments	**448**	310	506
Guarantee to RWE-DEA	**260**	—	306
Customs and Excise	**105**	1	105
Letters of credit	**60**	—	240
Guarantees in favour of financial institutions for housing loans granted to employees of group companies	**21**	—	30
Other guarantees and claims	**509**	59	583
	16 313	5 155	10 114

Sasol Limited has guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements. Sasol Limited has guaranteed the borrowing facilities of certain of its subsidiaries. Further details of major banking facilities and debt arrangements at 30 June 2003 are provided on pages 170 and 171.

sasol limited group
notes to the financial statements (continued)

for the year ended 30 June

47. Guarantees and contingent liabilities (continued)

Litigation

From time to time, the group is subject to litigation in the normal course of business. The group believes that any adverse outcome from litigation would not have a material effect on its financial position or results of operations.

Sasol North America Inc. (a member of the Sasol Chemie group) had numerous separate pending cases which originated as a result of a 1994 rupture of the Conoco Ethylene Dichloride (EDC) pipeline connecting Conoco's dock to Sasol North America's vinyl chloride monomer plant in the United States of America. Plaintiffs sought compensatory and punitive damages as a result of alleged exposure to EDC while employed as contractors, hired by Conoco, to clean up the EDC. With the exception of holdout plaintiffs, all of these cases have been settled.

Sasol North America Inc. has entred into a Dispute Resolution Agreement with Conoco whereby the companies resolved their differences and agreed on procedures for handling current and future litigation involving the parties, including the EDC litigation.

Under the Asset and Share purchase agreement with RWE-DEA for the acquisition of Sasol Chemie, the EDC pipeline cases were classified as a Reserved Matter and the associated costs are reimbursable by RWE-DEA less insurance and tax benefits. There were no material accruals related to EDC pipeline cases for any of the periods presented.

Environmental orders

The group is subject to numerous national and local laws and regulations that regulate the discharge of materials into the environment or that otherwise relate to the protection of human health and the environment in all locations in which it operates. As with the oil and gas and chemical industries, generally, compliance with existing and anticipated environmental health, safety and process safety laws and regulations increases the overall cost of business, including capital costs to construct, maintain, and upgrade equipment and facilities. These laws and regulations have required, and are expected to continue to require, the group to make significant expenditures of both a capital and expense nature.

Under the agreement for the acquisition of Sasol Chemie, Sasol received an indemnification from RWE-DEA AG for most of the costs of operational compliance with respect to conditions existing at Condea Vista Company in the USA on or before 1 March 2001 that are expected to continue until at least 1 March 2006.

Sasol has various immaterial environmental actions currently outstanding from government regulatory agencies in the USA relating to Sasol Chemie's wast management facilities, air emissions, and groundwater contamination. At 30 June 2003, the company had accrued R110 million (2002 – R157 million) related to outstanding environmental actions. This amount has been included in the long-term rehabilitation provision (refer page 172). Total environmental compliance expenditure for Sasol Chemie's US manufacturing sites for the next five years are estimated to range from R6 million to R36 million a year.

Mineral and Petroleum Royalty Bill

Royalties from the mining activities may become payable to the state under provisions contained in the Mineral and Petroleum Royalty Bill. This bill was published in March 2003. The Department of Finance is presently considering representations from interested parties. The bill provides for a royalty rate of 2% on anthracite and bituminous coal (low ash and steam) and 1% on bituminous coal for domestic energy consumption. The royalty is payable quarterly to the state. There is uncertainty as to whether or not further amendments will be made to the bill and when the bill will become law.

Sasol is of the opinion that any royalty imposed could impact on the financial results and the cost of mining in South Africa.

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
48. Capital commitments			
Commitments are budgeted, approved and reported in terms of the management approach used for segmental reporting.			
Capital commitments include all projects for which specific board approval has been obtained. Projects still under investigation for which specific board approval has not yet been obtained are excluded from the above.			
For a list of major projects approved, refer page 85.			
Property, plant and equipment			
Authorised and contracted for at 30 June	**22 854**	16 742	5 427
Less expenditure to 30 June	**(13 504)**	(9 724)	(2 363)
	9 350	7 018	3 064
Authorised but not yet contracted for at 30 June	**8 503**	16 631	4 165
	17 853	23 649	7 229
Comprising			
Subsidiary companies	**9 514**	17 710	7 184
Proportionate share of joint ventures	**8 339**	5 939	45
	17 853	23 649	7 229
Estimated expenditure			
Within one year	**9 017**		
One to two years	**5 434**		
Two to three years	**2 738**		
Three to four years	**640**		
Four to five years	**24**		
	17 853		
Funding			
Capital expenditure will be financed out of funds generated out of normal business operations, existing borrowing facilities and specifically arranged financing.			
Intangible assets			
Authorised and contracted for at 30 June	**1 199**	946	388
Less expenditure to 30 June	**(987)**	(534)	(68)
	212	412	320
Authorised but not yet contracted for at 30 June	**7**	1	—
	219	413	320
These capital commitments are in respect of subsidiaries only.			
Estimated expenditure			
Within one year	**205**		
One to two years	**4**		
Two to three years	**2**		
Three to four years	**2**		
Four to five years	**1**		
Over five years	**5**		
	219		
Funding			
Capital expenditure will be financed out of funds generated out of normal business operations, existing borrowing facilities and specifically arranged financing.			

sasol limited group
notes to the financial statements *(continued)*

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
49. Commitments under leases			
The group rents buildings under long-term non-cancellable operating leases and also rents offices and other equipment under operating leases that are cancellable at various short-term notice periods by either party.			
Minimum future lease payments – operating leases			
Buildings			
Within one year	**99**	122	84
One to two years	**96**	113	79
Two to three years	**91**	74	29
Three to four years	**72**	119	103
Four to five years	**61**	42	27
Over five years	**254**	219	77
	673	689	399
Equipment			
Within one year	**250**	266	161
One to two years	**169**	188	134
Two to three years	**150**	60	54
Three to four years	**143**	250	221
Four to five years	**34**	41	30
Over five years	**834**	129	122
	1 580	934	722
Minimum future lease payments – finance leases			
Within one year	**133**	2	—
One to two years	**112**	2	—
Two to three years	**66**	1	—
Three to four years	**8**	7	—
Four to five years	**1**	—	—
Over five years	**126**	42	10
Less amounts representing finance charges	**(14)**	—	—
	432	54	10

Contingent rentals

The group has no contingent rentals in respect of finance leases.

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
50. Related party transactions			
During the year group companies, in the ordinary course of business, entered into various purchase and sale transactions with associates and joint ventures. The effect of these transactions is included in the financial performance and results of the group. Terms and conditions are determined on an arm's length basis.			
Disclosure in respect of joint ventures is provided on page 164 and of associates on page 166.			
Material related party transactions were as follows:			
Sales to related parties			
third parties	**—**	1	3
joint ventures	**66**	—	—
associates	**1 844**	1 206	1 063
	1 910	1 207	1 066
Purchases from related parties			
third parties	**92**	114	95
joint ventures	**42**	12	3
associates	**39**	52	51
	173	178	149

Amounts due to and from related parties are disclosed in the respective notes to the financial statements for those balance sheet items.

Included in the above amounts are a number of transactions with related parties which are individually insignificant.

Identity of related parties with whom material transactions have occurred

Except for the group's interests in joint ventures and associates, there are no other related parties with whom material transactions have taken place.

The group sold an intangible asset as part of its investment in Spring Lights Gas, a joint venture. The profit attributable to the joint venture partner, included in non-trading income, amounts to R84 million, refer note 34.

Directors

Details of directors' remuneration and shareholding in Sasol Limited are disclosed in the directors' remuneration report.

Shareholders

An analysis of major shareholders is provided on page 90.

	2003 Rm	2002 Restated Rm	2001 Restated Rm
51. Inflation reporting			
The financial statements have not been restated to a current cost basis as the group does not operate in a hyperinflationary economy.			
Producer price index – South Africa (%) – annual average	**9,4**	11,0	9,1

sasol limited group
notes to the financial statements *(continued)*

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
52. Changes in accounting treatment			
Sale of products			
Sasol Olefins & Surfactants purchases a raw material from which a chemical component is extracted and the remaining product is then sold back to the supplier. Previously, the purchase of the raw material was reflected in cost of sales and the revenue from the returned product included in turnover.			
Because these transactions relate to the same product and supplier and are settled almost simultaneously, it is considered appropriate to rather show the net effect of these transactions as part of cost of sales. Comparative figures have been restated as if they had always been prepared in this manner.			
The effects of this change are as follows:			
Turnover before change	**66 233**	61 578	41 289
Effect of change	**(1 678)**	(1 988)	(521)
Restated turnover	**64 555**	59 590	40 768
Cost of sales before change	**(40 883)**	(36 688)	(25 720)
Effect of change in revenue classification	**1 678**	1 988	521
Cost of sales before impact of borrowing costs	**(39 205)**	(34 700)	(25 199)

There was no impact on operating profit or attributable earnings.

for the year ended 30 June

	2003 **Rm**	2002 Restated Rm	2001 Restated Rm
53. Change in accounting policy			
Borrowing costs			
During the year, the group changed its accounting policy from the benchmark treatment in IAS23 Borrowing Costs to the allowed alternative treatment.			
The benchmark treatment prescribed in IAS23 is to recognise borrowing costs in the income statement as incurred. The allowed alternative treatment permits the capitalisation of borrowing costs against certain qualifying assets.			
The group's external debt over the past three years has increased materially and these borrowings are used primarily to finance the group's capital expansion programme. It is therefore considered appropriate to capitalise borrowing costs to qualifying assets rather than to recognise the cost in the income statement as incurred. It is Sasol's opinion that this change in accounting policy results in a fairer presentation of its financial results. Comparative figures have been restated as if they had always been prepared in accordance with this policy.			
The effects of this change are as follows:			
Cost of sales as restated in note 52	**(39 205)**	(34 700)	(25 199)
Effect of change	**(142)**	(112)	(154)
Restated cost of sales	**(39 347)**	(34 812)	(25 353)
Operating profit before change	**12 053**	14 895	10 773
Effect of change	**(142)**	(112)	(154)
Restated operating profit	**11 911**	14 783	10 619
Borrowing costs before change	**(1 286)**	(863)	(509)
Effect of change	**1 061**	579	299
Restated borrowing costs	**(225)**	(284)	(210)
Attributable earnings before change	**7 174**	9 496	7 025
Effect of change	**643**	321	100
Restated attributable earnings	**7 817**	9 817	7 125

The cumulative increase in opening accumulated earnings at 26 June 2000 as a result of the change in accounting policy was R821 million.

54. Post-balance sheet events

The following events occurred subsequent to 30 June 2003. These are more fully described in the directors' report, refer pages 99 and 100.

- ***Issue of corporate bond***
- ***Acquisition of Sasol Gulf***
- ***Sasol Mining – coal mining venture***
- ***Petroleum Pipelines Bill***
- ***Petroleum Products Act Amendment Bill***

sasol limited group
property, plant and equipment

2003	Land Rm	Buildings and improvements Rm	Plant, equipment and vehicles Rm	Capital work in progress Rm	Coal mining assets Rm	Total Rm
Cost						
Balance at 30 June 2002	532	4 296	53 166	7 859	5 045	**70 898**
Acquisition of businesses (refer note 46)	55	42	271	3	—	**371**
Additions	98	37	1 438	8 720	78	**10 371**
to enhance existing operations	79	10	700	2 337	78	**3 204**
to expand operations	19	27	738	6 383	—	**7 167**
Borrowing costs capitalised	—	—	31	1 022	—	**1 053**
Transfer from/(to) intangible assets	—	—	(177)	211	—	**34**
Transfer of capital work in progress	64	—	4 851	(5 460)	545	**—**
Translation of foreign entities (refer note 38)	(88)	(680)	(4 690)	(535)	—	**(5 993)**
Disposals and scrapping	(5)	(96)	(991)	(31)	(357)	**(1 480)**
Balance at 30 June 2003	**656**	**3 599**	**53 899**	**11 789**	**5 311**	**75 254**
Depreciation and amounts written off						
Balance at 30 June 2002	—	1 864	27 947	—	2 634	**32 445**
Acquisition of businesses (refer note 46)	—	18	179	—	—	**197**
Current year charge	—	236	3 816	—	416	**4 468**
Impairment of assets (refer note 34)	—	2	2	—	1	**5**
Transfer to intangible assets	—	—	(24)	—	—	**(24)**
Translation of foreign entities (refer note 38)	—	(352)	(2 851)	—	—	**(3 203)**
Disposals and scrapping	—	(27)	(729)	—	(241)	**(997)**
Balance at 30 June 2003	**—**	**1 741**	**28 340**	**—**	**2 810**	**32 891**
Carrying value at 30 June 2003	**656**	**1 858**	**25 559**	**11 789**	**2 501**	**42 363**
Carrying value at 30 June 2002	532	2 432	25 219	7 859	2 411	**38 453**
Carrying value of capitalised leased assets included in property, plant and equipment	41	—	343	—	13	**397**
Additions under finance leases included above	—	—	442	—	20	**462**
Estimated replacement cost	2 842	7 226	183 419	11 789	8 473	**213 749**
Cost of assets not replacable	—	—	173	—	1 586	**1 759**
Cost price of assets not yet in use	6	—	78	11 789	—	**11 873**
Cost price of fully depreciated assets	—	334	6 132	—	901	**7 367**
Carrying value of assets held for sale	21	11	164	—	—	**196**
Carrying value of assets pledged as security	639	1 033	6 282	722	—	**8 676**

Depreciation rates	
Buildings and improvements	2 – 5%
Plant	4 – 25%
Equipment	10 – 33%
Vehicles	20 – 33%
Coal mining assets	7%

2002	Land Rm	Buildings and improve-ments Rm	Plant, equipment and vehicles Rm	Capital work in progress Rm	Coal mining assets Rm	Total Rm
Cost						
Balance at 25 June 2001	79	3 271	40 237	3 760	4 845	**52 192**
Change in accounting policy	—	4	1 575	345	207	**2 131**
Balance at 25 June 2001 (restated)	79	3 275	41 812	4 105	5 052	**54 323**
Acquisition of businesses (refer note 46)	242	22	1 208	15	—	**1 487**
Fair value adjustments (refer note 46)	—	—	149	—	—	**149**
Additions	73	—	1 449	6 378	429	**8 329**
to enhance existing operations	45	—	559	2 588	429	**3 621**
to expand operations	28	—	890	3 790	—	**4 708**
Borrowing costs capitalised	—	—	200	376	3	**579**
Transfer (to)/from intangible assets	—	—	58	—	(88)	**(30)**
Transfer of capital work in progress	73	76	3 323	(3 578)	106	**—**
Translation of foreign entities (refer note 38)	67	959	5 414	617	—	**7 057**
Disposals and scrapping	(2)	(36)	(447)	(54)	(457)	**(996)**
Balance at 30 June 2002 (restated)	**532**	**4 296**	**53 166**	**7 859**	**5 045**	**70 898**
Depreciation and amounts written off						
Balance at 25 June 2001	—	1 304	20 380	—	2 473	**24 157**
Change in accounting policy	—	—	724	—	96	**820**
Balance at 25 June 2001 (restated)	—	1 304	21 104	—	2 569	**24 977**
Acquisition of businesses (refer note 46)	—	27	772	—	—	**799**
Current year charge	—	232	3 481	—	508	**4 221**
Impairment of assets (refer note 34)	—	—	145	—	—	**145**
Transfer to intangible assets	—	—	(30)	—	—	**(30)**
Translation of foreign entities (refer note 38)	—	321	2 823	—	—	**3 144**
Disposals and scrapping	—	(20)	(348)	—	(443)	**(811)**
Balance at 30 June 2002 (restated)	**—**	**1 864**	**27 947**	**—**	**2 634**	**32 445**
Carrying value at 30 June 2002 (restated)	**532**	**2 432**	**25 219**	**7 859**	**2 411**	**38 453**
Carrying value at 25 June 2001 (restated)	79	1 971	20 708	4 105	2 483	**29 346**
Carrying value of capitalised leased assets included in property, plant and equipment	—	—	52	—	—	**52**
Estimated replacement cost	2 955	4 791	158 740	7 859	7 280	**181 625**
Cost of assets not replacable	—	—	—	—	1 709	**1 709**
Cost price of assets not yet in use	—	—	127	7 859	—	**7 986**
Cost price of fully depreciated assets	—	439	6 205	—	840	**7 484**
Carrying value of assets pledged as security	—	2 106	8 515	1 185	—	**11 806**

As the group has more than five items of land and buildings a register is maintained in terms of paragraph 22(3) of Schedule 4 of the South African Companies Act. The register is available for inspection at the registered office of Sasol Limited.

sasol limited group
intangible assets

2003	Software Rm	Patents and trademarks Rm	Capitalised exploration costs Rm	Capital work in progress Rm	Other intangible assets Rm	Total Rm
Cost						
Balance at 30 June 2002	736	543	898	397	13	**2 587**
Acquisition of businesses (refer note 46)	—	2	—	—	—	**2**
Additions	293	95	63	242	3	**696**
to enhance existing operations	289	5	—	82	1	**377**
to expand operations	4	90	63	160	2	**319**
Borrowing costs capitalised	8	—	—	—	—	**8**
Transfer (to)/from property, plant and equipment	70	107	—	(211)	—	**(34)**
Translation of foreign entities (refer note 38)	(23)	(99)	(69)	(4)	—	**(195)**
Disposals and scrapping	(1)	(4)	(239)	—	—	**(244)**
Balance at 30 June 2003	**1 083**	**644**	**653**	**424**	**16**	**2 820**
Amortisation and amounts written off						
Balance at 30 June 2002	142	372	219	—	—	**733**
Acquisition of businesses (refer note 46)	—	2	—	—	—	**2**
Current year charge	216	60	35	—	3	**314**
Impairment of assets (refer note 34)	—	5	—	—	—	**5**
Translation of foreign entities (refer note 38)	(20)	(62)	(5)	—	—	**(87)**
Transfer from property, plant and equipment	24	—	—	—	—	**24**
Disposals and scrapping	(1)	(1)	(220)	—	—	**(222)**
Balance at 30 June 2003	**361**	**376**	**29**	**—**	**3**	**769**
Carrying value at 30 June 2003	**722**	**268**	**624**	**424**	**13**	**2 051**
Carrying value at 30 June 2002	594	171	679	397	13	**1 854**
Cost price of assets not yet in use	29	—	—	424	—	**453**
Cost of fully amortised assets in use	74	43	—	—	—	**117**

Major expenditure on intangible assets comprises the implementation of a purchased enterprise resource planning system at a number of sites in the group as well as ongoing exploration and development activities in the upstream oil and gas industry, mainly in Mozambique.

Estimated future aggregate amortisation expense per annum	2003 Rm	2002 Rm	2001 Rm
Within one year	**436**	235	167
One to two years	**388**	326	54
Two to three years	**206**	295	72
Three to four years	**70**	112	67
Four to five years	**80**	77	34
Over five years	**871**	809	680
	2 051	1 854	1 074

2002	Software Rm	Patents and trademarks Rm	Capitalised exploration costs Rm	Capital work in progress Rm	Other intangible assets Rm	Total Rm
Cost						
Balance at 25 June 2001	145	321	710	401	—	**1 577**
Change in accounting policy	3	—	—	—	—	**3**
Balance at 25 June 2001 (restated)	148	321	710	401	—	**1 580**
Acquisition of businesses (refer note 46)	14	41	—	—	—	**55**
Translation of foreign entities (refer note 38)	31	129	—	(8)	—	**152**
Additions	124	9	—	664	—	**797**
to enhance existing operations	124	—	—	287	—	**411**
to expand operations	—	9	—	377	—	**386**
Transfer from/(to) property, plant and equipment	111	43	(128)	4	—	**30**
Transfer of capital work in progress	335	—	316	(664)	13	**—**
Disposals and scrapping	(27)	—	—	—	—	**(27)**
Balance at 30 June 2002 (restated)	**736**	**543**	**898**	**397**	**13**	**2 587**
Amortisation and amounts written off						
Balance at 25 June 2001	72	201	—	233	—	**506**
Acquisition of businesses (refer note 46)	11	13	—	—	—	**24**
Translation of foreign entities (refer note 38)	23	83	—	—	—	**106**
Transfer from property, plant and equipment	15	15	—	—	—	**30**
Current year charge	33	60	—	1	—	**94**
Transfer of capital work in progress	15	—	219	(234)	—	**—**
Disposals and scrapping	(27)	—	—	—	—	**(27)**
Balance at 30 June 2002	**142**	**372**	**219**	**—**	**—**	**733**
Carrying value at 30 June 2002 (restated)	**594**	**171**	**679**	**397**	**13**	**1 854**
Carrying value at 25 June 2001 (restated)	76	120	710	168	—	**1 074**
Cost price of assets not yet in use	102	365	—	410	—	**877**
Cost of fully amortised assets in use	57	51	—	—	—	**108**

Amortisation rates	
Software	33%
Patents and trademarks	20%
Capitalised exploration costs	4%

sasol limited group
interest in joint ventures

Additional disclosure provided for information purposes. In accordance with the group's accounting policy, the results of joint ventures are proportionately consolidated on a line-by-line basis and include intercompany transactions and balances.

	Sasol gas-to-liquids Rm	Merisol Rm	Sasol Southwest Energy Rm	Spring Lights Gas Rm	Roche Blasting Rm	Other* Rm	2003 Total Rm	2002 Total Rm	2001 Total Rm
Balance sheet									
Property, plant and equipment	1 135	174	10	—	35	25	**1 379**	537	518
Other non-current assets	—	25	64	73	6	—	**168**	139	103
Current assets	81	429	25	8	37	47	**627**	775	534
Total assets	1 216	628	99	81	78	72	**2 174**	1 451	1 155
Shareholders' equity	517	342	90	(6)	21	(1)	**963**	711	628
Long-term debt	246	62	—	78	23	24	**433**	168	144
Long-term provisions	—	44	—	—	—	—	**44**	3	3
Other non-current liabilities	377	12	—	—	(1)	4	**392**	14	12
Current liabilities	76	168	9	9	35	45	**342**	555	368
Total equity and liabilities	1 216	628	99	81	78	72	**2 174**	1 451	1 155
Income statement									
Turnover	3	614	114	54	80	80	**945**	1 462	1 109
Operating (loss)/profit	(103)	42	5	6	—	15	**(35)**	(70)	31
Other (charges)/income	—	11	—	(12)	(2)	2	**(1)**	(4)	(12)
Net income before tax	(103)	53	5	(6)	(2)	17	**(36)**	(74)	19
Taxation	(1)	(20)	—	(1)	1	(16)	**(37)**	(41)	(25)
Attributable earnings	(104)	33	5	(7)	(1)	1	**(73)**	(115)	(6)
Cash flow statement									
Cash flow from operations	13	87	12	14	5	3	**134**	61	46
Movement in working capital	(21)	17	3	(1)	(5)	21	**14**	(11)	10
Taxation (received)/paid	338	(44)	—	—	—	(5)	**289**	(39)	(19)
Other (charges)/income	(54)	11	—	(12)	(1)	2	**(54)**	(18)	(21)
Cash available from operations	276	71	15	1	(1)	21	**383**	(7)	16
Dividends paid	—	(5)	(24)	—	—	(17)	**(46)**	(23)	(28)
Cash retained from operations	276	66	(9)	1	(1)	4	**337**	(30)	(12)
Cash flow from investing activities	(1 218)	(15)	—	(81)	(14)	(7)	**(1 335)**	(34)	(40)
(Increase)/decrease in funding requirements	(942)	51	(9)	(80)	(15)	(3)	**(998)**	(64)	(52)

*Includes African Amines, Sasol Oil Petromoc, Sasol Lurgi, Macadam Franchise Company and ChemCity.

At 30 June 2003 the group's share of the total capital commitments of joint ventures amounted to R8 339 million (2002 – R5 939 million; 2001 – R45 million).

sasol limited group investments

at 30 June

	2003 Rm	2002 Rm	2001 Rm
Investments in securities			
Investments in securities at cost	**153**	112	817
Investments in securities at fair value	**537**	368	—
Net investment in securities	**690**	480	817
Dividends received during year	**12**	2	11

Name	Country of incorporation	Nature of business	Interest %	Carried at fair value Rm	Carried at at cost Rm
Optimal Olefins Malaysia Sdn. Bhd	Malaysia	Ethane and propane gas cracker	**12**	**259**	**—**
ABSA Bank Fixed Deposit	South Africa	Investment for rehabilitation of Sasol Mining collieries	**—**	**—**	**153**
Aetylen Rohrleitungsgesellschaft mbH & Co KG	Germany	Ethylene pipeline business	**17**	**127**	**—**
sEnergy Insurance Limited	Bermuda	Insurance	**5**	**75**	**—**
Other – not considered significant in aggregate			**—**	**76**	**—**
				537	**153**

The unlisted investments represent strategic investments of the group and are long-term in nature.

sasol limited group
investments *(continued)*

at 30 June

	2003 Rm	2002 Rm	2001 Rm
Investments in associates			
Investments at cost	**211**	258	10
Loans to associates	**2**	—	16
Share of post-acquisition reserves	**57**	75	2
	270	333	28
Analysis of post-acquisition reserves			
Balance at beginning of year	**75**	2	—
Transfer from investments in securities	**—**	42	—
Income from associates	**60**	31	11
Dividends received during year	**(17)**	(17)	(9)
Fair value adjustments (refer note 46)	**(48)**	—	—
Translation of foreign entities	**(13)**	17	—
Balance at end of year	**57**	75	2
Investments in associates at fair value	**289**	358	76
Key financial information			
Total assets	**345**	766	470
Total liabilities	**226**	385	402
Attributable earnings	**60**	31	11

List of associates At 30 June 2003, the group's significant associates, interest in those associates and the total carrying value were:

Name	Country of incorporation	Nature of business	Interest %	Carrying value 2003 Rm	Carrying value 2002 Rm
Champion Servo	Netherlands	Oilfield chemicals	**28**	**52**	98
Wesco China Ltd	Hong Kong	Trading and distribution of plastics raw materials	**25**	**52**	—
Naledi Petroleum Holding (Pty) Ltd	South Africa	Marketing of petroleum and related products	**23**	**52**	27
Ceraven CA Venezuela	Venezuela	Not yet in operation – wax manufacturing	**51**	**34**	76
FFS Refiners (Pty) Ltd	South Africa	Refining and blending of oil	**49**	**25**	40
LUX International Corporation USA	United States of America	Production	**50**	**23**	28
Merkur GmbH	Germany	Trading	**50**	**13**	19
Nuodex Mexicana SA de CV	United States of America	Coating additives	**40**	**7**	—
Turranova Raccordi Ferroviari s r l	Italy	Railway transport	**33**	**5**	7
Other – not considered significant in aggregate	Various	Various		**7**	38
				270	333

None of the group's investments in associates are publicly traded and therefore no quoted market prices are available.

sasol limited group long-term debt

	2003 Rm	2002 Rm	2001 Rm
Reconciliation			
Balance at beginning of year	**6 264**	5 364	839
Acquisition of businesses (refer note 46)	**102**	283	401
Loans raised	**1 406**	798	4 785
Loans repaid	**(1 284)**	(3 255)	(688)
Translation of foreign entities	**(1 009)**	3 074	27
Balance at end of year	**5 479**	6 264	5 364
Currency analysis			
Euro	**2 222**	3 249	2 431
United States dollar	**1 453**	1 908	1 527
Pound sterling	**—**	34	118
Rand	**1 686**	1 051	1 288
Other	**118**	22	—
	5 479	6 264	5 364
Comprising			
Interest-bearing	**5 431**	6 201	5 305
Non-interest-bearing	**48**	63	59
	5 479	6 264	5 364
Maturity profile			
Within one year	**898**	837	394
One to two years	**1 024**	892	1 539
Two to three years	**899**	1 556	640
Three to four years	**988**	889	885
Four to five years	**819**	977	639
Over five years	**851**	1 113	1 267
	5 479	6 264	5 364
Related party long-term debt			
Loans from			
– third parties	**84**	125	70
– joint ventures	**19**	1	1
	103	126	71

sasol limited group
long-term debt *(continued)*

The group's borrowing powers are limited by its articles of association to twice the sum of the stated capital and reserves (2003 – R67 billion and 2002 – R63 billion):

Terms of repayment	Security	Interest rate at 30 June 2003	**2003 Rm**	2002 Rm	2001 Rm
Secured loans					
Repayable semi-annually until February 2008	Secured by foreign plant, equipment and inventories with a carrying value of R10 891 million (2002 – R13 649 million; 2001 – R10 700 million)	2,2 – 5,4%	**2 879**	4 252	3 519
Repayable semi-annually commencing in June 2007 until December 2016	Secured by plant under construction with a carrying value of R485 million	Libor + 0,75%	**246**	—	—
Repayable in equal annual instalments over 7,5 years until February 2010	Secured by a guarantee from Sasol and its joint venture partners in Malaysia	2,9 – 6,8%	**220**	266	—
Repayable semi-annually until July 2006	Secured by a guarantee from RWE-DEA AG	2,0 – 7,8%	**86**	136	112
Repayable quarterly until June 2009	Guarantee from Sasol Financing (Pty) Limited	3 month Jibar + 2,4%	**76**	—	—
Payment on demand	Secured by a call option on Sasol shares	prime – 2,25%	**48**	—	—
Repayable in equal annual amounts until 31 March 2008	Secured by a mortgage over foreign plant with a carrying value of R119 million (2002 – R295 million, 2001 – R133 million)	5,1%	**91**	132	70
Variable rate redeemable cumulative preference shares of subsidiaries					
Repayable in full between January 2004 and December 2005	Secured in terms of a put option against the shareholders of National Petroleum Refiners of South Africa (Pty) Limited	11,0 – 11,48%	**887**	770	269
Repayable in full on 31 December 2003	Guarantee from Sasol Oil (Pty) Limited	12,5%	**71**	71	—
Finance leases					
Repayable in equal monthly instalments until September 2007	Secured by plant and equipment with a carrying value of R340 million	7 – 14%	**289**	—	—
Repayable in equal monthly instalments over 25 years until March 2027	Secured by a mortgage over property with a book value of R41 million	13,0 – 13,5%	**42**	43	10
Repayable in equal monthly instalments until May 2007	Secured by plant and equipment with a book value of R16 million	14,0%	**8**	9	—

Terms of repayment	Interest rate at 30 June 2003	2003 Rm	2002 Rm	2001 Rm
Unsecured liabilities				
Purchase consideration repayable in four equal annual amounts until December 2006	4,4%	**84**	125	70
Repayable July 2003	13,0%	**75**	75	75
Repayable December 2015	7,3 – 12,5%	**35**	35	43
Repayment in two equal annual amounts until April 2005	Nil	**15**	31	—
Repayment terms not specified	8%	**48**	20	14
Repayment terms not specified	Nil	**28**	27	—
Repayable in equal monthly instalments until September 2005	Nil	**5**	5	7
Repayment terms not specified	9,0%	**2**	4	—
Repayment terms not specified	NACQ – 0,75%	**2**	—	—
Subordinated loans repayable during August 2010		**66**	—	—
Unsubordinated loans repayable during February 2007		**22**	—	—
Bankers' acceptances loans repayable during June 2004		**38**	—	—
Revolving credit repayable during June 2004		**59**	—	—
Other	Various	**57**	207	71
Settled during the year		**—**	56	1 104
		5 479	6 264	5 364
Repayable within one year included in short-term debt		**(898)**	(837)	(394)
		4 581	5 427	4 970

sasol limited group
banking facilities and debt arrangements

List of major banking facilities and debt arrangements at 30 June 2003

	Note	Expiry date	Currency	Rand equivalent Rm	Utilisation Rm
Sasol Financing					
Commercial banking facilities	a	Various (short-term)	Rand	8 825	3 088
Commercial paper programme	b	None	Rand	4 000	3 288
Revolving credit facility (syndicated)	c	November 2003	US dollar	1 949	1 184
Sasol Financing International					
Commercial banking facilities	a	Various (short-term)	US dollar	525	2
Sasol Wax					
Commercial banking facilities	a	Various (short-term)	Euro	673	363
Sasol Chemie					
Asset-based finance	d	December 2007	Euro	1 924	1 924
Asset-based finance	d	December 2007	US dollar	847	847
Revolving credit facility	d	December 2007	Euro	1 087	131
				19 830	10 827

a Commercial banking facilities

Commitment fees	No fees are paid on unutilised facilities.
Conditions of withdrawal of facility	Banking facilities are withdrawable on notice.
Expiry date	On demand.

b Commercial paper programme

Commitment fees	There is no committed facility, therefore no fees are paid on unutilised amounts.
Events of default	In the event of default, non-payment of amounts due, any note holder may accelerate the debt.

c Revolving credit facility (syndicated)

Commitment fees: Payable on the undrawn, uncancelled amount of the facility.

Events of default:
- Non-payment of amounts due;
- Non-payment of financial indebtedness in excess of a threshold amount;
- Insolvency, distress, execution or analogous event affects assets that have an aggregate in excess of a threshold amount;
- A material group entity ceases to carry on business;
- Change in ownership control of Sasol Limited;
- Revenue or assets are seized, nationalised, expropriated or compulsorily acquired due to government action; or
- Material adverse change occurs, leading to the inability to comply with the material obligations under the finance documents.

Financial covenants: A formal compliance certificate is required on a six-monthly basis. The financial covenants are based on various key financial ratios;
- Consolidated tangible net worth, minimum R10 billion;
- Consolidated tangible net worth as a percentage of total consolidated assets, minimum 42,5% (2002 – 37,5%);
- Interest cover, minimum 6:1; and
- Total debt: EBITDA, maximum 2:1.

List of major banking facilities and debt arrangements at 30 June 2003 *(continued)*

d Sasol Chemie facilities	
Commitment fees	*Payable on the undrawn, uncancelled amount of the revolving credit commitment.*
Events of default	*– Non-payment of amounts due;* *– Breach of the financial and general covenants as well as the minimum specified insurance levels;* *– Non-payment of financial indebtedness in excess of a threshold amount;* *– Insolvency and/or insolvency proceedings;* *– Any attachment, sequestration, distress, execution or analogous event affects assets;* *– Change in ownership control of Sasol Limited;* *– The auditors adversely qualify their report of any financial statements of Sasol Chemie;* *– Sasol Chemie's revenue or assets are seized, nationalised, expropriated or compulsorily acquired due to government actions; or* *– Material adverse change that results in non-compliance with material obligations under the finance documents.*
Financial covenants	*A formal compliance certificate to be submitted on a quarterly basis. The financial covenants are based on various key financial ratios.* *– Consolidated tangible net worth, minimum euro 350 million;* *– Leverage ratio, maximum 2,25:1;* *– Interest cover, minimum 6:1; and* *– Capital expenditure, maximum euro 150 million.* *In terms of these debt arrangements, there are restrictions on the amount of dividends which can be remitted to the holding company.* *The formula for determining the amount of dividends payable is dependent on earnings before interest, tax, depreciation and amortisation less net debt service costs, comprising interest costs and repayments of the principal. Subject to the leverage ratios, between 0% and 50% of the excess cash must be prepaid against the debt. Up to 100% of the remainder of the available cash can be distributed subject to the leverage ratio.* *The net assets of Sasol Chemie, restricted for distribution at 30 June, were R7,1 billion (2002 – R8,7 billion).*

sasol limited group provisions

	Rehabilitation and asset retirement Rm	Other provisions Rm	Total Rm
Balance at 30 June 2002	2 631	879	**3 510**
Acquisition of businesses (refer note 46)	11	1	**12**
Capitalised in property, plant and equipment (refer note 1)	74	9	**83**
Increase for year	127	316	**443**
Utilised during year	(141)	(289)	**(430)**
Reversal of unutilised amounts	(313)	(126)	**(439)**
Translation of foreign entities (refer note 38)	(123)	(153)	**(276)**
Notional interest	51	—	**51**
Balance at 30 June 2003	**2 317**	**637**	**2 954**
Current portion (refer note 21)	290	178	**468**
Non-current portion (refer note 16)	2 027	459	**2 486**
Balance at 30 June 2003	**2 317**	**637**	**2 954**
Balance at 25 June 2001	2 031	717	**2 748**
Acquisition of businesses	59	(25)	**34**
Fair value adjustments (refer note 46)	475	—	**475**
Capitalised in property, plant and equipment (refer note 1)	7	—	**7**
Increase for year	410	605	**1 015**
Utilised during year	(481)	(689)	**(1 170)**
Reversal of unutilised amounts	(83)	(34)	**(117)**
Translation of foreign entities (refer note 38)	155	302	**457**
Notional interest	58	3	**61**
Balance at 30 June 2002	**2 631**	**879**	**3 510**
Current portion (refer note 21)	370	248	**618**
Non-current portion (refer note 16)	2 261	631	**2 892**
Balance at 30 June 2002	**2 631**	**879**	**3 510**

	2003 Rm	2002 Rm	2001 Rm
Maturity profile			
Within one year	**468**	618	409
One to two years	**393**	278	216
Two to three years	**187**	119	212
Three to four years	**158**	184	620
Four to five years	**149**	82	41
Over five years	**1 599**	2 229	1 250
	2 954	3 510	2 748

In accordance with the group's published environmental policy and applicable legislation, a provision for rehabilitation is recognised when the obligation arises.

The rehabilitation obligation includes estimated costs for the rehabilitation of coal mining and petrochemical sites. The amount provided is an estimate based on currently available facts and applicable legislation. The group believes that, based on the current information available, any additional liability in excess of the amounts provided will not have a material adverse effect on its financial condition, liquidity or cash flow.

sasol limited group retirement benefits

Post-retirement healthcare

The group operates a number of post-employment medical benefit schemes, principally in South Africa and the United States of America. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes.

The post-retirement benefit plan provides certain healthcare and life assurance benefits to South African employees hired prior to 1 January 1998, who retire and satisfy the necessary requirements of the medical fund. Generally, medical coverage provides for a specified percentage of most medical expenses, subject to preset rules and maximum amounts. The cost of providing these benefits is shared with the retirees. The plan is unfunded. The accumulated post-retirement benefit obligation is accrued over the employee's working life until full eligibility age.

Certain other healthcare and life assurance benefits are provided for employees hired in the United States of America. Generally, medical coverage pays a specified percentage of most medical expenses, subject to preset maxima and reduced for payments made by Medicare. The cost of providing these benefits is shared with the retirees. The plan is also unfunded.

	South Africa 2003	Foreign 2003
Last actuarial valuation	31 March 2003	30 June 2003
Full/interim	Full	Full
Valuation method adopted	Projected unit	Projected unit

Principal actuarial assumptions

Weighted average assumptions used in performing actuarial valuation

	South Africa		Foreign	
	2003	2002	**2003**	2002
Healthcare cost inflation (%)				
Initial	**9,0**	9,3	**9,0**	8,5
Ultimate	**9,0**	9,3	**5,5**	5,5
Discount rate (%)	**11,0**	10,9	**6,0**	7,3
Expected future salary increases (%)	**7,5**	6,3	**3,8**	3,8

Reconciliation of the funded status to amounts recognised in the balance sheet

	South Africa		Foreign		Total	
	2003 Rm	2002 Rm	**2003 Rm**	2002 Rm	**2003 Rm**	2002 Rm
Unfunded liability	**(1 047)**	(1 001)	**(420)**	(450)	**(1 467)**	(1 451)
Unrecognised prior service cost	**—**	—	**(32)**	(54)	**(32)**	(54)
Unrecognised actuarial loss	**—**	—	**134**	62	**134**	62
Liability recognised	**(1 047)**	(1 001)	**(318)**	(442)	**(1 365)**	(1 443)
Accrued post-retirement benefit liabilities	**(1 047)**	(1 001)	**(318)**	(442)	**(1 365)**	(1 443)
Short-term portion	**—**	—	**26**	31	**26**	31
Net liability recognised	**(1 047)**	(1 001)	**(292)**	(411)	**(1 339)**	(1 412)

Net periodic post-retirement medical cost recognised in the income statement

	South Africa		Foreign		Total	
	2003 Rm	2002 Rm	**2003 Rm**	2002 Rm	**2003 Rm**	2002 Rm
Service cost	**23**	42	**6**	8	**29**	50
Interest cost	**106**	85	**27**	29	**133**	114
Recognised net actuarial (gain)/loss	**(50)**	117	**(6)**	(9)	**(56)**	108
Net periodic cost	**79**	244	**27**	28	**106**	272
Settlement/curtailment gain	**—**	(108)	**—**	—	**—**	(108)
	79	136	**27**	28	**106**	164

sasol limited group
retirement benefits (continued)

Pension benefits

The group operates or contributes to defined benefit pension funds and defined contribution funds in the countries in which it operates.

Contributions by the group and in some cases the employees are made for funds set up in South Africa and the United States of America whilst no contributions are made for plans established in other geographic areas.

Provisions for pension obligations are established for benefits payable in the form of retirement, disability and surviving dependant pensions. The benefits offered vary according to the legal, fiscal and economic conditions of each country.

Details of the principal defined benefit funds are set out below.

The significant individual fund funding details based on the latest actuarial valuations were:

Pension fund	South Africa 2003	Netherlands 2003	United States of America 2003
Last actuarial valuation	31 March 2003	30 June 2003	30 June 2003
Full/interim	Full	Full	Full
Valuation method adopted	Projected unit	Projected unit	Projected unit

Principal actuarial assumptions

Weighted average assumptions used in performing actuarial valuation

	South Africa 2003	Netherlands 2003	United States of America 2003
Discount rate (%)	11,0	5,0	5,7
Expected return on plan assets (%)	11,0	—	8,5
Average salary increases (%)	7,5	2,5	3,8
Average pension increases (%)	3,7	2,0	3,0

Each of the pension fund assets are invested in a diversified range of equities, bonds, property and cash.

South African operations

Sasol contributes to a pension fund which provides defined retirement and death benefits based on final pensionable salary. Prior to 1 April 1994 this fund was open to all employees of the group in South Africa. In 1994 all members were given the choice to voluntarily move to the newly established defined contribution section of the fund and approximately 99% of contributing members chose to transfer to the defined contribution section. At that date the calculated actuarial surplus of approximately R1 250 million was apportioned to pensioners, members transferring to the defined contribution section and a R200 million balance to the group.

Contributions to the defined contribution fund amounted to R363 million (2002 – R286 million).

Members of the defined benefit section are required to contribute to the fund at the rate of 7,5% of pensionable salary. The South African operations meet the balance of the cost of providing benefits. Company contributions are based on the results of the actuarial valuation of the fund in terms of South African legislation and are agreed by Sasol Limited and the fund trustees.

Contributions, for the defined contributions section, are paid by the members and Sasol at fixed rates. The assets of the fund are held separately from those of the company in a trustee administered fund, registered in terms of the South African Pension Funds Act, 1956. Included in the fund assets are 2 632 228 Sasol Limited shares valued at R220 million at year-end (2002 – 3 027 023 shares at R333 million) purchased in terms of an approved investment strategy.

The pension charge for the year is determined in consultation with the fund's independent qualified actuary and is calculated using the same assumptions as those used at the last actuarial valuation of the fund. The fund assets have been valued at fair value.

The prepayment of R451 million (2002 – R497 million) in the balance sheet represents the accumulated excess of the actual contributions paid to the fund over the accumulated pension accounting charge.

In December 2001 the Pension Funds Second Amendment Act was promulgated. The Act generally provides for

– the payment of enhanced benefits to former members and minimum pension increases for pensioners; and

– the apportionment of any actuarial surplus existing in the Fund, at the apportionment date, in an equitable manner between existing members including pensioners, former members and the employer in such proportions as the trustees of the Fund shall determine.

A significant number of employees are covered by union sponsored, collectively bargained, and in some cases, multi-employer defined contribution pension plans. Information from the plans' administrators of these plans offering defined benefits is not sufficient to permit the company to determine its share, if any, of any unfunded vested benefits.

Foreign operations

Pension coverage for employees of the group's international operations is provided through separate plans. The company systematically provides for obligations under such plans by depositing funds with trustees for those plans operating in the United States of America or by creation of accounting obligations for other plans.

Reconciliation of the funded status to amounts recognised in the balance sheet

	South Africa		Foreign		Total	
	2003 Rm	2002 Rm	**2003 Rm**	2002 Rm	**2003 Rm**	2002 Rm
Funded liabilities	**(2 188)**	(2 054)	**(2 197)**	(2 120)	**(4 385)**	(4 174)
Plan assets	**1 880**	2 245	**909**	1 080	**2 789**	3 325
Unrecognised actuarial net losses/(gains)	**438**	8	**357**	(34)	**795**	(26)
Net (liability)/asset recognised	**130**	199	**(931)**	(1 074)	**(801)**	(875)
Comprising						
Prepaid pension asset	**130**	199	**321**	298	**451**	497
Accrued pension liabilities						
Long-term portion	**—**	—	**(1 250)**	(1 366)	**(1 250)**	(1 366)
Short-term portion	**—**	—	**(2)**	(6)	**(2)**	(6)
Net (liability)/asset recognised	**130**	199	**(931)**	(1 074)	**(801)**	(875)

Net periodic pension cost recognised in the income statement

	South Africa 2003	South Africa 2002	Foreign 2003	Foreign 2002	Total 2003	Total 2002
Service cost	**3**	2	**92**	87	**95**	89
Interest cost	**246**	160	**139**	116	**385**	276
Expected return on plan assets	**(256)**	(225)	**(66)**	(102)	**(322)**	(327)
Recognised prior service cost	**—**	—	**24**	—	**24**	—
Net pension costs	**(7)**	(63)	**189**	101	**182**	38

sasol limited group
financial risk management and financial instruments

Introduction The Sasol group has a risk management and central treasury function that manages the financial risks relating to the group's operations. The group's liquidity, credit, foreign currency, interest rate and commodity price risks are continuously monitored. The group has developed a comprehensive risk management process to monitor and control these risks. The group risk management committee and senior management meet regularly to review and, if appropriate, approve the implementation of optimal strategies for the effective management of financial risk.

Risk profile In the course of the group's business operations it is exposed to liquidity, credit, foreign currency, interest rate and commodity price risk. Risk management relating to each of these risks is discussed under the headings below. The group's objective in using derivative instruments for hedging purposes is to reduce the uncertainty over future cash flows arising from foreign currency, interest rate and commodity price risk exposures.

Liquidity risk The group manages liquidity risk by proper management of working capital, capital expenditure and cash flows. The group finances its operations through a mixture of retained earnings, short and long-term bank funding, a commercial paper programme and corporate bond issues. Adequate banking facilities and reserve borrowing capacities are maintained (refer pages 170 and 171). The group has sufficient undrawn call/demand borrowing facilities, which could be utilised to fund any potential shortfall in cash resources.

Credit risk Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Where appropriate, the group obtains appropriate collateral to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary boards.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. Adequate provision is made for doubtful debts. No single customer represents more than 10% of the group's total turnover or total trade receivables for the years ended 30 June 2003 and 2002.

Treasury counterparties consist of a diversified group of prime financial institutions. The group does not expect any treasury counterparties to fail to meet their obligations, given their high credit ratings.

Credit risk exposure in respect of trade receivables is analysed as follows:

By business segment	2003 Rm	2003 %	2002 Rm	2002 %
Sasol Mining	22	—	40	—
Sasol Synfuels	1 016	13	1 234	14
Sasol Oil and Gas	1 005	13	894	10
Sasol Olefins & Surfactants	2 911	38	3 210	36
Sasol Polymers	670	9	787	9
Sasol Solvents	854	11	1 123	12
Sasol Wax	561	7	735	8
Sasol Nitro	514	7	814	9
Other chemical businesses	110	1	155	2
Other group companies	50	1	2	—
	7 713	100	8 994	100

By geographic location	2003 Rm	2003 %	2002 Rm	2002 %
South Africa	**3 144**	**41**	3 377	37
Rest of Africa	**176**	**2**	157	2
Mozambique	**5**	**—**	3	—
Nigeria	**11**	**—**	16	—
Rest of Africa	**160**	**2**	138	2
Europe	**2 549**	**33**	3 283	37
Germany	**671**	**9**	835	9
Italy	**445**	**6**	809	9
Netherlands	**354**	**5**	404	4
Rest of Europe	**1 079**	**13**	1 235	15
Middle East and India	**379**	**5**	339	4
Iran	**22**	**—**	25	—
Qatar	**1**	**—**	5	—
Rest of Middle East and India	**356**	**5**	309	4
Far East	**328**	**4**	313	3
North America	**825**	**11**	1 185	13
United States of America	**768**	**10**	1 097	12
Rest of North America	**57**	**1**	88	1
South America	**145**	**2**	161	2
Southeast Asia and Australasia	**167**	**2**	179	2
	7 713	**100**	8 994	100

Foreign exchange risk The group's operations have various foreign currencies as their measurement currencies and consequently, are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. Foreign exchange risks are managed through the group's financing policies and the selective use of forward exchange contracts, cross-currency swaps and cross-currency options. Forward exchange contracts are utilised to reduce foreign currency exposures arising from imports into South Africa.

All foreign exchange derivative contracts are supported by underlying commitments or receivables.

The fair value gain/(loss) calculated below was determined by recalculating the daily forward rates for each currency using a forward rate interpolator model. The net market value of all forward exchange contracts at year-end was then calculated by comparing the forward exchange contracted rates to the equivalent year-end market foreign exchange rates. The present value of these net market values was then calculated using the rand discount curve.

sasol limited group
financial risk management and financial instruments (continued)

The following forward exchange contracts were held at 30 June 2003:

	Contract foreign currency amount million	Contract amount – rand equivalent Rm	Average rate of exchange (calculated)	Estimated fair value gain/(loss) Rm
Forward exchange contracts				
Transactions which have already occurred				
Imports – capital				
United States dollar	1	11	7,93	(2)
Euro	2	21	9,37	(1)
Pound sterling	—	1	13,12	—
Other currencies – US$ equivalent	13	99		(9)
		132		(12)
Imports – goods				
United States dollar	73	555	7,61	(33)
Euro	1	6	8,94	—
Pound sterling	4	47	13,28	(2)
Other currencies – US$ equivalent	1	8		(1)
		616		(36)
Exports				
United States dollar	33	263	7,89	6
Pound sterling	6	74	12,39	(1)
Other currencies – US$ equivalent	7	49		2
		386		7
Other payables (liabilities)				
United States dollar	62	501	8,04	(49)
Euro	13	114	8,87	(7)
		615		(56)
Other receivables (assets)				
United States dollar	24	179	7,49	—
Related to future commitments				
Imports				
United States dollar	87	871	9,97	(174)
Euro	41	401	9,73	(30)
Pound sterling	1	11	12,39	—
Other currencies – US$ equivalent	5	31		(2)
		1 314		(206)
Exports				
Euro	3	21	8,40	—
Pound sterling	—	6	12,18	—
		27		—
Other payables (liabilities)				
United States dollar	296	2 442	8,25	(102)
Euro	57	519	9,13	(7)
Pound sterling	—	3	13,61	—
		2 964		(109)
Other receivables (assets)				
United States dollar	2	11	7,50	—

	Contract foreign currency amount million	Contract amount – rand equivalent Rm	Average rate of exchange (calculated)	Estimated fair value gain/(loss) Rm
Cross-currency swaps				
Euro to United States dollar	*703*	*5 691*	*8,09*	*(383)*
Foreign currency options				
Floor				
Pound sterling	*—*	*3*	*12,40*	*—*
Other currencies – US$ equivalent	*1*	*5*		*—*
		8		*—*
Cap				
Euro	*1*	*5*	*8,65*	*—*

Interest rate risk *Exposure to interest rate risk on financial assets and liabilities is monitored on a continuous and proactive basis. The debt of the group is structured on a combination of floating and fixed interest rates. The benefits of fixing or capping interest rates on the group's various financing activities are considered on a case-by-case and project-by-project basis, taking the specific and overall risk profile into consideration. For further details on long-term debt refer pages 167 to 169.*

The following interest rate derivative contracts were in place at 30 June 2003:

	Contract foreign currency amount million	Contract amount – rand equivalent Rm	Average fixed rate %	Expiry	Estimated fair value gain/(loss) Rm
Interest rate derivatives					
Pay fixed rate, receive floating rate					
United States dollar	*84*	*627*	*5,4*	*15 June 2005*	*(44)*
Euro	*158*	*1 359*	*4,7*	*15 June 2005*	*(64)*
		1 986			*(108)*

sasol limited group
financial risk management and financial instruments *(continued)*

Commodity price risk *The group makes limited use of derivative instruments, including commodity swaps, options and futures contracts of short duration as a means of mitigating price and timing risks on crude oil and other energy-related product purchases and sales. In effecting these transactions, the companies concerned operate within procedures and policies designed to ensure that risks, including those relating to the default of counterparties, are minimised.*

	Contract foreign currency amount million	Contract amount – rand equivalent Rm	Average strike price	Estimated fair value gain/(loss) Rm
Commodity derivatives				
Options purchased (United States dollar)				
Oil futures	13	98	28,1	(6)
Other raw materials	17	124	Various	(5)
Gas futures	2	13	25,9	6
Options sold				
Put options sold (euro)	2	14	17,4	5

Fair value of financial instruments *The group's financial instruments consist mainly of cash and cash equivalents, trade receivables, other receivables, certain investments, other non-current assets, trade payables, other payables and accrued expenses, long and short-term debts and derivative instruments.*

Financial instruments held to maturity in the normal course of business are recorded at cost or redemption amount as appropriate. The recorded amount is described below as the carrying amount, otherwise known as book value.

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

(i) Cash and cash equivalents, investments and other non-current assets

Cash and cash equivalents *The carrying amount of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.*

Investments *The fair value of debt securities is determined using a discounted cash flow method. It is not practical to determine the fair value of unlisted equity investments. These investments are carried at their original cost in the balance sheet. The fair values of publicly traded instruments are estimated based on quoted market prices for those or similar investments where there are no quoted market prices available.*

Long-term receivables *The fair value of long-term receivables approximates the carrying value as market-related rates of interest are charged on these outstanding amounts.*

Other *For all other instruments for which there are no quoted market prices, a reasonable estimate of fair value has been calculated based on the expected cash flows or the underlying net asset base for each investment.*

(ii) Short-term debt *The carrying amount approximates fair value because of the short period to maturity of those instruments.*

(iii) Long-term debt

The fair value of the long-term loans is based on the quoted market price for the same or similar issues or on the current rates available for debt with the same maturity profile and effective interest rate with similar cash flows. The fair value of non-current loans, borrowings and other payables with variable interest rates approximates their carrying amounts.

(iv) Derivatives

The fair value of derivatives is based upon marked-to-market valuations.

Forward exchange contracts and cross-currency swaps and options *The fair value gains/(losses) calculated are determined by recalculating the daily forward rates for each currency using a forward rate interpolator model. The net market value of all forward exchange contracts at year-end was then calculated by comparing the forward exchange contracted rates to the equivalent year-end market foreign exchange rates. The present value of these net market values was then determined using the rand discount curve.*

Interest rate swaps and oil futures *The fair value of interest rate swaps and oil futures is determined by reference to quoted market prices for similar instruments.*

The fair values of financial instruments were as follows:

	Note	2003 Carrying value Rm	2003 Fair value Rm
Financial assets			
Investments in securities	4		
practical to estimate fair value		537	537
impractical to estimate fair value		153	
Long-term receivables	7	808	808
Long-term financial assets	8	9	9
Trade receivables	11	7 713	7 713
Other receivables and prepaid expenses	12	2 143	2 143
Short-term financial assets	13	12	12
Cash restricted for use	14	665	665
Cash	14	3 186	3 186
Financial liabilities			
Long-term debt	15	4 581	4 581
Short-term debt	19	6 481	6 481
Short-term financial liabilities	20	654	654
Trade payables	23	4 060	4 060
Other payables and accrued expenses	24	3 233	3 233
Bank overdraft	14	3 268	3 268

sasol limited group
financial risk management and financial instruments (continued)

Maturity profile of financial instruments *The maturity profile of financial assets and liabilities at 30 June 2003 were as follows:*

	Note	Carrying value Rm	Within one year Rm	One to two years Rm	Two to three years Rm	Three to four years Rm	Four to five years Rm	Over five years Rm
Financial assets								
Investments in securities	4	**690**	—	—	—	—	—	690
Long-term receivables	7	**808**	—	164	141	115	70	318
Long-term financial assets	8	**9**	—	9	—	—	—	—
Trade receivables	11	**7 713**	7 713	—	—	—	—	—
Other receivables and prepaid expenses	12	**2 143**	2 143	—	—	—	—	—
Short-term financial assets	13	**12**	12	—	—	—	—	—
Cash restricted for use	14	**665**	665	—	—	—	—	—
Cash	14	**3 186**	3 186	—	—	—	—	—
		15 226	13 719	173	141	115	70	1 008
Financial liabilities								
Long-term debt	15	**4 581**	—	1 024	899	988	819	851
Short-term debt	19	**6 481**	6 481	—	—	—	—	—
Short-term financial liabilities	20	**654**	654	—	—	—	—	—
Trade payables	23	**4 060**	4 060	—	—	—	—	—
Other payables and accrued expenses	24	**3 233**	3 233	—	—	—	—	—
Bank overdraft	14	**3 268**	3 268	—	—	—	—	—
		22 277	17 696	1 024	899	988	819	851

	Contract amount Rm	Within one year Rm	One to two years Rm	Two to three years Rm
Forward exchange contracts				
Transactions which have already occurred				
Imports – capital				
United States dollar	11	11	—	—
Euro	21	19	2	—
Pound sterling	1	1	—	—
Other currencies	99	99	—	—
	132	130	2	—
Imports - goods				
United States dollar	555	555	—	—
Euro	6	6	—	—
Pound sterling	47	45	2	—
Other currencies	8	8	—	—
	616	614	2	—
Exports				
United States dollar	263	263	—	—
Pound sterling	74	74	—	—
Other currencies	49	49	—	—
	386	386	—	—
Other payables (liabilities)				
United States dollar	501	485	16	—
Euro	114	114	—	—
	615	599	16	—
Other receivables (assets)				
United States dollar	179	179	—	—

	Contract amount Rm	Within one year Rm	One to two years Rm	Two to three years Rm
Forward exchange contracts				
Related to future commitments				
Imports				
United States dollar	871	750	—	121
Euro	401	373	28	—
Pound sterling	11	11	—	—
Other currencies	31	—	—	31
	1 314	1 134	28	152
Exports				
Euro	21	21	—	—
Pound sterling	6	6	—	—
	27	27	—	—
Other payables (liabilities)				
United States dollar	2 442	2 442	—	—
Pound sterling	3	3	—	—
Euro	519	519	—	—
	2 964	2 964	—	—
Other receivables (assets)				
United States dollar	11	11	—	—
Cross-currency swaps				
Euro to United States dollar	5 691	5 691	—	—
Foreign currency options				
Floor				
Euro	3	3	—	—
Pound sterling	5	5	—	—
	8	8	—	—
Cap				
Euro	5	5	—	—
Interest rate derivatives				
Pay fixed rate, receive floating rate				
United States dollar	627	102	525	—
Euro	1 359	253	1 106	—
	1 986	355	1 631	—
Commodity derivatives				
Options purchased				
Crude oil	98	98	—	—
Other raw materials	124	105	19	—
Gas futures	13	13	—	—
	235	216	19	—
Put options sold	14	14	—	—

sasol limited company
balance sheet

at 30 June

	Note	2003 Rm	2002 Rm	2001 Rm
Assets				
Investments in securities	1	**3**	3	1
Investments in subsidiaries	2	**23 858**	20 400	12 980
Non-current assets		**23 861**	20 403	12 981
Tax receivable		**2**	—	—
Trade and other receivables		**2 436**	143	116
Cash and cash equivalents		**52**	4	23
Current assets		**2 490**	147	139
Total assets		**26 351**	20 550	13 120
Equity and liabilities				
Shareholders' equity		**25 096**	19 240	11 943
Long-term debt	3	**1 119**	1 119	1 119
Tax payable		**—**	31	—
Trade and other payables		**136**	160	58
Current liabilities		**136**	191	58
Total equity and liabilities		**26 351**	20 550	13 120

sasol limited company
income statement

for the year ended 30 June

	Note	2003 Rm	2002 Rm	2001 Rm
Operating (loss)/profit	4	**(62)**	20	—
Dividends and interest received	5	**8 962**	9 738	5 669
Borrowing costs	6	**—**	(3)	—
Net income before tax		**8 900**	9 755	5 669
Taxation	7	**(11)**	(12)	(4)
Attributable earnings		**8 889**	9 743	5 665

sasol limited company
changes in equity statement

for the year ended 30 June

	Note	**2003 Rm**	2002 Rm	2001 Rm
Share capital	8			
Balance at beginning of year		**2 706**	2 630	1 559
Issued during year		**77**	76	43
Conversion of debentures		**—**	—	1 028
Balance at end of year		**2 783**	2 706	2 630
Accumulated earnings				
Balance at beginning of year		**16 525**	9 312	5 410
Attributable earnings for the year		**8 889**	9 743	5 665
Dividends paid		**(3 107)**	(2 530)	(1 763)
Balance at end of year		**22 307**	16 525	9 312
Foreign currency translation reserve				
Balance at beginning of year		**7**	1	—
Movement during year		**(3)**	6	1
Balance at end of year		**4**	7	1
Investment fair value reserve		**2**	2	—
Shareholders' equity		**25 096**	19 240	11 943

sasol limited company
cash flow statement

for the year ended 30 June

	Note	**2003 Rm**	2002 Rm	2001 Rm
Cash flow from operations		**(62)**	20	—
Investment income		**8 962**	9 738	5 669
Movement in working capital		**(2 317)**	75	(1 089)
Cash generated by operations		**6 583**	9 833	4 580
Borrowing costs paid		**—**	(3)	—
Dividends paid	9	**(3 107)**	(2 530)	(1 763)
Tax (paid)/refund		**(44)**	19	(6)
Cash available from operating activities		**3 432**	7 319	2 811
Investment in subsidiaries		**(3 461)**	(7 414)	(2 833)
Share capital issued		**77**	76	43
Increase/(decrease) in cash and cash equivalents		**48**	(19)	21
Cash and cash equivalents	10			
at end of year		**52**	4	23
at beginning of year		**(4)**	(23)	(2)
Increase/(decrease) in cash and cash equivalents		**48**	(19)	21

sasol limited company
notes to the financial statements

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
1. Investments in securities			
Unlisted shares (available-for-sale)			
Carried at cost			1
Carried at fair value	**3**	3	
For further details of investments in securities, refer page 165.			
2. Investments in subsidiaries			
Reflected as non-current assets			
Shares at cost	**1 206**	1 206	1 184
Long-term loans to subsidiaries	**22 652**	19 194	11 796
	23 858	20 400	12 980
Reflected as current assets			
Short-term loans to subsidiaries	**574**	131	96
Reflected as non-current liability			
Long-term loans from subsidiaries	**(1 119)**	(1 119)	(1 119)
Reflected as current liabilities			
Short-term loans from subsidiaries	**(39)**	(105)	(18)
Net investments in subsidiaries	**23 274**	19 307	11 939
Investments in subsidiaries are accounted for at cost.			
For further details of interest in significant operating subsidiaries, refer page 189.			
3. Long-term debt			
Total long-term loans	**1 119**	1 119	1 119
The unsecured long-term debt comprises interest-free loans from subsidiaries for which there are no fixed terms of repayment.			
4. Operating profit			
Operating profit includes			
Auditors' remuneration – audit fees	**16**	5	—
Directors' emoluments	**11**	5	5
– total remuneration (refer page 102)	**29**	23	13
– paid by subsidiaries	**(18)**	(18)	(8)
Donations	**44**	95	10
Employee costs	**172**	149	119
Income from subsidiaries – fees	**(404)**	(129)	(164)
Operating lease charges			
– buildings	**28**	14	16
Technical and other fees	**—**	4	4

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
5. Dividends and interest received			
Dividends received			
– subsidiaries	**8 959**	9 732	5 667
Interest received			
– subsidiaries	**1**	4	1
– other	**2**	2	1
	8 962	9 738	5 669
6. Borrowing costs			
Interest paid to subsidiaries	**—**	3	—
7. Taxation			
South African normal tax			
– current year	**11**	36	4
– refund in respect of liquidated subsidiary	**—**	(24)	—
	11	12	4
Reconciliation of effective tax rate	**%**	%	%
South African normal tax rate	**30,0**	30,0	30,0
Increase in tax rate due to:			
– disallowed expenditure	**0,3**	0,3	0,1
	30,3	30,3	30,1
Decrease in tax rate due to:			
– tax refund in respect of liquidated subsidiary	**—**	(0,3)	—
– exempt income	**(30,2)**	(29,9)	(30,0)
Effective tax rate	**0,1**	0,1	0,1
Available STC credits at year-end	**—**	—	—
8. Share capital			
Authorised			
1 175 000 000 ordinary shares of no par value			
Issued			
668 798 425 (2002 – 666 868 725; 2001 – 664 979 525) ordinary shares of no par value.	**2 783**	2 706	2 630

For further details of share capital, refer note 36 in the group annual financial statements.

sasol limited company
notes to the financial statements (continued)

for the year ended 30 June

	2003 Rm	2002 Restated Rm	2001 Restated Rm
9. Dividends paid			
Final dividend – prior year	**(1 670)**	(1 197)	(832)
Interim dividend – current year	**(1 437)**	(1 333)	(931)
	(3 107)	(2 530)	(1 763)
Expected cash flow on final dividend – current year	**(1 572)**		
10. Cash and cash equivalents			
Cash on hand and in bank	**52**	4	23
11. Guarantees and contingent liabilities			
Guarantees and claims	**10 054**	7 600	10 102
Unutilised borrowing facilities guaranteed	**14 774**	18 088	21 766
The company has guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements.			
In respect of the guarantees of R10 054 million, the total current outstanding exposure is R1 181 million.			
The company has guaranteed the borrowing facilities of certain group companies. The outstanding exposure at 30 June 2003 is R7 560 million.			
12. Commitments under operating leases			
The company rents buildings and equipment under long-term non-cancellable operating leases.			
Maturity profile			
Buildings:			
Within one year	**20**	21	13
One to two years	**21**	23	14
Two to three years	**23**	28	—
Three to four years	**26**	27	—
Four to five years	**28**	27	—
Over five years	**332**	201	—
	450	327	27
Equipment:			
Within one year	**1**	1	2
One to two years	**1**	1	—
Two to three years	**1**	—	—
	3	2	2

sasol limited company

interest in significant operating subsidiaries and incorporated joint ventures

Name	Nature of business		Nominal issued share capital	Interest %	Investment at cost 2003 Rm	2002 Rm	2001 Rm
Operating subsidiaries							
Direct							
Sasol Mining (Pty) Limited	Coal mining activities	Rm	215	100	**487**	487	487
Sasol Synfuels (Pty) Limited	Production of liquid fuels, gases and chemical products	Rm	100	100	**1 194**	1 194	1 194
Sasol Technology (Pty) Limited	Engineering services, research and development and technology transfer	Rm	1	100	**(61)**	(61)	(61)
Sasol Oil (Pty) Limited	Marketing of fuels, lubricants and pipeline gas	R	1 000	100	**374**	374	374
Sasol Financing (Pty) Limited	Management of cash resources, investment and procurement of loans for South African operations	R	200	100	**4 109**	4 056	530
Sasol Chemical Industries Limited	Production and marketing of mining explosives, gases, petrochemicals, fertilisers and refining of tar acids	R	152	100	**3 207**	3 138	3 138
Sasol Investment Company (Pty) Limited	Holding company of the group's foreign investments and investment in movable and immovable property	R	100	100	**9 128**	7 173	7 068
Sasol Gas Holdings (Pty) Limited	Holding company of the group's gas interests	R	100	100	**2 119**	—	—

sasol limited company
interest in significant operating subsidiaries and incorporated joint ventures *(continued)*

Name	Nature of business		Nominal issued share capital	Interest %
Operating subsidiaries *(continued)*				
Indirect				
National Petroleum Refiners of South Africa (Pty) Limited	Refining of crude oil	Rm	128	64
Sasol Trading International Limited[a]	Trading	US$	650 200	100
Sasol Chemicals Europe Limited[b]	Marketing and distribution of chemical products	GBP	20 000	100
Sasol Chemicals Pacific Limited[c]	Marketing and distribution of chemical products	HKD	10 000	100
Sasol Chemical Holdings International (Pty) Limited	Investment in the Sasol Chemie group	R	100	100
SasolChem Inc[d]	Marketing and distribution of chemical products	US$	850 100	100
Sasol Financing International Limited[a]	Management of cash resources, investment and procurement of loans for operations outside South Africa	US$	1 001	100
Sasol Holding (Netherlands) BV[e]	Investment	Euro	18 242	100
Sasol Holding in Germany GmbH[f]	Investment	DM	50 000	100
Sasol Holdings (USA) (Pty) Limited	Investment	R	200	100
Sasol Petroleum International (Pty) Limited	Exploration, production, marketing and distribution of petroleum and natural gases	R	1 00	100
Sasol Polymers International Investments (Pty) Limited	Holding company of Sasol Polymers foreign investments	R	100	100
Sasol Synfuels International (Pty) Limited	Conversion and marketing of liquid fuels and chemical products	R	100	100
Sasol Gas Limited	Marketing and distribution of gas for industrial purposes and letting of pipelines for the transport of gas	R	1 000	100
Sasol Wax International Aktiengesellschaft (formerly Schümann Sasol International Aktiengesellschaft)[f]	Production, marketing and distribution of waxes and wax-related products	Euro m	33	100
Tosas Holdings (Pty) Limited	Investment	R	20 000	70
Incorporated joint ventures				
Indirect				
Arya Sasol Polymer Company[g]	Production, marketing and distribution of polyethylene	Rial m	800	50
Merisol LP[d]	Production, marketing and distribution of phenolics	US$m	71	50
Sasol Chevron Holdings Limited[h]	Holding company of the group's joint venture interests with Chevron Corporation	US$	12 000	50
Oryx GTL Limited (Q.S.C.)	Manufacturing and marketing of synthetic fuels from gas	US$m	64	49
Petlin (Malaysia) Sdn. Bhd[i]	Manufacturing and marketing of low-density polyethylene pellets	RMm	52	40

Foreign registered companies

(a) Registered in the Isle of Man. Share capital stated in United States dollar.
(b) Registered in the United Kingdom. Share capital stated in Pound sterling.
(c) Registered in Hong Kong. Share capital stated in Hong Kong dollar.
(d) Registered in the United States of America. Share capital stated in United States dollar.
(e) Registered in the Netherlands. Share capital stated in euro.
(f) Registered in Germany. Share capital stated in Deutschmark/euro.
(g) Registered in Iran. Share capital stated in rials.
(h) Registered in Bermuda. Share capital in United States dollar.
(i) Registered in Malaysia. Share capital in Malaysian ringgets.

The company's interest in the aggregate profits and losses of subsidiaries amounts to R8 947 million (2002 – R10 365 million) profits and R1 059 million (2002 – R558 million) losses.

As the group has more than five investments a register is maintained in terms of paragraph 27 of Schedule 4 of the South African Companies Act. The register is available for inspection at the registered office of Sasol Limited.

notice of annual general meeting to members

Notice is hereby given that the 24th annual general meeting of members of Sasol Limited will be held on Friday, 28 November 2003 at 09:00 in the Sasol Recreation Club, Sasol Synfuels (Pty) Limited, President Swart Street, Secunda, for the following purposes:

1. to receive and consider the annual financial statements of the company and of the group for the year ended 30 June 2003, together with the reports of the directors and auditors;

2. to elect the following directors retiring, in terms of articles 75(d) and 75(e) of the company's articles of association, and who are eligible for and have offered themselves for re-election: W A M Clewlow, P V Cox, S Montsi, C B Strauss and T S Munday[1];

3. to elect Mrs E le R Bradley who is required, in terms of article 75(h) of the company's articles of association, to retire as director at the annual general meeting of the company to be held on 28 November 2003 and who is eligible for and has offered herself for re-election at the annual general meeting[2];

4. to elect the following directors who are required, in terms of article 75(h) of the company's articles of association, to retire as directors at the annual general meeting of the company to be held on 28 November 2003 and who are eligible for and have offered themselves for re-election at the annual general meeting:
   M S V Gantsho, A Jain and S B Pfeiffer[3];

5. to reappoint the auditors, KPMG Inc.;

6. to consider and, if approved, to pass with or without modification the following special resolutions, subject to the approval of the JSE Securities Exchange South Africa (JSE):

   "Special resolution number 1: 'THAT the directors of the company be and are hereby authorised to approve the purchase by the company, or by any of its subsidiaries, of the company's shares, subject to the provisions of the Companies Act of 1973, as amended, and subject to the rules and requirements of the JSE, as amended, provided that:

   a) the general authority granted to the directors shall be valid only until the company's next annual general meeting and shall not extend beyond 15 (fifteen) months from the date of this resolution;
   b) the general authority shall be limited to a maximum of 10% of the company's issued share capital of the shares in the applicable class at the time that the authority is granted;
   c) any acquisition must not be made at a price more than 10% above the weighted average of the market value of the share for the five business days immediately preceding the date of such acquisition;
   d) that a paid press release giving such details as may be required in terms of the listings requirements of the JSE be published when the company or its subsidiaries have cumulatively repurchased 3% of the shares in issue at the time the authority was given; and
   e) the general authority may be varied or revoked, by special resolution, prior to the next annual general meeting of the company.'

Reason for and effect of the special resolution number 1: The reason for the special resolution is to enable the directors of the company, up to and including the date of the next annual general meeting of the company, to approve the acquisition by the company, or by any of its subsidiaries, of the company's shares.

The effect of the special resolution is that the directors of the company will be able to purchase up to a maximum of 10% of the company's issued ordinary shares on the open market in accordance with the Companies Act of 1973, as amended, and the JSE Listings Requirements as and when they deem appropriate, until the next annual general meeting of the company, or until this authority is revoked by the shareholders. This general authority to acquire the company's shares replaces the lapsed authority to repurchase up to 10% of the company's shares granted at the previous annual general meeting. Shares repurchased in terms of the authority granted at the annual general meeting held on 29 November 2002 will not be taken into account for purposes of calculating the 10% maximum of the new authority to repurchase the company's shares.

It is further recorded that the directors have resolved that no such repurchases in the period of this authority will be undertaken or implemented unless the following conditions have been met:

notice of annual general meeting to members (continued)

a) the company and its subsidiary companies will be able, in the ordinary course of business, to pay its debts;
b) the consolidated assets of the company and its subsidiary companies would exceed the consolidated liabilities of the company and its subsidiary companies, respectively, both assets being fairly valued in accordance with the accounting policies used in the latest annual financial statements and with International Financial Reporting Standards;
c) the company and its subsidiary companies will have adequate share capital and reserves;
d) the company and its subsidiary companies will have sufficient working capital for their requirements; and
e) the sponsor of the company provides a letter to the JSE on the adequacy of working capital in terms of section 2.14 of the listings requirements of the JSE."

7. to consider and, if approved, to pass with or without modification, the following ordinary resolutions, subject to the approval of the JSE:

Ordinary resolution number 1:
'TO place the balance of the ordinary shares of the company, not allotted nor issued as at 28 November 2003, under the control of the directors with general authorisation to allot and issue such shares at such prices and upon such terms and conditions, as they deem fit subject to the provisions of the Companies Act of 1973, as amended, and the rules and requirements of the JSE, as amended, and of the Securities Regulation Panel.'

Motivation for ordinary resolution number 1:
This ordinary resolution is required to be passed in order to obtain the approval of the company, in general meeting, in the form of general authority for the directors to allot or issue shares on the terms and conditions described in ordinary resolution number 1. This ordinary resolution is in compliance with the provisions of section 221 of the Companies Act of 1973, as amended. In terms of section 221(3) of the Companies Act, the general authority granted to the directors in terms of ordinary resolution number 1 shall be valid until the next annual general meeting of the company.

Ordinary resolution number 2:
'TO approve the revised annual fees payable by the company to non-executive directors of the company with retroactive effect from 1 October 2003:

	Remuneration	
Board/committee meeting	**Present**	**Proposed**
Chairman of the board, inclusive of fees payable in respect of membership of board committees and subsidiary boards	R2 804 778	R3 083 666
Other non-executive directors	R200 000	R220 000
Non-executive directors (non-resident)	US$71 200	US$75 750
Chairman of the audit committee	R200 000	R220 000
Audit committee members	R100 000	R110 000
Chairmen of other committees of the board	R120 000	R132 000
Other board committee members	R60 000	R66 000'

Motivation for ordinary resolution number 2:
This ordinary resolution is required to obtain the approval of the company, in general meeting, of the revised fees payable to the non-executive directors of the company and any of its subsidiaries with effect from 1 October 2003. This resolution is recommended by the compensation committee of Sasol Limited.

8. to transact such other business as may be transacted at an annual general meeting of members.

Members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and may, in terms of section 189 of the Companies Act of 1973, as amended, appoint a proxy or proxies, to attend the meeting, speak, and on a poll, vote in their stead. A proxy need not be a member of the company. A proxy form is enclosed but is also obtainable from the company secretarial services department, Sasol Limited or Georgeson Shareholder Communications (Pty) Limited at the addresses set out on page 193 of the annual report.

Proxies must be received by Georgeson Shareholder Communications (Pty) Limited on or before 09:00, South African time, on Thursday, 27 November 2003.

The following toll-free inbound telephone helplines have been reserved to assist shareholders in obtaining information regarding the resolutions and to provide assistance in the completion of proxy forms:

- 0800 202 361 as the South African toll-free number; and
- +27 (0) 11 775-3447 for the shareholders calling from outside South Africa.

Members who have dematerialised their shares, other than those members who have dematerialised their shares with "own name" registration, should contact their Central Securities Depositary Participants (CSDP) or broker in the manner and time stipulated in the relevant agreement:

– to furnish them with voting instructions; and
– in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

By order of the board

N L Joubert
Company secretary

5 September 2003

Company registration number
1979/003231/06

Addresses

Business address and registered office
1 Sturdee Avenue, Rosebank, 2196, Johannesburg
Republic of South Africa

Postal and electronic addresses and telecommunication numbers
PO Box 5486, Johannesburg, 2000
Republic of South Africa
Telephone +27 (0) 11 441-3111
Telegrams 'Sasolperk' Johannesburg
Telex 42-6778
Telefax +27 (0) 11 788-5092
Website: http://www.sasol.com

Transfer secretaries
Computershare Limited
70 Marshall Street, Johannesburg, 2001
Republic of South Africa
PO Box 1053, Johannesburg, 2000
Republic of South Africa
Telephone +27 (0) 11 370-7700

Proxy solicitation agents
Georgeson Shareholder Communications South Africa (Pty) Limited
108 Johan Avenue, Sandton, 2146, Johannesburg
Republic of South Africa
PO Box 652000, Benmore, 2010
Republic of South Africa

[1]In terms of articles 75(d) and 75(e) of the company's articles of association, at least one third of the directors will retire by rotation each year and are eligible for re-election.

[2]Mrs E le R Bradley has retired in terms of article 75(i) of the company's articles of association, in terms of which a director who has been appointed for the first time at a general meeting or by the board of directors after 27 October 1997, shall retire on the date on which a period of five years after his/her initial appointment expires. Directors who have retired in terms of article 75(i) are eligible for automatic re-election by the shareholders if they have been re-appointed after retirement by either the board or the shareholders. On recommendation of the nomination and governance committee, the board has re-appointed Mrs E le R Bradley with effect from the date on which she has retired in terms of article 75(h). In terms of article 75(h), directors who have been appointed by the board retire at the first subsequent annual general meeting of the company and are eligible for re-election at that meeting.

[3]In terms of article 75(h), directors who have been appointed by the board retire at the first subsequent annual general meeting of the company and are eligible for re-election at that meeting.

Brief biographies of the directors seeking re-election appear on pages 8 and 9 of the annual report.

Shareholder information helpline

We have reserved 0800 202 361 as the South African toll-free number and +27 (0) 11 775-3447 for shareholders calling from outside South Africa.

The toll-free inbound telephone helpline will enable shareholders to obtain information regarding the resolutions and to provide assistance for completing proxy forms.

Depositary bank

The Bank of New York
Depositary Receipts Division
101 Barclay Street
New York 10286, New York

The Bank of New York maintains a Global BuyDIRECT™ plan for Sasol. For additional information, please visit The Bank of New York's website at:
www.globalbuydirect.com

or call Shareholder Relations at
1-888-BNY-ADRS (for calls from within the USA)
or (610) 312 5315 (for calls from outside the USA)

or write to:
The Bank of New York
Shareholder Relations Department –
Global BuyDIRECT™
Church Street Station
PO Box 11258
New York, NY 10286-1258
USA
E-mail: shareowners@bankofny.com

sasol
reaching new frontiers

Produced by Sasol group communication and brand management
1 Sturdee Avenue, Rosebank, 2196, Johannesburg
Tel: +27 (0)11 441-3338
Fax: +27 (0)11 441-3236
www.sasol.com

BASTION GRAPHICS

form of proxy for annual general meeting

Sasol Limited
(Company registration number 1979/003231/06)
("the company")

I/We

(Please print)

of

appoint (see note 1)

1. or failing him/her

2. or failing him/her

3. the chairman of the meeting as my/our proxy to attend and speak and, on a poll, to vote for me/us and on my/our behalf at the annual general meeting of the company which will be held on Friday, 28 November 2003 at 09:00, South African time (see note 2).

		Number of votes (insert):		
		For	Against	Abstain
1.	to receive and consider the annual financial statements of the company and of the group for the year ended 30 June 2003, together with the reports of the directors and auditors			
2.	to elect directors, retiring, in terms of article 75(d) and 75(e) of the company's articles of association, and who are eligible and offer themselves for re-election: Mr W A M Clewlow Mr P V Cox Mr S Montsi Dr C B Strauss Mr T S Munday			
3.	to elect the director who is required, in terms of article 75(h) of the company's articles of association, to retire as director and who is eligible and offer herself for re-election: Mrs E le R Bradley			
4.	to elect directors, retiring, in terms of article 75(h) of the company's articles of association, and who are eligible and offer themselves for re-election: Mr M S V Gantsho Mr A Jain Mr S B Pfeiffer			
5.	To re-appoint the auditors, KPMG Inc.			
6.	Special resolution number 1 – to authorise the directors to approve the purchase by the company, or by any of its subsidiaries, of the company's shares, subject to the provisions of the Companies Act and to the rules and requirements of the JSE Securities Exchange South Africa			
7.	Ordinary resolution number 1 – placing the ordinary shares of the company, not allotted nor issued as at 28 November 2003, under the control of the directors with general authority to allot and issue such shares subject to the provisions of the Companies Act and the rules and requirements of the JSE Securities Exchange South Africa and of the Securities Regulation Panel			
8.	Ordinary resolution number 2 – to approve the revised annual fees payable by the company to non-executive directors of the company and any of its subsidiaries with effect from 1 October 2003			

Signed at on 2003

Signature

Assisted by me (where applicable)

Each shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead. A proxy need not be a member of the company.

notes

1. *Only registered shareholders who are registered in the register of members of the company under their own name may complete a proxy or alternatively attend the meeting.*
   Beneficial shareholders whose shares are not registered in their own name, but in the name of another, e.g. a nominee, may not complete a proxy or attend the meeting unless a proxy is issued to them by the registered shareholder. Beneficial shareholders who are also not registered shareholders should contact the registered shareholder for assistance in issuing instruction on voting their shares or obtaining a proxy to attend the meeting.
2. *All beneficial owners who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker, other than those shares in their own name, must provide the CSDP or broker with a voting instruction, or request their CSDP or broker for a letter of representation, should they wish to attend the annual general meeting in person, in terms of their Custody Agreement with the CSDP or broker.*
3. *A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "the chairman of the meeting". Any such deletion must be initialled by the shareholder. The person whose name appears first on the form of proxy and has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.*
4. *A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the proxy to vote or abstain from voting at the meeting, as he deems fit, in respect of all the shareholder's votes exercisable thereat, but where the proxy is the chairman, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution.*
   A shareholder or his proxy is not obligated to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his proxy.
5. *Shareholders are advised that the company has appointed Georgeson Shareholder Communications South Africa (Pty) Limited as its proxy solicitation agent. Forms of proxy must be received by Georgeson Shareholder Communications South Africa (Pty) Limited on or before 09:00, South African time, on Thursday, 27 November 2003. Forms can be posted or hand delivered.*
6. *The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat and the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.*
7. *Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form.*
8. *Any alteration must be initialled by the signatory(ies).*

Georgeson Shareholder Communications South Africa (Pty) Limited
108 Johan Avenue, Sandton
Johannesburg, South Africa

PO Box 652000, Benmore, 2010
Johannesburg, South Africa

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