VALUE-BASED GROWTH

ON A ROBUST FOUNDATION

SASOL LIMITED

Annual Financial Statements

30 June 2017

Contents

01 FINANCIAL OVERVIEW

02 CONSOLIDATED FINANCIAL STATEMENTS

03 NOTES TO THE FINANCIAL STATEMENTS

04 SASOL LIMITED COMPANY

The Annual Financial Statements of Sasol Limited have been audited in compliance with section 30 of the South African Companies Act. Paul Victor CA(SA), Chief Financial Officer is responsible for this set of Annual Financial Statements and has supervised the preparation thereof in conjunction with the Senior Vice President, Financial Control Services: Brenda Baijnath CA(SA).

AFS **Our Annual Financial Statements accompanies our other reporting publications, shown below:**

IR **Annual Integrated Report**
Our primary annual report to stakeholders. Contains succinct material information and conforms to local and international statutory reporting frameworks.

20-F **Form 20-F**
Form 20-F, our annual report issued in accordance with the Securities Exchange Act of 1934, which is filed with the United States Securities and Exchange Commission (SEC), in line with the requirement of our New York Stock Exchange listing.

SR **Sustainability Reporting**
Our annual online report covering environment, social and governance matters. Prepared in accordance with the GRI G4 framework.

sasol

VALUE-BASED GROWTH ON A ROBUST FOUNDATION

2017 marked the start of an exciting era for Sasol, as we focused on driving value-based growth to enable us to deliver superior returns to our shareholders

Sasol has delivered a strong business performance across most of the value chain, with our Secunda Synfuels Operations (SSO) reporting record volumes and our Eurasian Operations delivering their highest production volumes since 2015. However, continued volatility in the macro-economic environment, particularly the stronger rand and low oil price, has adversely impacted our financial performance. Oil prices traded at an average of US$50/bbl on the back of geopolitical factors and the rand/US dollar exchange rate strengthened as global macro-economic dynamics overshadowed increased domestic political and economic risks. To mitigate the impact of financial risks on our business, we entered into various hedging contracts to protect the company against volatility in commodity prices, currencies and interest rate changes.

Against this backdrop, we showed great resilience and character: we delivered record production volumes at Secunda Synfuels of 7,83mt, and increased our production from our Eurasian Operations by 6%, due largely to management turnaround programmes to increase the efficiency of our operations. Increases in our cash fixed costs were contained to below inflation in nominal terms since 2014 despite the over R1 billion in additional costs from the strike at our Mining business unit. We achieved our Business Performance Enhancement Programme (BPEP) target of sustainable savings of R5,4 billion in 2017, a year earlier than planned, and increased our Response Plan (RP) sustainable savings target from R2,5 billion to at least R3,0 billion in 2019. This is testament to the great team and our ability to proactively respond to changes in the global environment.

Earnings attributable to shareholders for the year ended 30 June increased by 54% to R20,4 billion from R13,2 billion in the prior year. Headline earnings per share (HEPS) decreased by 15% to R35,15 and earnings per share (EPS) increased by 54% to R33,36 compared to the prior year. The prior year EPS was negatively impacted by the R9,9 billion impairment of our Canadian shale gas assets.

SUSTAINABLY REDUCING OUR COST BASE THROUGH CONTINUOUS IMPROVEMENT

Our significant cash and cost change programmes, implemented since 2014, has placed Sasol in the strongest possible position to respond to the volatile macro-economic environment and staying profitable in a low oil price environment. We are, among very few oil and chemical companies globally, who are able to generate free cash flows from our core operations at oil prices of US$40/bbl. We are focused and committed to ensuring that we protect our competitive advantage by being innovative and continuously delivering on our effectiveness and efficiency initiatives, while mitigating our financial risks to create headroom on the balance sheet.

Our current operations, which form the foundation of our business, are robust, and we are focused on enhancing their performance by:

- optimising margins by improving our customer experience and reducing variable costs;
- containing costs below inflation; and
- improving the effectiveness and efficiency of our assets by targeting higher volumes and greater reliability and availability of our plant operations.

In addition, we are continuing with the diversification of our asset base into value-accretive, higher-margin businesses that place us in the best possible position to deliver sustainable value to our shareholders and stakeholders.

Paul Victor
Chief Financial Officer

SALIENT FEATURES

Sales volumes

- Base Chemicals up 3% and Performance Chemicals up 2%
- Liquid fuels sales volumes down 2%

Strong operational performance across most of the value chain

- Secunda Synfuels Operations volumes up 1%, to a new record production level
- Eurasian Operations volumes up 6%, highest since 2015

Strong cost and cash performance

- Cash fixed costs, in real terms, remained flat for three consecutive years
- Achieved R5,4 billion per annum of sustainable savings from our Business Performance Enhancement Programme, a year earlier than planned
- Delivered cumulative cash savings from low oil Response Plan of R69,4 billion

Delivering on our stakeholder commitments

- Invested R1,6 billion in skills and socio-economic development
- Over R7 billion spent on preferential procurement from black-owned enterprises in South Africa

Safety Recordable Case Rate (RCR), excluding illnesses, improved to **0,28**, regrettably five fatalities

Lake Charles Chemicals Project is **74%** complete, capital expenditure to date of US$7,5 billion and tracking revised estimate

Core headline earnings up **6%**

Headline earnings per share down 15% to **R35,15**; earnings per share up 54% to R33,36 in line with market consensus

Financial results, ratios and statistics
for the year ended 30 June

		% change 2017 vs 2016	2017	2016	2015
Financial results					
Turnover	R million	(0,3)	**172 407**	172 942	185 266
EBITDA	R million	(7,9)	**49 751**	53 992	59 762
Free cash flow	R million	31,1	**(15 957)**	(23 170)	13 687
Operating profit	R million	30,8	**31 705**	24 239	46 549
Profit for the year	R million	43,2	**21 513**	15 027	31 162
Enterprise value	R million	2,2	**300 771**	294 304	292 458
Total assets	R million	2,1	**398 939**	390 714	323 599
Net debt	R million	(87,3)	**56 510**	30 166	(5 410)
Capital expenditure (cash flow)[1]	R million	14,3	**60 343**	70 409	45 106
Summary of statistics					
Profitability					
Gross profit margin	%		**55,6**	55,7	54,7
Operating profit margin	%		**18,4**	14,0	25,1
Return on shareholders equity	%		**9,7**	6,6	16,4
Return on invested capital (including AUC)	%		**8,9**	7,3	17,3
Return on invested capital (excluding AUC)	%		**16,6**	12,1	27,5
Effective tax rate[2]	%		**28,3**	36,6	31,7
Adjusted effective tax rate[3]	%		**26,5**	28,2	33,0
Shareholders' returns					
Attributable earnings per share	Rand	54,0	**33,36**	21,66	48,71
Headline earnings per share	Rand	(15,1)	**35,15**	41,40	49,76
Core headline earnings per share[4]	Rand	6,2	**39,06**	36,77	50,94
Dividend per share[5,6]	Rand		**12,60**	14,80	18,50
Dividend cover – headline earnings per share	times		**2,8**	2,8	2,7
Dividend payout ratio – headline earnings per share	%		**35,8**	35,7	37,2
Dividend yield	%		**3,4**	3,7	4,1
Net asset value per share	Rand	2,3	**348,27**	340,51	315,36
Price to net asset value	:1		**1,05**	1,17	1,43
Debt leverage					
Total liabilities to shareholders' equity	%		**85,8**	86,1	66,3
Total borrowings to shareholders' equity	%		**39,7**	38,7	22,4
Net borrowings to shareholders' equity (gearing)	%		**26,7**	14,6	(2,8)
Finance costs cover	times		**9,2**	8,0	22,8
Net debt to EBITDA	times		**1,13**	0,56	(0,09)
Liquidity					
Current ratio	:1		**1,7**	2,6	2,6
Quick ratio	:1		**1,2**	2,0	2,0
Cash ratio	:1		**0,6**	1,3	1,3
Net trading working capital to turnover	%		**17,2**	16,6	15,2
Productivity					
Employee costs to turnover[7]	%		**15,6**	15,2	13,2
Depreciation and amortisation to turnover	%		**9,4**	9,5	7,3
Stock exchange performance					
Market capitalisation					
Sasol ordinary shares	R million		**238 738**	258 717	292 995
Sasol BEE ordinary shares[8]	R million		**866**	892	994
Premium over shareholders' funds	R million		**27 027**	51 720	101 385
Price to book	:1		**1,13**	1,25	1,53

1 FY17 capital cash flow includes project related capital payables of R3 531 million (FY16 – R3 251 million; FY15 – R2 461 million). FY16 excludes the settlement of the Canadian funding commitment.
2 The decrease in the effective tax rate at 30 June 2017 is largely due to permanent differences in the prior year relating to the impairment on the Canadian shale gas asset as well as the reversal of the EGTL provision.
3 Effective tax rate adjusted for equity accounted earnings, remeasurement and once-off items.
4 Core headline earnings are calculated by adjusting headline earnings with once-off items, period close adjustments and depreciation and amortisation of significant capital projects, exceeding R4 billion which have reached beneficial operation and is still ramping up and share-based payments on implementation of BBBEE transactions.
5 Dividends comprise the interim and final dividends paid in that calendar year.
6 Our dividend policy is based on a dividend cover range which is calculated using headline earnings per share.
7 Employee costs include amounts capitalised to assets under construction.
8 Sasol BEE ordinary shares have been listed on JSE Limited's BEE segment of the main board since 7 February 2011.

Report of the Audit Committee

Colin Beggs, *Chairman of the Audit Committee*

Introduction

2017 was another active year for the Audit Committee (the Committee). The volatile macro-economic environment, increasing environmental regulatory requirements, labour market unrest and project delivery has continued to impact on Sasol's operations, profitability and liquidity.

In responding to these challenges during 2017, the Committee reviewed all significant financial risks and associated appetite statements and metrics and assessed the adequacy of controls and the combined assurance delivered over these identified risks. It monitored the effectiveness of the control environment through the review of reports from internal audit, management and the external auditor, and ensured the quality of financial reporting through review of the interim financial statements and the 2017 Annual Financial Statements.

The Committee is responsible for overseeing the:

- Quality and integrity of the company's integrated reporting, including its financial statements and public announcements in respect of the financial results;
- Overseeing the appointment, remuneration, independence and performance of the external auditor and the integrity of the audit process as a whole, including the approval of non-audit services by the external auditor;
- Effectiveness of the Group's internal audit function, Sasol's internal financial controls and systems of internal control and risk management; and
- Compliance with legal and regulatory requirements to the extent that it might have an impact on the financial statements.

A significant activity of the Committee was to consider scenarios that might impact the company's medium to longer-term viability, stress testing the Sasol business against pertinent factors including oil price and rand/dollar exchange rates, identifying contingency actions for these scenarios, and conducting deep dive reviews of information technology, including cybersecurity to ensure that risk management is applied appropriately.

The Committee closely monitored the progress of the Lake Charles Chemicals Project in the United States (US) and the associated capital and schedule risks and reported on the combined assurance thereof to the Board. We remain confident that the project's environment is stable to support the delivery of this project.

The Committee continued to monitor key risks identified and mitigated and how segments and functions are performing to achieve the Group's strategy. To complement the presentations received in the boardroom, the Committee met employees on site visits – including Lake Charles in the US and Mozambique.

We welcome Ms Gesina Beatrix Kennealy who joined the Committee in July 2017.

The skills and experience of the Committee membership are strong and we believe that the deep and varied experience of the committee members gives perspective and insight to the Committee considerations and decisions.

Colin Beggs
Committee Chairman

Composition and meeting

Members of the Committee are independent non-executive directors, all of whom are financially literate and most have extensive audit committee experience. The members include Messrs, C Beggs, JJ Njeke, S Westwell and Mss GMB Kennealy, NNA Matyumza and IN Mkize. Mr C Beggs has been designated as the Audit Committee financial expert in accordance with the US Securities and Exchange Commission (SEC) rules. None of the members serve on audit committees of more than three listed public companies.

The Committee met six times during the financial year. All Committee members attended every meeting, and were joined at each meeting by the Chairman of the Board, the Joint Presidents and Chief Executive Officers and the Chief Financial Officer. The Chairman reports to the Board on key matters arising after each of these meetings. At each meeting, the Committee meets separately during closed sessions with the Joint Presidents and Chief Executive Officers, management, internal audit and external audit.

Statutory duties

The Committee is constituted as a statutory committee of Sasol Limited in line with the Companies Act and accountable in this regard to both the Board and Sasol's shareholders. It is a committee of the Board in respect of all other duties the Board and US legislation assigns to it and has been delegated extensive powers to perform its functions in accordance with the Companies Act and US corporate governance requirements. The Committee fulfilled all its statutory duties as required by section 94(7) of the Companies Act. The Committee also acts as the audit committee for all South African companies within the Sasol Group.

A copy of the Committee's terms of reference is available on the Sasol website (www.sasol.com).

Significant financial statement reporting issues

Assumptions and estimates or judgements are a significant part of the financial reporting process and are evaluated carefully by the Committee ahead of the finalisation of Sasol's results announcements. The Committee reviewed in detail the main judgements and assumptions made by management, relevant sensitivity analyses performed and the conclusions drawn from the available information and evidence, with the main areas of focus during the year set out below. Where appropriate, the Committee sought input and views from the external auditor and encourages rigorous challenge on control, accounting and disclosure matters. In addition to these main areas of focus, the Committee also covered matters relating to cost savings programmes, budgeting and forecasting, taxation and accounting policy choices.

AREAS OF FOCUS IN 2017

- Financial results announcements
- Annual Financial Statements, Integrated Report and Form 20-F
- Accounting judgements and estimates
- Tax provisions and contingencies
- Developments in financial reporting and accounting
- Oil and gas reserves disclosure
- Environmental financial aspects
- Compliance with legal and regulatory requirements and disclosure
- Quality and integrity of integrated reporting and disclosure

- Confirmation of external auditor independence
- Non-audit services and audit fees approval and policies
- Audit plan, fees and engagement
- Auditor performance and effectiveness
- Key areas of judgement for year-end audit and half year-end review
- Recommended the appointment of the external auditor at the Annual General Meeting

- Review effectiveness of Sasol's system of internal control over financial reporting
- Evaluate risk, significant deficiencies and material weaknesses
- Approve internal audit plans and monitor remediation of weaknesses reported
- Assess significant investigations and allegations reports
- Information technology controls including cybersecurity
- Reviewed and assessed the planning for and effectiveness of Sasol's combined assurance model
- Assess ethics and compliance reports
- Going concern assumptions and solvency/liquidity

- Evaluate expertise, experience and performance of Sasol Group Chief Financial Officer and the Finance and Internal Audit Functions
- Review of the terms of reference of the Committee
- Assess the effectiveness of the Committee and its members
- Succession, transformation and people development in Finance Function and internal audit

Significant matters considered by the Committee

Key issues	Judgements in financial reporting	Audit Committee review	Conclusions
Fair, balanced and understandable reporting		• The Committee considered and obtained assurance from management that disclosures in Sasol's published financial statements were fair, balanced and understandable. • The Committee evaluated the outputs of Sasol's Sarbanes-Oxley s404 internal control process and reviewed issues on control deficiencies and remediation efforts. • Established via reports from management that there were no indications of fraud relating to financial reporting matters. • Assessed disclosure controls and procedures. • Considered matters of accounting, tax and disclosure issues raised by the external auditors. • Requested that management report on and evidence the basis on which representations to the external auditors were made.	• Having assessed all of the available information and the assurances provided by management, the Committee concluded that the processes underlying the preparation of Sasol's published financial statements were appropriate.

Impairment and recoverability of assets carrying values	• Judgements and assumptions are applied by management in calculating the recoverable amount of the Cash Generating Units ("CGUs") and determining the on-going appropriateness of the CGUs being used for the purpose of impairment testing.
	• These include assumptions on future pricing, net cash inflows and discount rates.
	• Judgements are also required in assessing the recoverability of overdue receivables and in deciding whether a provision is required.
		• The Committee assessed the appropriateness of the cash-generating units, integrated value chain impairment methodology and review of impairment triggers.
		• The Committee considered the impact of prolonged oil prices on the valuation of assets and reviewed sensitivity analysis on key assets to assess the headroom.
		• The Committee reviewed the discount rates for impairment testing as part of its annual process and examined the assumptions for long-term oil and gas prices, refining margins and chemical prices. The pricing assumptions were benchmarked against external auditors and consultant views to ensure that they are reasonable and relevant.
		• For impairment reversals identified in the current year, the Committee assessed whether there has been a change in the underlying economic circumstances which caused the initial impairment.
		• Key impairment assessments and reversals reviewed by the Committee includes:
		  ◦ The Southern Africa integrated value chain assets;
		  ◦ US Gas-to-Liquids (GTL) Project
		  ◦ Production Sharing Agreement (PSA) in Mozambique;
		  ◦ Canadian shale gas assets in Montney; and
		  ◦ Costs capitalised relating to the Lake Charles Chemicals Project (LCCP) in the US.
			• The Committee reviewed the technical assessment on the recoverability of FEED costs capitalised on the US GTL plant and agreed that 60% of the costs will not be utilised in the future due to technology changes and the introduction of new catalysts. Accordingly, the Committee endorsed management's recommendation to impair R1,7 billion (US$130 million), which represents 60% of the asset value using a spot discount rate of 6,6%.
			• In respect of the low density polyethylene cash generating unit in the US, the Committee discussed the extension of useful life of the LCCP from 25 years to 50 years and reviewed the criteria in terms of IAS 16, Property, Plant and Equipment to get comfort on the feedstock availability, technological changes and maintenance strategies. The Committee requested a benchmark of similar Sasol assets with useful lives exceeding 50 years. Based on the information available and the lower year end spot discount rate, the Committee supported management's proposal to reverse the impairment of the low density polyethylene cash generating unit of R0,8 billion (US$65 million).
			• The Committee reviewed management's sensitivity analyses for affected assets to obtain comfort on either the level of head room available or the quantification of the impairment. In addition, the Committee reviewed disclosures related to the sensitivity analyses of recoverable amounts as described in note 8 on page 65.
			• The committee monitored the position of any material overdue receivables and any associated provisions.

Key issues	Judgements in financial reporting	Audit Committee review	Conclusions
Impact of reserves and resources on accounting	• Sasol uses judgement and estimations when accounting for oil and gas exploration, appraisal and development expenditure, and in determining the Group's estimated oil and gas reserves.	• The Committee reviewed judgemental accounting aspects of oil and gas exploration and appraisal activities. It also examined the governance framework for the oil and gas reserves process, the capabilities and objectivity of internal and external specialists involved, training for staff and developments in regulations and controls. • The Committee critically assessed the impact that any significant movements in reserves and resources estimates might have on impairment assessments, depreciation calculations and asset retirement obligations. • The Committee critically assessed the consistent application of principles and methodologies used by management for areas involving a high level of management judgement.	• The Committee reviewed the reserves and supported management's calculation of the reserves. • The Committee considered the views of the external auditor on the calculation of reserves. • The Committee considered the risks associated with oil and gas reserves, particularly in the PSA development in Mozambique and reviewed the calculations performed by management.
Accounting for provisions	• **Post-retirement benefit obligations** – Valuation of the post-retirement benefit obligation provision requires the use of assumptions in relation to uncertain future factors i.e. inflation rates, discount rates, salary increases and mortality rates. Judgement is also required in the measurement of the fair value of certain pension assets. • **Rehabilitation provisions** – Provisions are recognised for the full future restoration and rehabilitation of production facilities to the end of its economic lives. The majority of these activities will occur in the long-term and the requirements that will have to be met in future might be uncertain. Judgement is required in estimating future cost and cash outflows, discount rates, settlement dates, technology and legal requirements.	• The Committee received a comprehensive update on the status of funding, investment and governance of pensions and other retirement benefits provided to current and former employees of Sasol. In addition, the Committee examined the assumptions used by management as part of its annual reporting process. • The Committee received briefings on the Group's rehabilitation provisions and asset retirement obligations, environmental remediation strategies, including the key assumptions used, the governance framework applied (covering accountabilities and controls), discount rates and the movement in provisions over time.	• The Committee reviewed the net post-retirement benefit asset in South Africa and the related surplus. The Committee re-confirmed that Sasol is entitled to the surplus in terms of the Pension Fund rules and supported the recognition thereof. The valuation is performed by an independent third party. • The Committee requested management to perform a detailed review of rehabilitation provisions globally and assess for compliance with legislation and consistent application of the accounting policy. • The Committee performed a detailed review of the assessment and supported the proposal to recognise new rehabilitation provisions amounting to R868 million. These adjustments was largely due to changes in legislation. • The Committee further requested that an external review be performed every two years to confirm the completeness of the rehabilitation provision. • The Committee took into account the reviews and re-computations undertaken by the external auditors which supported the accounting for all significant provisions.
Accounting for financial instruments	• Derivative financial instruments – Valuation of derivatives requires the use of assumptions in relation to uncertain future factors i.e. forward curves, volatility assumptions and discount curves. • Hedge accounting – Designated hedge relationships are evaluated for effectiveness at each reporting period. Judgement is required in the measurement of effectiveness, and the methodologies utilised to calculate the effectiveness percentage.	• The Committee reviewed the assumptions in the calculations, and critically assessed the competence, independence and objectivity of the financial instruments specialists engaged to perform the valuations. • The Committee obtains updates at each reporting date as to the effectiveness of designated hedges, as well as risk factors for potential future ineffectiveness.	• The Committee reviewed the valuations undertaken by the external financial instruments specialists, which supported the accounting entries. • The Committee noted the continued effectiveness of the designated hedges in place, and that the risk of ineffectiveness remains low. • The Committee reviewed the adequacy of the disclosures relating to derivative financial instruments and hedge accounting, including the sensitivities provided with respect to the group's cash flow hedges and derivatives held for trading.

Key issues	Judgements in financial reporting	Audit Committee review	Conclusions
Accounting for income taxes	• Computation of the Group's income tax expense and liability, provisions for potential tax liabilities, and recognition of deferred tax assets in terms of the Group's taxation policy. Recognition of deferred tax assets in respect of accumulated tax losses are underpinned by management judgement.	• The Committee reviewed the judgements exercised on tax provisions as part of its annual review of key provisions. • In relation to the recognition of the deferred tax assets, the Committee challenged management's expectations for future taxable profits and in considering management's position, the Committee took into account the work and views of external audit. • The Committee required management to manage taxes transparently and with due regard to commercial and reputational risks. The effective tax rate is analysed by country to ensure accuracy and completeness. • The Committee considered management's assessment of the Group's tax exposures and the appropriateness of provisions recognised.	• The Committee received a report during the year from the Vice President: Tax on the Group's tax policy, approach to tax management and status of compliance. • The Committee requested and received a report from management detailing the key tax exposures across the Group against which provisions had been made and the methodologies used to determine the appropriate level of each provision based on management's assessment of the facts and circumstances and advice from our external tax advisers. • A particular focus of the Committee was on tax litigation claims. The South African Revenue Service ("SARS") issued revised assessments for Sasol Oil (Pty) Ltd ("Sasol Oil") relating to a dispute around its international crude oil procurement activities for the 2005 to 2012 tax years. The Committee was advised that these revisions could result in potential adjustments to the company's taxable income and an additional tax liability (including interest and penalties) of approximately R1,2 billion for the periods 2005 to 2014. In addition there could be a potential tax exposure of R11,6 billion for the periods 2013 to 2014 on varying tax principles relating to the aforementioned activities. The litigation process in the Tax Court for the 2005 to 2007 years of assessment was concluded and judgement was delivered on 30 June 2017 in favour of SARS. Sasol's specialist tax and external legal advisors have advised the Committee that they disagree with SARS' additional assessments for all the years in question and accordingly have issued a Notice of Intention to Appeal to the Supreme Court of Appeal. The Tax Court granted Sasol Oil's application for leave to appeal to the Supreme Court of Appeal on 14 August 2017. The Committee reviewed the available information, external legal counsel opinions and the results of the external audit which supports managements view to recognise a liability of R1,2 billion. The Committee reviewed the disclosures related to this matter, refer to note 11.
Going concern assessment	• The conclusion by the Board to prepare the annual group financial statements on a going concern basis requires management judgement on issues which includes uncertain future forecasts of net group cash inflows, net debt and financing facilities available to the Group. The assessment was done for a period of 24 months based on current assumptions and stress tested against a low oil price scenario.	• The Committee critically assessed the liquidity of Sasol using the latest forecasted projection of future cash flows and stress tested forecasts using lower oil prices and stronger exchange rates and included projects of management's and supporting consultants' estimates of planned capital project expenditure and ramp-up of new production capacity. These projections were compared with cash balances and committed facilities available to the Group.	• After examining the forecast and stress tested scenarios, along with Sasol's ability to generate capital and raise funding in current market conditions, the Committee concluded that Sasol's liquidity and capital position remained appropriate, and that the going concern basis of accounting was agreed. • Accordingly, the Committee recommended to the Board the adoption by the Group of the going concern basis of preparation.

Key issues	Judgements in financial reporting	Audit Committee review	Conclusions
Internal controls over financial reporting, including IT general controls	• Management's conclusion relating to the effectiveness of internal controls over financial reporting, including IT general controls require a certain degree of judgement.	• On a quarterly basis, the Committee assesses feedback from management on the status of the effectiveness of internal controls over financial reporting, including IT general controls. This provides the Committee with an opportunity to directly challenge and question management on open material control issues, emerging risks and closed control issues. • The Committee scrutinises the status of specific material control issues, their associated remediation plans, including in particular those relating to segregation of duties, access management, and security of confidential data, cyber risk, IT infrastructure, application issues and third party supplier management.	• The Committee requested a deep dive on the IT control environment and risk landscape. This took place in November 2016 and May 2017. • The Committee requested a more focused review of the digital landscape and IT security controls. To this end, a separate Board committee, the Hedging and Information Technology Committee has been established, with effect from 1 July 2017 to focus on the implementation of the digital roadmap for Sasol and security controls. • The Committee took into account the results of combined assurance findings responses to any fraudulent activity, the results of continuous SOX reviews and mitigation of weaknesses, the findings of internal and external audit and concluded that the internal control environment is satisfactory.

In respect of the Company financial statements, the Committee reviewed the impairment of long-term receivables relating to the Sasol Inzalo transaction and supported management's proposal to write off R4,0 billion in the Sasol Inzalo Foundation and impair the receivable in the Inzalo Employee Trust by R3,0 billion due to the lower than expected Sasol share price.

Executing on our statutory duties and other areas of responsibilities

The Committee confirmed the going concern assumption as the basis of preparation of the Interim and Annual Financial Statements

- The Committee reviewed the Interim Financial Results and Annual Financial Statements and is satisfied that they fairly present the consolidated and separate results of operations, cash flows, and the financial position of Sasol Limited and comply, in all material respects, with the relevant provisions of the Companies Act, International Financial Reporting Standards (IFRS) and Interpretations of IFRS as issued by the International Accounting Standards Board.
- Together with the going concern assessment, the Committee reviewed the Group's policies on risk assessment and risk appetite as they pertain to financial reporting, and found them to be sound.
- The Committee also considered the solvency and liquidity tests undertaken for specific transactions and distributions and considered and made recommendations to the Board on the interim and final dividends paid to shareholders.

The Committee is satisfied with the quality and integrity of Sasol's integrated reporting

- The Committee guides the integrated reporting process, which includes reporting on sustainability matters, having regard to all factors and risks, including any significant legal and tax matters and any concerns identified that may impact on the integrity of the Integrated Report or could have a material impact on the financial statements. We also considered findings and recommendations from other Board committees who contributed their oversight to aspects of the Integrated Report insofar as they are relevant to the functions of the Committee.
- The external auditor's report was considered and the Committee was assured that adequate accounting records were being maintained. We also considered whether any reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act, 2005, and determined that there were none.
- The Committee approved the appointment of PricewaterhouseCoopers Inc. (PwC) assisted by Indyebo Inc. to provide limited assurance for selected sustainability development indicators, supported by the internal audit function. In conjunction with the Safety, Social and Ethics Committee we considered the findings, made appropriate enquiries and, through this process, received the necessary assurances that material disclosures are reliable and do not conflict with financial information.

The Committee relies on management, the external auditor, internal audit as well as the Group's independent ethics reporting telephone line to highlight any concerns, complaints or allegations relating to internal financial controls, the content of the financial statements and potential violations of the law or questionable accounting or auditing practices. Separate meetings are also held with management, the external auditor and internal audit every quarter.

The Committee is satisfied with the reporting process and confirm that where matters been raised by stakeholders, management has responded promptly.

- During the year, a significant amount of time was spent reviewing the LCCP control environment, following the US$2 billion cost over-run in the previous financial year.
- The Committee reviewed and monitored the control remediation plan and received updates at each meeting on the progress, cost and delivery schedule. The Committee requested that specific disclosure on the LCCP be included in the Integrated Report in 2016 and 2017. The Committee provided input into the LCCP Fact Sheet and SENS relating to the cost over-run to ensure it was factual and transparent.
- Following concerns from our shareholders and stakeholders on the LCCP, the Committee supported management to increase the level of disclosure on key projects and improve the capital allocation principles.

The Committee reviewed compliance with legal and regulatory requirements to the extent that it might have an impact on financial statements and is satisfied that all matters with a material impact have been disclosed appropriately

- The Committee took into account, the views of internal and/or external counsel and management in considering legal matters that could have a material impact on the Group.
- The Committee reviewed reports on the Group's tax position, status of tax litigation claims and the status of the Group's tax compliance globally and relevant fiscal developments impacting the Group.
- The Committee approved the Group's tax strategy and tax management policy, which together, set out the Group's approach to tax in areas such as tax efficiency, tax risk management and tax governance and oversight.
- The Committee reviewed the adequacy and effectiveness of the Group's procedures to ensure compliance with financial, legal and regulatory responsibilities.

The Committee is satisfied that our external auditor, PwC, is qualified and independent of the Group

- The Committee nominated PwC as the external auditor for the company and the Group for the financial year ended 30 June 2017 and their appointment complies with the Companies Act, JSE listings requirements and all other applicable legal and regulatory requirements. PwC has been the auditor since 2014 and in compliance with the relevant external audit partner JSE qualification and the rotation rules, whereby the lead engagement partner is required to rotate every five years. The current lead partner has been in place since the start of 2014 and will be rotating after the end of financial year 2018.
- Taking into consideration the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies, PwC confirmed in an annual written statement that their independence has not been impaired.
  - The Committee was assured that no member of the external audit team was hired by the company or any other company within the Group in a financial reporting oversight role during the year under review.
  - The auditor's independence was not impaired by any consultancy, advisory or other work undertaken by them for the company or any previous appointment as auditor of the company or any other company within the Group.
  - The auditor does not, except as external auditor, or in rendering of permitted non-audit services, receive any direct or indirect remuneration or other benefit from the company or any other company within the Group.
- The Committee satisfied itself that PwC, as well as the individual auditor determined by PwC to be responsible for performing the functions of auditor, were duly accredited as such on the JSE's list of auditors.
- The Committee reviewed and approved the external audit plan, the budgeted and final fee for the reporting period and the terms of engagement of the external auditors. We pre-approved all audit and permissible non-audit services that PwC provides. Fees paid to the external auditor for the year were R88,6 million, of which R85,5 million was for audit related services, R0,4 million for non-audit services and R2,7 million for tax services.
- The quality of the external audit process was reviewed and the Committee concluded it to be satisfactory. It was confirmed that no unresolved issues of concern exist between the Group and the external auditors.

The Committee assessed the adequacy of the performance of the internal audit function and the adequacy of the available internal audit resources and found them to be satisfactory

- The Committee reviewed the assurance services charter and approved the risk-based integrated three-year rolling internal audit plan. We evaluated the independence, effectiveness skills and experience and performance of the internal audit function and compliance with its charter.

The Committee is of the opinion that there were no material breakdowns in internal control during the 2017 financial year

- Sasol has designed such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting practices.
- The Committee also considered fraud and IT risks and controls. We considered the performance of information management, which includes IT, against an approved governance framework and are comfortable that controls are in place and effective.
- The Committee considered the reports of the internal and external auditors on the Group's systems of internal control, including financial controls, enterprise risk management and maintenance of effective internal control systems. Significant issues raised and the adequacy of corrective action in response thereto, was reviewed.
- The Committee reviewed the plans and outputs of the external and internal auditors and concluded that these were adequate to address all significant financial risks facing the business.
- The Committee is 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 Committee is satisfied with the appropriateness of the expertise and experience of the Chief Financial Officer and the expertise, resources, succession plans and experience of Sasol's finance functions

Conclusion

The Committee is satisfied that it has complied with all its terms of reference determined by the Board and statutory and other responsibilities.

Having had regard to all material risks and factors that may impact on the integrity of the Integrated Report and the Annual Financial statements and following appropriate review, the Committee recommended the Company and Group Annual Financial Statements of Sasol Limited and Integrated Report for the year ended 30 June 2017 for approval to the Board.

On behalf of the Audit Committee

Colin Beggs
Chairman of the Audit Committee

17 August 2017

Approval of the financial statements

The directors are required by the South African Companies Act, 71 of 2008 as amended (the Companies Act) to maintain adequate accounting records and are responsible for the content and integrity of the 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 financial position of the Group and Sasol Limited (company) as at the end of the financial year and the results of their operations and cash flows for the financial year, in conformity with International Financial Reporting Standards (IFRS) and Interpretations of IFRS standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the Companies Act. The Group's external auditors are engaged to express an independent opinion on the consolidated Annual Financial Statements and the Annual Financial Statements of the company. In addition, the directors are responsible for preparing the Directors' report.

The Annual Financial Statements are prepared in accordance with IFRS as issued by the International Accounting Standards Board and applicable legislation and incorporate disclosure in line with the accounting policies of the Group. The Annual Financial Statements are based upon appropriate accounting policies consistently applied throughout the Group 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 and defining appropriate risk appetite and tolerance measures. 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 and the internal 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 and the Annual Financial Statements of the company. 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 forecast financial performance for the year to 30 June 2018 as well as the longer-term budget and, in the light of this review and the current financial position, they are satisfied that the Group and the company have access to adequate resources to continue as a going concern for the ensuing year.

The consolidated Annual Financial Statements, set out on pages 25 to 138, and the company's Annual Financial Statements, set out on pages 139 to 154, which have been prepared on the going concern basis, were approved by the Board of Directors on 18 August 2017 and were signed on their behalf by:

Mandla SV Gantsho
Chairman

Bongani Nqwababa
Joint President and Chief Executive Officer

Stephen R Cornell
Joint President and Chief Executive Officer

Paul Victor
Chief Financial Officer

18 August 2017

The Company Secretary

Mr VD Kahla, the Executive Vice-President: Advisory, Assurance and Supply Chain, is a member of the Group Executive Committee and our Company Secretary. The Board appointed him in accordance with the Companies Act, 71 of 2008. He reports to the Joint Presidents and Chief Executive Officers and is not a director. The role and responsibilities of the Company Secretary are described in the Board charter.

Having considered his competence, qualifications and experience at its meeting held on 18 August 2017, the Board is satisfied that he is competent and has the appropriate qualifications and experience to serve as the Company Secretary. Mr Kahla holds BA and LLB degrees and, in his professional career of over two decades, he has held several senior executive leadership roles covering, amongst others, legal and regulatory services, corporate governance, assurance services, compliance and risk management, within the private and public sectors, including having served as the Assistant Legal Advisor for the late former President Mandela.

The Board considered the interactions between the Company Secretary and the Board during the past year, and is satisfied that there is an arm's length relationship between the Board and the Company Secretary.

Certificate of the Company Secretary

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act 71 of 2008, that for the year ended 30 June 2017, Sasol Limited has lodged with the Companies and Intellectual Property Commission, all such returns and notices as are required of a public company in terms of the Companies Act 71 of 2008, and that all such returns and notices are, to the best of my knowledge and belief, true, correct and up-to-date.

Vuyo D Kahla

18 August 2017

Independent auditor's report

To the Shareholders of Sasol Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Sasol Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2017, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Sasol Limited's consolidated and separate financial statements set out on pages 27 to 154 comprise:

- the consolidated and separate statements of financial position as at 30 June 2017;
- the consolidated and separate income statements for the year then ended;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Certain required disclosures have been presented elsewhere in the Annual Financial Statements, rather than in the notes to the financial statements. These are cross-referenced from the consolidated financial statements and are identified as audited.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

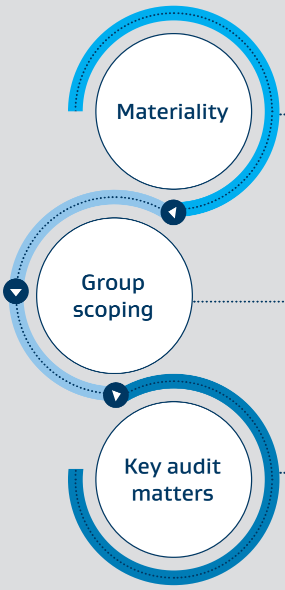
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

Our audit approach

Overview



OVERALL GROUP MATERIALITY

- Overall group materiality: R1 500 million, which represents 5% of profit before tax.

GROUP AUDIT SCOPE

- We conducted full scope audit procedures at 12 business units and limited scope audit procedures at a further nine business units.

KEY AUDIT MATTERS

- Impairment of property, plant and equipment and assets under construction;
- Accounting for income taxes;
- Accounting for environmental obligations;
- Accounting for post-retirement benefit obligations;
- Derivative financial instruments and hedge accounting; and
- Impairment and write-off of long-term receivables related to the Sasol Inzalo share transaction.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R1 500 million
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In scope business units were identified based on scoping benchmarks such as the business unit's contribution to key financial statement line items (profit before tax, turnover and total assets), risk associated with the business unit and known accounting matters related to the business unit. We conducted full scope audit procedures at 12 business units and limited scope audit procedures at a further nine business units.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, or component auditors from other PwC network firms or other networks operating under our instruction. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group financial statements as a whole.

The audits undertaken for Group reporting purposes are in respect of the key reporting business units of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and assets under construction *This key audit matter relates to the consolidated financial statements.* Refer to note 8 to the consolidated financial statements (Remeasurement items affecting operating profit) on page 65. At 30 June 2017 the Group's statement of financial position includes property plant and equipment amounting to R158 773 million and assets under construction of R130 734 million. A significant part of the Group's operations and plants in Southern Africa and North America are, by design, integrated. Significant processes throughout the value chain, from feedstock to end products are interdependent and linked. The decline in hydrocarbon and related chemical prices, fluctuating discount rates and the volatile macro-economic environment are impairment indicators which impact the Group's assessment of recoverable amounts of assets throughout the Group. Management performed impairment assessments for the Sasol North American Operations ("SNAO") cash-generating units ("CGUs") linked to the ethane crackers, the United States Gas-To-Liquids ("US GTL") Project, the Sasol Canada shale gas assets ("Sasol Canada") and the Sasol Petroleum Mozambique Production Sharing Agreement ("PSA asset") as disclosed in note 8 to the consolidated financial statements. The previously recognised impairment loss of R849 million (2016: R956 million) (US$65 million) which related to the SNAO CGUs was reversed in the current year. An impairment of R1 697 million (US$130 million) was recognised on the US GTL Project at 30 June 2017. No impairment was recognised in respect of Sasol Canada and the PSA asset at 30 June 2017.	We assessed the appropriateness of management's defined CGUs within the Southern African and North American integrated value chains with reference to whether an active market exists for the output produced by the assets or group of assets, the market's ability to absorb products produced and access to the market. We discussed the significant processes throughout the value chains with management in each of the business units to determine whether the markets available for feedstock and end products were consistent with our understanding of the business. Based on the results of our procedures, we determined that management's defined CGUs within the Southern African and North American integrated value chains were appropriate. We benchmarked management's main assumptions used in the value-in-use calculations against third party data and found management's assumptions to be consistent with such third party data. We utilised our corporate finance and financial modelling experts to assess the Group's standard valuation model used in management's impairment assessments and found that it was materially consistent with best practice. We assessed the mathematical accuracy of the cash flow models and agreed relevant data to the latest long-term business plans used by management to manage and monitor the performance of the business. We tested the internal controls over management's impairment trigger assessment and the preparation, review and approval of the impairment calculation. In addition to our overall response to impairment risk described above, we performed additional procedures on certain CGUs or projects as follows: SNAO CGUs: • We utilised our corporate finance experts to assess the reliability of management's weighted average cost of capital ("WACC") by calculating an independent WACC range using relevant third party sources. Management's WACC fell within our independently calculated WACC range; • We assessed management's useful life estimate in discussion with SNAO's engineering and business teams and found management's useful life estimate to be reasonable.

Key audit matter	How our audit addressed the key audit matter
This area was considered to be a matter of most significance to the current year audit for the following reasons: • A misstatement of the impairment charge/reversal could have a significant impact on the financial statements; • The identification of CGUs within the Southern African and North American value chains and the related active market assessments as outlined in the Group's principal accounting policies in note 8 on page 69 of the consolidated financial statements incorporates significant judgement; • These assets and their related recoverable amounts are impacted by their own performance, key macro-economic and general assumptions (such as crude oil prices, gas prices, chemical prices, growth rates, exchange rates, discount rates, etc.), global economic conditions and market trends; and • The results of management's impairment assessments may not be adequately disclosed in the consolidated financial statements.	US GTL Project: • We assessed the reliability of the US GTL Project recoverability assessment performed by management (approximately 40% of capitalised costs still having value if GTL opportunities are pursued) and obtained representations from the Sasol Group Technology engineering and business teams. Independent consideration was given by us to the nature of the costs capitalised and whether these would have value should the US GTL Project recommence. To assess the reasonability of management's calculation of the recoverable amount we independently considered a number of outcome scenarios for the US GTL Project based on a project specific discounted cash flow analysis. The probability weighted recoverable amount supported the remaining US GTL Project carrying value of approximately R2 377 million (US$182 million) at 30 June 2017. The GTL Project carrying value includes approximately R1 267 million (US$97 million) of land. We assessed the Group's disclosures in respect of the impairment assessments and related results in note 8 to the consolidated financial statements against the requirements of the relevant accounting standards and found them to be adequate.
Accounting for income taxes *This key audit matter relates to the consolidated financial statements.* Refer to note 11 to the consolidated financial statements (Taxation) on page 72, note 12 to the consolidated financial statements (Tax paid) on page 74, note 13 to the consolidated financial statements (Deferred tax) on page 74 and note 35.1 to the consolidated financial statements (Litigation) on page 122. At 30 June 2017 the Group has current taxes receivable and payable of R2 538 million and R1 903 million, respectively. The South African Revenue Service ("SARS") has issued revised assessments for Sasol Oil (Pty) Ltd ("Sasol Oil") relating to a dispute around its international crude oil procurement activities for the 2005 to 2012 tax years. A liability of R1 200 million for the 2005 to 2014 tax years has been recognised in the consolidated financial statements following the Tax Court judgement in favour of SARS at 30 June 2017. Following the Tax Court judgement, a possible obligation may arise for the 1999 to 2004 and 2015 to 2017 tax years. In addition, SARS has issued assessments to Sasol Oil for the 2013 and 2014 tax years on varying tax principles, unrelated to the principles of the judgement referred to above. As a result, there could be a potential tax exposure of R11 600 million for the 2013 and 2014 tax years. However, supported by its specialist tax and external legal advisors, Sasol Oil disagrees with SARS' assessment for the 2013 and 2014 tax years. Accordingly, Sasol Oil has submitted an objection to the revised assessments and requested suspension of payment. SARS agreed to suspend payment for the significant majority of the disputed tax.	We performed testing over the tax positions in the significant tax jurisdictions in which the Group has operations, including utilising our local tax specialists. Procedures included testing the rates applied to calculate the provisions and deferred tax balances and a probability assessment of the potential outcomes where uncertain tax positions existed, based on communications received from the relevant tax authorities, external tax and legal advice received by the Group and applying our local knowledge and experience. With respect to the recoverability of deferred tax asset balances, we assessed the reasonableness of the forecasts which underpin the asset recognition. We found that the support for the recognition of these deferred tax assets was consistent with the long-term business plans used by management to manage and monitor the performance of the business. Where deferred tax assets were recognised in entities that have a history of recent losses, we considered whether there was convincing evidence that sufficient taxable profit will be available in the future to utilise the unused tax losses. We assessed the historical accuracy of cash flow forecasts by comparing the actual results for the year with the original forecasts. Based on the testing performed we found management's cash flow forecasts to be reasonable. We tested management's internal controls over the review of the current and deferred income tax calculations. We considered the Group's tax disclosures regarding current and deferred taxes, uncertain tax positions and tax-related contingencies in notes 11, 12, 13 and 35.1 to the consolidated financial statements against the requirements of the relevant accounting standards and found them to be adequate.

Key audit matter	How our audit addressed the key audit matter
Accounting for income taxes (continued) This area was considered to be a matter of most significance to the current year audit for the following reasons: • The Group has a complex legal and operational structure that spans many countries and tax jurisdictions. As a result, the Group attracts many different types of taxes and has an inherently complex Group tax environment; • Where an amount of tax receivable or payable is uncertain, the Group establishes provisions based on the Group's judgement of the probable amount of the recovery or liability; • Deferred tax assets recognised in entities that have a history of recent losses may not be recoverable; and • Current and deferred taxes, uncertain tax positions and tax-related contingencies may not be adequately disclosed in the consolidated financial statements.	
Accounting for environmental obligations *This key audit matter relates to the consolidated financial statements.* Refer to note 30 to the consolidated financial statements (Long-term provisions) on page 104 and note 35.3 to the consolidated financial statements (Environmental orders) on page 122. The Group has provisions for environmental obligations of R15 716 million at 30 June 2017. This area was considered to be a matter of most significance to the current year audit for the following reasons: • The calculation of these provisions requires management judgement in estimating future costs, given the unique nature of each site and the potential associated obligations. These calculations also require management to determine an appropriate rate to discount future costs back to their net present value; • The judgement required to estimate such costs is further compounded by the fact that the restoration and rehabilitation of each site is relatively unique and there has been limited restoration and rehabilitation activity and historical precedent against which to benchmark estimates of future costs; • Changes in local laws and regulations and management's expected approach to restoration and rehabilitation could have a material impact on these provisions; and • Environmental obligations may not be adequately disclosed in the consolidated financial statements.	We assessed management's process for their consideration of environmental obligations, and performed detailed testing of the movements in the environmental obligations during the year on a sample basis. As part of our testing, we evaluated the legal and/or constructive obligations with respect to the restoration and rehabilitation of business units on a sample basis to assess the appropriateness of the intended method of restoration and rehabilitation and associated future cost estimate. We placed reliance on management's internal and external experts involved in the estimation process and assessed their professional competence, objectivity, capabilities and adequacy of the work they performed. We utilised our sustainability experts to consider the appropriateness of the data used in the Group's future cost estimates and the extent of rehabilitation activities that would need to be undertaken to comply with applicable laws and regulations. We assessed the accuracy of calculations and the appropriateness of the discount rate. We compared the discount rates to third party data and concluded they were reasonable. We tested management's internal controls over the calculation of the provision for environmental obligations. We assessed the Group's disclosures relating to the environmental obligations in notes 30 and 35.3 to the consolidated financial statements, including the sensitivities provided with respect to the Group's environmental obligations, against the requirements of the relevant accounting standards and found them to be adequate.

Key audit matter	How our audit addressed the key audit matter
Accounting for post-retirement benefit obligations *This key audit matter relates to the consolidated financial statements.* Refer to note 32 to the consolidated financial statements (Post-retirement benefit obligations) on page 106. The Group has post-retirement benefit plans in South Africa, Germany and the United States of America. The total fair value of plan assets is R50 854 million and total present value of obligations is R60 445 million as at 30 June 2017. This area was considered to be a matter of most significance to the current year audit for the following reasons: • Accounting for post-retirement benefit obligations is inherently complex and requires judgement. Management make use of external valuation experts to calculate these obligations. The valuation of the post-retirement benefit obligations requires the use of appropriate assumptions, such as inflation rates, discount rates, salary increases and mortality rates. Movements in these assumptions can have a material impact on the determination of the liability at year-end; • Judgement is also involved in the measurement of the fair value of certain pension assets; and • Post-retirement benefit obligations may not be adequately disclosed in the consolidated financial statements.	We placed reliance on management's external experts involved in the calculation of post-retirement benefit obligations and assessed their professional competence, objectivity, capabilities and adequacy of the work they performed. With the assistance of our internal actuarial experts, we obtained audit evidence which indicated that the assumptions used in calculating the post-retirement benefit liabilities, including salary increases and mortality rate assumptions, were consistent with relevant national and industry benchmarks. We compared the discount and inflation rates used in the valuation of the post-retirement benefit obligations with our internally developed benchmarks as at 30 June 2017, and found these to be reasonable. For pension plan assets, we obtained third party confirmation of ownership and valuations of pension assets on a sample basis and compared this to the fair value of the pension assets recognised by management. No significant differences were noted for the sample tested. We tested management's internal controls over the calculation of the provision for post-retirement benefit obligations. We assessed the Group's disclosures relating to post-retirement benefit obligations in note 32 to the consolidated financial statements, including the sensitivities provided with respect to the Group's post-retirement benefit obligations, against the requirements of the relevant accounting standards and found them to be adequate.
Derivative financial instruments and hedge accounting *This key audit matter relates to the consolidated financial statements.* Refer to note 39 to the consolidated financial statements (Financial risk management and financial instruments) on page 126. The Group has current short-term financial assets, long-term and short-term financial liabilities of R2 739 million, R733 million and R740 million, respectively. The Group entered into a number of derivative financial instruments (Brent crude oil put options, Rand/US Dollar zero cost collar instruments and export coal swap options) to hedge foreign currency and commodity price risks as a result of the volatile macro-economic environment and the decline in hydrocarbon and related chemical prices. These derivative financial instruments are held for trading at 30 June 2017. In July 2015 the Group entered into an interest rate swap to ultimately hedge 50% of the Libor exposure of the Lake Charles Chemicals Complex ("LCCP") Term Loan. The interest rate swap has been designated as a cash flow hedge.	We assessed the interest rate swap hedge documentation and utilised our financial instrument specialists to determine whether hedge accounting of this derivative financial instrument is appropriate. We utilised our internal actuarial expertise to independently value significant open derivative financial instrument positions at year-end. Management's fair value determination fell within our independently calculated fair value range. We obtained counterparty confirmations and agreed the details per the derivative financial instruments book to the confirmations received, noting no exceptions. We agreed premiums paid and settlements during the year to supporting documentation based on risk and materiality and recalculated the gains and losses recorded in the income statement on a sample basis, noting no exceptions. We tested management's internal controls over the derivative financial instruments and hedge accounting process. We assessed the Group's disclosures relating to derivative financial instruments and hedge accounting in note 39 to the consolidated financial statements, including the sensitivities provided with respect to the Group's cash flow hedges and derivatives held for trading, against the requirements of the relevant accounting standards and found them to be adequate.

Key audit matter	How our audit addressed the key audit matter
Derivative financial instruments and hedge accounting (continued) This area was considered to be a matter of most significance to the current year audit for the following reasons: • The accounting for these derivative financial instruments and the related hedge documentation requirements for the interest rate swap are complex; • These derivative financial instruments may be incorrectly valued resulting in either an over or understatement of the financial assets and/or financial liabilities in the consolidated financial statements; and • Derivative financial instruments and hedge accounting may not be adequately disclosed in the consolidated financial statements.	
Impairment and write-off of long-term receivables related to the Sasol Inzalo share transaction ("the Scheme") *This key audit matter relates to the separate financial statements.* Refer to note 11 to the separate financial statements (Remeasurement items affecting operating profit) on page 147. At 30 June 2017 the Company's statement of financial position included long-term receivables related to the Scheme amounting to R9 299 million. As part of the financing structure of the Scheme, the Company funded the issue of Sasol Limited ordinary shares to the Sasol Inzalo Employee Trusts and the Sasol Inzalo Foundation Trust. At 30 June 2017 the Scheme's breakeven price (i.e. price per share required to settle the funding) was higher than the Company's closing share price which is an impairment indicator, because the Sasol Limited ordinary shares are held as security to settle the funding. Management performed an impairment assessment for the Sasol Inzalo Employee Trusts and Sasol Inzalo Foundation Trust long-term receivables as disclosed in note 11 to the separate financial statements. The Company recognised an impairment loss of R3 050 million in respect of the Sasol Inzalo Employee Trusts. During the year, the Sasol Limited Board approved a decision that the repurchase right relating to the Sasol Limited shares held by the Sasol Inzalo Foundation Trust will not be exercised. As a result of this decision the majority of the long-term receivable (R3 974 million) has been written off at 30 June 2017. This area was considered to be a matter of most significance to the current year audit for the following reasons: • A misstatement of the impairment and write-off could have a significant impact on the separate financial statements; and • These long-term receivables and their related recoverable values are impacted by the Scheme's breakeven price in relation to the Sasol Limited share price at 30 June 2017.	We assessed the mathematical accuracy of management's impairment assessment, recalculated the Scheme's breakeven price as disclosed in note 34.2 to the consolidated financial statements, agreed the Sasol Limited share price at 30 June 2017 to relevant third party sources and agreed the long-term receivable carrying value to the Company's accounting records. We recalculated the impairment using the inputs referred to above, noting no exception. We inspected the Board minutes that confirmed the Sasol Limited Board's decision not to exercise the repurchase right relating to the Sasol Limited shares held by the Sasol Inzalo Foundation Trust. We agreed the Sasol Inzalo Foundation Trust long-term receivable carrying value to the Company's accounting records. We recalculated the write-off using the inputs referred to above, noting no exception.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Report of the Audit Committee and the Certificate of the Company Secretary as required by the Companies Act of South Africa, the financial overview, approval of the financial statements, the Company Secretary, shareholders' information, share ownership and contact information, which we obtained prior to the date of this auditor's report, and the Annual Integrated Report and Sustainable Development Report, which are expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Sasol Limited for four years.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: PC Hough
Registered Auditor
Sunninghill

18 August 2017

Shareholders' information

Shareholders' diary

Financial year-end	30 June 2017
Annual general meeting	17 November 2017

Dividends

Interim dividend	
– rand per share	4,80
– paid	20 March 2017
Final dividend	
– rand per share	7,80
– date declared	21 August 2017
– last date to trade cum dividend	5 September 2017
– payable	11 September 2017

Share ownership

at 30 June 2017

Public and non-public shareholding of Sasol ordinary shares	Number of shareholders	% of shareholders	Number of shares	% of ordinary shares
Public	91 128	99,98	604 608 142	92,81
Non-public	16	0,02	46 828 651	7,19
– Directors and their associates	1		1 500	
– Directors of subsidiary companies	9		59 653	
– Sasol Investment Company (Pty) Ltd	1		8 809 886	
– The Sasol Inzalo Employee Trust	1		23 339 310	
– The Sasol Inzalo Management Trust	1		1 892 376	
– The Sasol Inzalo Foundation	1		9 461 882	
– Sasol Employee Share Savings Trust	1		1 011 136	
– Sasol Pension Fund	1		2 252 908	
	91 144	100	651 436 793	100

Public and non-public shareholding of Sasol BEE ordinary shares*	Number of shareholders	% of shareholders	Number of shares	% of Sasol BEE ordinary shares
Public	53 752	100	2 835 796	99,99
Non-public	1	–	2 769	0,10
– Directors and their associates	1		2 769	
	53 753	100	2 838 565	100

* The Sasol BEE Ordinary shares were listed on the JSE with effect from 7 February 2011.

Major categories of shareholders	Number of shares	% of ordinary shares	% of total issued securities
Category			
Unit trusts	194 368 320	29,9	28,6
Pension and provident funds	170 545 185	26,2	25,1
Employees	34 780 070	5,3	5,1
Private investors	31 171 963	4,8	4,6
Insurance companies	28 669 327	4,4	4,2
Other managed funds	25 831 893	4,0	3,8
Sovereign wealth funds	23 549 622	3,6	3,5
American depositary shares**	20 045 571	3,1	2,9

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

Major shareholders

Pursuant to Section 56(7) of the South African Companies Act, 2008, the following beneficial shareholdings equal to or exceeding 5% as at 30 June 2017 were disclosed or established from enquiries:

	Number of shares	% of ordinary shares	% of total issued securities
Government Employees Pension Fund	85 275 320	13,1	12,5
Industrial Development Corporation of South Africa Limited	53 266 887	8,2	7,8
Allan Gray Proprietary Limited	40 366 150	6,2	5,9

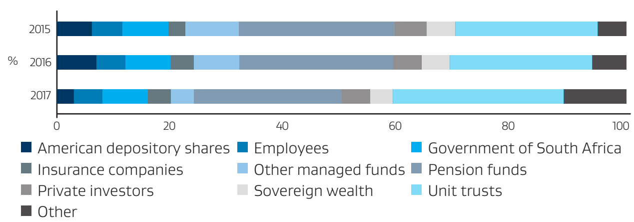
No individual shareholder's beneficial shareholding in the Sasol BEE ordinary shares is equal to or exceeds 5%. All the issued Sasol preferred ordinary shares are held by entities created for the purposes of the Sasol Inzalo BEE transaction.

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 2017, the following fund managers were responsible for managing investments of 3% or more of the share capital of Sasol Limited.

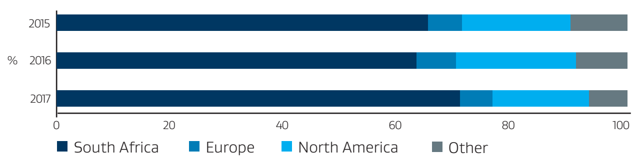
Fund Manager	Number of shares	% of ordinary shares	% of total issued securities
PIC Equities**	71 728 881	11,0	10,6
Allan Gray Investment Counsel	69 369 927	10,6	10,2
Black Rock Incorporated	21 803 084	3,3	3,2
The Vanguard Group Incorporated	19 962 438	3,1	2,9

** Included in this portfolio are 67,6 million shares managed on behalf of the Government Employees Pension Fund.

Beneficial ownership by fund type



Beneficial ownership by geographic region



Directors' report

(Company registration number 1979/003231/06)

Dear stakeholder,

The Board continued to closely consider our strategic direction and longer-term decisions to ensure we preserve and enhance the value of Sasol and, in so doing, protect the interests of all our stakeholders.

Nature of business

Sasol Limited, listed on the JSE Limited (JSE) on 31 October 1979 and on the New York Stock Exchange (NYSE) on 9 April 2003[1], is incorporated and domiciled in the Republic of South Africa and the ultimate holding company of the Group.

Sasol is an international integrated chemicals and energy company that leverages technologies and expertise of our 30 900 people working in 33 countries. We develop and commercialise technologies, and build and operate world-scale facilities to produce a range of high-value product streams, including liquid fuels, chemicals and low-carbon electricity.

More detail on the nature of our business and the businesses of our significant operating subsidiaries and incorporated joint arrangements (set out on pages 95 and 97) can be found in our Integrated Report.

Financial results

Earnings attributable to shareholders for the year ended 30 June 2017 increased by 54% to R20,4 billion from the prior year. Headline earnings per share (HEPS) decreased by 15% to R35,15 and earnings per share (EPS) increased by 54% to R33,36 compared to the prior year. The prior year EPS was negatively impacted by the R9,9 billion impairment of our Canadian shale gas assets.

Operating profit of R31,7 billion increased by 31% compared to the prior year on the back of challenging and highly volatile global markets. We have seen some recovery in global oil and product prices as average Brent crude oil prices moved higher by 15% compared to the prior year (average dated Brent was US$49,77/bbl for the year ended 30 June 2017 compared with US$43,37/bbl in the prior year). Despite softness in commodity chemical prices experienced at the start of the financial year, we have seen a steady increase in demand and robust margins in certain key markets. The average margin for our speciality chemicals business remains resilient despite a margin squeeze in our ammonia business as a result of oversupply in global markets. Excluding the effect of our hedging programme, the average rand/US dollar market exchange rate strengthened by 6% from R14,52 in 2016 to R13,61, and the closing rand/US dollar market exchange rate strengthened by 11% from R14,71 to R13,06. This resulted in translation losses of R2,3 billion on the valuation of the balance sheet compared to translation gains of R1,1 billion recognised in the prior year, (including foreign exchange contracts).

Share capital

Sasol BEE ordinary shares

On 7 February 2011, the 2,8 million Sasol BEE ordinary shares were listed on the BEE segment of the JSE's main board. This listing provides the holders of Sasol's BEE ordinary shares access to a trading facility in a regulated market in line with the company's commitment to broad-based shareholder development.

Share repurchase programme

No shares were repurchased during the year. We repurchased a total of 40 309 886 ordinary shares at a weighted average price of R299,77 per share between 2007 and October 2008. A total of 31 500 000 ordinary shares of the repurchased shares were cancelled during 2009 for a total value of R7,9 billion, whereupon they were restored to authorised share capital. A total of 8 809 886 ordinary shares are still held by Sasol Investment Company (Pty) Ltd, a wholly owned subsidiary. Shareholders' equity has been reduced by the cost of these ordinary shares. No dividends are paid outside the Group in respect of these ordinary shares.

At the Annual General Meeting of 25 November 2016, shareholders granted the authority to the Sasol directors to authorise a repurchase of up to 10% of Sasol's ordinary issued shares and/or Sasol BEE ordinary shares. No shares were repurchased during the year.

Shares held in reserve

The 495 177 561 authorised but unissued ordinary shares of the company are held in reserve.

Note 14 of the consolidated financial statements provides further details regarding the share capital of Sasol Limited.

1. Listed only in connection with the registration of American Depositary Shares pursuant to the requirements of the United States Securities and Exchange Commission.

American depositary shares

At 30 June 2017, the company had in issue through The Bank of New York Mellon as depositary bank, and listed on the NYSE, 20 045 571 (2016 – 41 530 852) American depositary shares (ADS). Each ADS represents one ordinary share.

Note 33 and 34 provides detail on the various share-based payment schemes in place, including the Sasol Share Incentive schemes, Sasol Inzalo schemes and various cash settled share-based payment arrangements.

Details on the material shareholdings for the Group, including any shareholdings of directors, are provided under shareholder's information on page 23 and 24.

Dividends

An interim dividend of R4,80 per ordinary share (2016 – R5,70 per ordinary share) was paid on 20 March 2017. A final dividend in respect of the year ended 30 June 2017 of R7,80 per ordinary share (2016 – R9,10 per ordinary share) was declared on 21 August 2017.

The total dividend for the year amounted to R12,60 per ordinary share (2016 – R14,80 per ordinary share).

The estimated total cash flow of the final dividend of R7,80 per share, payable on 11 September 2017 is R4 844 million.

The Board of Directors are satisfied that the liquidity and solvency of the company, as well as capital remaining after payment of the final dividend is sufficient to support the current operations and to facilitate future development of the business in the year ahead.

Directors

The composition of the Board of Directors is set out in the section "Our Board of Directors" of the Integrated Report.

Mr B Nqwababa and Mr SR Cornell were appointed as Joint Presidents and Chief Executive Officers of the Company, and Mr P Victor as Chief Financial Officer and Executive Director, with effect from 1 July 2016.

The Board appointed Ms GMB Kennealy and Ms ME Nkeli as Non-executive Directors with effect from 1 March 2017.

The remuneration and fees of Sasol Limited's directors are set out on pages 27 to 45 of this report.

Auditors

PricewaterhouseCoopers Inc. (PwC) was the external auditor of Sasol Limited and its significant subsidiaries for the financial year ended 30 June 2017.

At the Annual General Meeting of 17 November 2017, shareholders will be requested to reappoint PwC as auditor of Sasol Limited and to note that Mr P Hough will be the individual responsible for performing the functions of the auditor, following the Audit Committee's decision to nominate the firm PwC as its independent auditor for the financial year commencing 1 July 2017.

Subsequent events

There were no events that occurred subsequent to 30 June 2017.

Company Secretary

The company secretary of Sasol Limited is Mr VD Kahla. His business and postal addresses appear on the inside back cover.

Report of the Remuneration Committee

Henk Dijkgraaf, *Chairman of the Remuneration Committee*

The committee is committed to ensuring fair, responsible and transparent pay practices

Dear shareholder,

On behalf of the Remuneration Committee (the Committee), I am pleased to present the 2017 Sasol remuneration report, which highlights the key components of our policy, that is aligned to the Group's strategy, and how the policy is translated into reward outcomes.

The Committee is tasked by the Sasol Limited Board to independently approve and oversee the implementation of a remuneration policy that will encourage the achievement of the company's strategy and grow stakeholder value sustainably. Our policy should enable the attraction and retention of skilled resources and result in rewards aligned with shareholder interests.

In the year, we welcomed the King IV Code™ for South Africa and specifically Principle 14 addressing fair, responsible and transparent remuneration practices that promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. We debated the matter of fair and responsible remuneration of employees across the organisation to ensure that remuneration is externally comparable and internally equitable.

Since 2011, the Committee has actively engaged with Sasol's large institutional investors who we consider important stakeholders and our remuneration policy has undergone significant changes. We consider shareholders' contributions thoroughly and incorporate them into the policy where these enhancements align with the Group's strategy. I would like to thank all Sasol's shareholders for their continued support of our remuneration policy. At the November 2016 Annual General Meeting (AGM), 90,93% of votes cast were in favour of the policy.

Changes to our remuneration policy

Over the past year, we converted our cash-settled long-term incentive plan into an equity-settled scheme, replaced the corporate performance target of 'attributable headline earnings' with a 'return on invested capital' target and introduced an 'energy efficiency' target into the short-term incentive plan. In addition, we aligned the minimum shareholding requirements for our executive directors to global norms. These amendments further support the delivery of Sasol's strategic objectives and further incorporate environmental, social and governance matters into the Group's remuneration policy.

Following the various policy changes made over the past few years, the Committee believes that Sasol's remuneration policy has matured and compares well with relevant market practice. For this reason, we do not consider it necessary at this time, to make changes to the policy for the next financial year. We have, however, reviewed the targets in the short- and long-term incentive plans to ensure ongoing relevance and appropriateness in the context of the macro-economic climate and Sasol's business objectives and agreed to include a project delivery measure for the Group short-term incentive (STI) plan. The Committee, in response to questions by some of our shareholders, reviewed the vesting periods of long-term incentives and concluded that these are consistent with the horizon and lead times of our major capital investment programmes.

Pay for performance

Sasol's financial results for 2017 were severely impacted by the volatile macro-economic environment. The unexpected strengthening of the rand against hard currencies, combined with the continued low crude oil price, impacted significantly on Sasol's ability to meet earnings targets. The prolonged strike action at the Secunda mining operations also resulted in significant additional costs. Despite these challenges, Sasol maintained a resilient performance due to the Business Performance Enhancement Programme (BPEP) and Response Plan (RP) initiatives and was able to meet some of the targets set for the short-term incentive plan. The company's 'total shareholder return' performance was below target which resulted in a below-target long-term incentive plan vesting percentage. The Committee believes that the policy and the incentive targets achieved their stated objectives, resulting in balanced reward outcomes in line with the organisation's performance over the short and long term. The committee also requested an independent review on the relationship between executive pay and organisational performance and is comfortable that there is strong alignment. There were no exceptions to the policy which required the Committee's approval.

We are committed to ensuring that the remuneration policy and practices are fair and responsible and welcome the opportunity to discuss the policy and its outcomes with our stakeholders.

Henk Dijkgraaf
Chairman of the Remuneration Committee

17 August 2017

Remuneration Policy

1.1 Introduction

The Remuneration Committee is mandated by the Board to oversee all aspects of remuneration in accordance with the approved terms of reference. The terms of reference of the Committee are reviewed annually by the Board and are available on the company's website at www.sasol.com. Feedback reports on the decisions taken at Committee meetings are presented to the Board. The effectiveness of the Committee and the Committee chairman is assessed regularly.

The Committee met five times during the year. Attendance details are given on page 45 of the Integrated Report.

Sasol complies with the relevant remuneration governance codes and statutes that apply in the various jurisdictions within which it operates. All recommended practices stated under Principle 14 of the King IV Code™ are applied and are explained throughout this report through the outcomes achieved.

The Committee reappointed New Bridge Street (a UK-based firm that is a signatory to the UK Remuneration Consultants' Code of Conduct) to act as our independent external advisors in support of our endeavours to act independently and provide specialist input to the approval and implementation of the policy.

1.2 Key definitions

For clarity, the following terms are used in this report:

- The term 'Group Executive Committee' (GEC) refers to the members of the executive committee, who are responsible for the development and oversight of the implementation of the organisation's strategy and business plans. All members of the GEC report to the Joint Presidents and CEOs. Members of the GEC are classified as executive management within the meaning of the King IV Code™. Members of the GEC, with the exception of the Joint Presidents and CEOs, are also referred to as Executive Vice Presidents (EVPs). The implementation report covers the outcomes against targets set for the variable pay plans as well as the remuneration received/receivable by all members of the GEC.
- *'Group Leadership'* is defined as the level below the GEC (Senior Vice Presidents (SVPs)) (32);
- *'Top Management'* refers to members of the GEC as well as the Group Leadership (42);
- *'Leadership'* is defined as the level below Group Leadership (Vice Presidents (VPs) and General Managers (GMs) (191); and
- *'Senior Management'* is defined as the level below Leadership (1 034)

1.3 Executive service contracts

The term of office of the Joint Presidents and CEOs is not specified in the company's memorandum of incorporation. Members of the GEC have permanent employment contracts with notice periods of three to six months. The contracts provide for salary and benefits to be offered to them as well as participation in incentive plans on the basis of group and individual performance and as approved by the Board. EVPs (including executive directors) who are members of the South African Sasol Pension Fund are required to retire from the Group and as directors from the Board at the age of 60, unless requested by the Board to extend their term. Apart from security benefits, there are no other special benefits for members of the GEC. Termination arrangements for members of the GEC are detailed on page 35.

1.4 Risk management

The following principles intend to mitigate against risks which may unintentionally emanate from the remuneration policy:

(a) The remuneration policy sets the tone for alignment between remuneration decisions and strategic business objectives, the Group's risk approach, and shareholders' interests. No part of the remuneration policy and any of the plans approved under the policy encourages excessive risk-taking and any change to the remuneration policy has to be approved by the Committee.

(b) The remuneration policy is transparent to employees and persons outside the company.

(c) All incentive plans and targets are reviewed annually to ensure ongoing relevance.

(d) The remuneration mix, including the ratio between fixed and variable remuneration, is annually reviewed by the Committee to ensure an appropriate balance between the reward components.

1.4 Risk management (continued)

(e) Executive management's remuneration awards are made in accordance with the policy and disclosed in the implementation report. Executives may not approve remuneration or benefit decisions from which they personally can benefit.

(f) Exceptions to policy and all awards to members of the GEC are approved by the Committee and for executive directors, by the Board. From 2018, the company secretary's remuneration will also be approved by the Board.

2.1 Key components of our remuneration policy

Our policy is linked to the Group strategy and is a key enabler for the achievement of the Group's key performance indicators. The key components of Sasol's remuneration policy, structure and incentive targets are set out in the table below:

Remuneration component	Policy principles	Policy application
Total Guaranteed Package (TGP)/Base salary	• TGP = base salary + cost of all employer contributions. • Broad pay bands are set with reference to location and sector-specific median benchmark points. • For executive management, the benchmark is derived from a comparator group resembling a similar geographic footprint, market capitalisation and business model as Sasol's. • The total cost of annual increases is approved by the Committee and set in accordance with market movement, affordability and forecast inflation. • Distribution of increases to employees outside the bargaining forums is done with reference to individual performance, internal equity, competence and potential with an effective date of 1 October. • Performance-based increases are not applied for the bargaining sector as across the board increases are applied with effect from 1 July.	• Employees in countries other than South Africa are paid a base salary rather than a TGP. • Salaries are paid monthly to all employees except for employees in the United States and Canada who receive salary payments on a biweekly basis in line with local market practice. • Employees who are promoted are considered for adjustments if justified. • The company's expatriate remuneration policy enables global mobility of key management and specialists. Salaries are adjusted for cost-of-living and location differences and tax equalisation is applied.
Benefits and allowances	• Benefits include, but are not limited to, membership of a retirement plan and health insurance, disability and death cover to which contributions are made by both the company and the employee. • Allowances are paid in terms of statutory compliance or as is prevalent in a sector/ jurisdiction. • A number of special allowances including *inter alia,* housing, cost of living, home leave and child education are included in the company's expatriate policy.	• Benefits are offered on retirement, for reasons of sickness, disability or death. • The beneficiaries of employees who pass away while in service receive additional insurance depending on the retirement plan of which they were a member during service. • Allowances are linked to roles within specific locations and paid together with salaries. With the exception of expatriates, there are no allowances paid to those in senior management and higher.

Remuneration component	Policy principles	Policy application
Short-term incentive (STI) plan	• A single STI structure applies to all employees globally excluding certain employees who are aligned with mining production bonus or sales commission arrangements. • Target incentives are set in accordance with median benchmarks. • The STI structure consists of group, entity and individual performance targets set in advance of every financial year. • Annual payment of STIs is in September, after approval by the Committee. • Production bonuses and commission schemes are paid out monthly.	• Group targets for 2017: (a) Growth in headline earnings (b) Growth in cash fixed costs (c) Growth in production volumes (d) Improvement in working capital and gross margin (e) B-BBEE targets (for South African entities) in respect of preferential procurement and employment equity (f) Safety and sustainability targets – recordable case rate (RCR), fires, explosions and releases (FERs) and energy efficiency in our manufacturing operations • Entity targets are set in line with business plans approved by the responsible EVP. • Sustainability (including entity specific environmental targets) are also set at entity level. • Individual targets are included in the performance agreement. These include major project milestones where relevant.

Long-term incentive (LTI) plan	• The LTI consists of future equity-settled awards linked to the market value of a Sasol ordinary share (or American Depository Receipt (ADR) for international employees), subject to the vesting conditions.
	• The Committee is responsible for governing all LTI awards and considers these in respect of:
	  • internal and external promotions to qualifying roles;
	  • annual awards to eligible employees; and
	  • discretionary awards for purposes of retention.
	• Awards are directly linked to the role and individual performance, and vesting is subject to service and performance targets. The vesting period is three years for participants in leadership and senior management. A split vesting period of three and five years applies to participants in top management.
		• Of the total award, the following portion is linked to corporate performance targets (CPTs):
		  • Group Executive Committee: 100%
		  • Other participants: 60%
		• Corporate performance targets include:
		  • total shareholders' return vs. two indices, namely the MSCI World Energy Index and the MSCI World Chemicals Index;
		  • efficiencies measuring increase in tons produced over staff growth; and
		  • return on invested capital (ROIC).

The following section provides more detail on the different components of the reward mix offered.

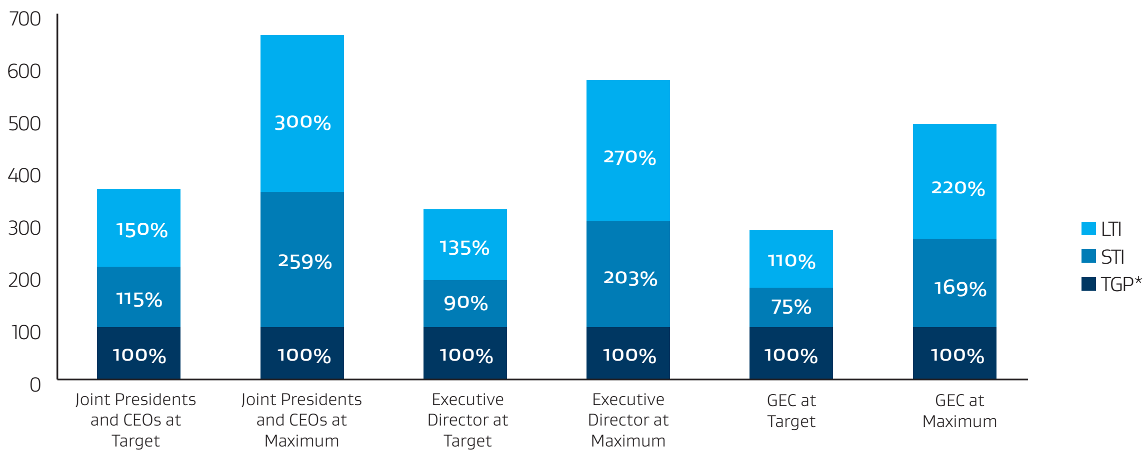
2.2 Total remuneration

2.2.1 Benchmarking

Executive remuneration is benchmarked against data provided in national executive remuneration surveys, as well as against information disclosed in the remuneration reports of organisations included in the executive remuneration comparator group. One of the Committee's key tasks is to preserve the relevance, integrity and consistency of this benchmarking exercise. With the exception of BG having been removed, the comparator group has remained unchanged since 2015. Benchmark data are used for purposes of providing trend lines and for the comparison of practices but are indicative only.

For positions below the GEC, survey reports from PwC Remchannel and Mercer Global Remuneration Solutions are used for benchmarking of South African remuneration levels; survey data from the Hay Group, ECA, Mercer and Towers Watson are used in different locations in the international environment. The ratios within the remuneration mix are structured for different structural layers within the organisation and geographic locations.

The threshold, target and maximum reward outcomes that could be derived under the terms of the policy are indicated in the following graph:



* Joint Presidents and CEOs, Executive Directors and GEC at threshold performance will only receive TGP.

The graphs indicate a balanced portfolio of rewards allocated in terms of base salary/TGP, short-term and long-term incentives, tied to the achievement of group and individual targets set over the short and long term to ensure sustainable focus on the Group's strategic objectives.

2.2.2 Total Guaranteed Package (TGP)

South African employees who are not covered by collective bargaining agreements receive a TGP which includes employer contributions towards retirement, risk, death and healthcare benefits. In terms of this model, all changes to benefit contribution levels are cost neutral to the employer and increases in the benefit pricing of employee and employer contributions reduce the net cash salary of employees.

In 2017, the total cost of increases granted to employees falling outside of collective bargaining units amounted to 6% for merit increases and a further 1% for internal equity adjustments. Employees in other jurisdictions received increases either based on forecast inflation or market movements, whichever was appropriate. Unionised employees received increases of between 7% and 7,5%, depending on the collective bargaining sector. These were implemented on 1 July 2016. The minimum wage in Sasol Mining increased from R7 300 per month to R8 300 per month with effect from 1 December 2016. This minimum wage excludes incentives, allowances and overtime and is equivalent to a TGP of R159 600 per annum.

2.2.3 Short-term incentive plan

The configuration and weightings attached to the different parts of the STI formula differs to the extent that employees can influence the achievement of performance objectives either directly or indirectly.

STI – members of the GEC

The following formula is used to calculate the STI amounts payable to the GEC:

STEP 1	STEP 2	STEP 3	STEP 4
STI TARGET INCENTIVE %	**GROUP PERFORMANCE FACTOR (0% – 150%)**	**INDIVIDUAL PORTFOLIO PERFORMANCE FACTOR (0% – 150%)**	**REMUNERATION COMMITTEE**
STI target percentages are derived from benchmarking against positions of similar impact and complexity in an identified peer group	Performance measured against a set of Group financial and non-financial drivers	Assessment of individual performance against project milestones, portfolio targets and individual targets	The Committee has full discretion to amend the formulaic outcomes where appropriate and will disclose where such discretion has been applied

The following table sets out the targets and weightings approved for the 2017 STI. The only change from 2016 is the inclusion of the Energy Efficiency target.

2017 STI targets	Weighting
Year-on-year growth in headline earnings	30%
Year-on-year growth in cash fixed costs (CFC)	20%
Year-on-year production volume growth (fuel-equivalent tons)	20%
Working capital and gross margin	10%
B-BBEE:	
Preferential procurement (5%)	
Employment equity (5%)	10%
Safety, health and environment (SHE):	
RCR (3,3%); FERs (3,3%); energy efficiency (3,4%)	10%

The Joint Presidents and CEOs are jointly and severally accountable to the Board and their performance is assessed by the Board, on recommendation of the Committee and the chairman of the Board. Performance is measured against a predetermined set of objectives that includes, *inter alia,* strategic leadership, financial and non-financial results, project progress and stakeholder relations as reflected in their performance scorecards.

The portfolios of GEC members cover a number of operating model entities (OMEs[1]) and large-scale projects, therefore a weighted combination of the relevant scores is included in the individual performance score for each GEC member. The final STI award for each GEC member is approved by the Committee considering performance at the Group, the combined OMEs and the individual levels.

STI – the four levels below GEC

The STI formula for employees below the GEC includes a performance modifier (ranging from 0% – 100%) in respect of the OME at which they were employed as at 30 June. The performance measures to determine the value of the modifier may include OME specific project milestones, safety and B-BBEE targets.

Each OME's final STI score is audited by the Sasol Assurance Services (SAS) and approved by the GEC. The Group STI score is audited by SAS and approved by the Committee. Approval for final payment of incentives is granted by the Committee.

2.2.4 Long-term incentive plans

Equity settled long-term incentive plan

The decision to convert the cash-settled LTIs awarded since 2014 to equity-settled LTIs was taken to strike a better balance between variable reward for employees and shareholder preference for increased employee shareholding. The equity-settled LTI gives participating employees the opportunity, subject to the vesting conditions, to receive a Sasol ordinary share or American Depository Receipt (ADS or ADR) for international employees. Employees have the option to sell the shares after the vesting period.

1 OME is a term for Sasol's strategic business units, operating business units, regional hubs and functions.

A split vesting period applies to top management, where 50% of the award vests subject to the achievement of corporate performance targets after three years from the date of grant (performance period). The balance is released to the participant after a five-year period subject to the vesting conditions. Accelerated vesting principles in cases of termination for 'good leavers', do not apply to top management. A service penalty is applied for all participants whose services are terminated under 'good leaver' conditions before the end of the performance period.

The following table summarises the weightings and corporate performance targets (CPTs) under which the 2017 LTI awards were granted. Vesting is considered in terms of the weighted performance measured against four targets. There is no opportunity for retesting of targets.

Measures[1]	**Weighting** (of the portion linked to the CPTs)	**Threshold**	**Target** (at which 100% of the awards vest)	**Stretch target** (at which 200% of the awards vest)
Increase in tons produced per head	25%	0% improvement on base	1% improvement on base	2% improvement on base
Return on invested capital (ROIC)[2]	25%	Three-year average ROIC (excluding AUC[4]) at 1 times WACC[5]	Three-year average ROIC (excluding AUC[4]) at 1.3 times WACC[5]	Three-year average ROIC (excluding AUC[4]) at 1.5 times WACC[5]
TSR[3] – MSCI World Energy Index	25%	40th percentile of the index	60th percentile of the index	75th percentile of the index
TSR[3] – MSCI World Chemicals Index	25%	40th percentile of the index	60th percentile of the index	75th percentile of the index

1 Vesting on a straight-line basis between threshold and target and between target and maximum.
2 ROIC replaced compound growth in attributable earnings in 2017.
3 TSR = Total shareholders' return measured separately against the two indices; vests on a ranked relative basis between threshold and target and between target and maximum.
4 AUC = Assets under construction.
5 WACC = Weighted average cost of capital.

Share appreciation rights (SARs) (no awards made to executives since 2013)
SARs gave participating employees the opportunity, subject to the vesting conditions, to receive a future cash incentive payment calculated with reference to the increase in the market value of a Sasol ordinary share from the date of grant, after the three-, four- and five-year vesting periods respectively (up to 2012; over two, four and six years). The plan does not confer any rights to acquire shares in Sasol Limited and employees are not entitled to dividends (or dividend equivalents). The maximum period for exercising SARs is nine years from the date of the grant, after which they lapse.

Gains are only realised once the participant elects to exercise the vested SARs which can only be done outside of closed periods within the meaning of the JSE Listings Requirements. SARs issued in 2012, 2013 and 2014 vested at 88%, 119% and 101% respectively. The plan will expire in 2022.

2.3. Clawback policy

Clawbacks may be implemented by the Board for material misstatements of financial statements or errors in calculations that led to the overpayment of incentives to executives and gross misconduct on the part of the employee leading to dismissal. Clawbacks may be implemented from all gains derived from any short-term or long-term incentive award in the form of a reduction in the value of these awards in future years, or (other than for executive directors) in the form of a repayment plan over a period of up to 12 months. Executive directors are required to repay the amount in full immediately as it could otherwise be construed as a loan to a director in contravention of the South African Companies Act of 2008 and the US Sarbanes-Oxley Act of 2002. In the event that an employee has left the services of the company, or there is limited possibility of recovering amounts from future incentive awards, the company may institute proceedings to recover such amounts.

2.4 Share ownership by executive directors

The share ownership guideline introduced on 1 July 2014 and amended on 1 July 2016 requires the following holdings:

- **Joint Presidents and Chief Executive Officers:** 300% of annual pensionable remuneration
- **Chief Financial Officer and other executive directors:** 200% of annual pensionable remuneration

The requirement must be fully achieved within five years from 1 July 2014, or from the date of appointment if after this date.

Executive directors	Date of appointment	TGP/Salary on date of appointment	Annual pensionable remuneration	Required value of share ownership	Beneficial holdings[1]	Value of unvested LTIs at end of year
SR Cornell	1 July 2016	$900 000	$900 000	$2 700 000	19 000	$2 462 395
B Nqwababa	1 July 2016	R9 400 000	R6 580 000	R19 740 000	–	R40 315 000
P Victor	1 July 2016	R6 200 000	R4 340 000	R8 680 000	–	R22 723 000

1 American Depository Receipts.

2.5 Retention and sign-on payments

The sign-on payment and retention policy may be used in the recruitment of candidates in highly specialised or scarce skill positions, mostly in senior levels, or to retain critical skills. These payments are linked to retention periods of at least two years.

2.6 Termination arrangements applicable to executive service agreements

REMUNERATION POLICY COMPONENT	**VOLUNTARY TERMINATION** (i.e. resignation)	**INVOLUNTARY TERMINATION** (i.e. retrenchment, redundancy, retirement or other reasons included under the definition of 'good leaver')
Base salary	Payable up to the last date of service including the notice period either in exchange for service or *in lieu* of the notice period.	Payable up to the last date of service including a four-month notice period.
Health insurance	Benefit continues up to the last date of service.	Benefit continues up to last date of service; employees who qualify for the post-retirement plan continue to receive the employer's contribution.
Retirement and risk plans	Employer contributions are paid up to the last date of service. The employee is entitled to the full value of the investment and any returns thereon.	
Other benefits	Not applicable	A severance package equal to three weeks' salary per completed year of service is offered which may be increased for voluntary retrenchments or mutually agreed terminations.
Short-term incentive	If the executive resigns on or after 30 June, there is an entitlement to the STI which may be applicable for the past financial year, subject to the achievement of performance targets. No *pro rata* incentive is due if the executive leaves prior to the end of the financial year for reasons of dismissal or resignation.	A *pro rata* incentive is payable for the period in service during the financial year.
Long-term incentives	All vested SARs to be exercised by the last date of service. All unvested SARs and LTIs are forfeited.	The original SAR vesting period remains unchanged up to the normal date of retirement and then vests subject to the achievement of CPTs as well as an application of a service penalty for the period not worked during the vesting period. No accelerated vesting applies to long-term incentives but service penalty will be applied at the end of the vesting period.

In the event of a takeover or merger of the company, the rights issued under the long-term incentive plan will vest immediately subject to the latest estimated performance achievement against the corporate performance targets, as approved by the Board. There are no arrangements for 'golden' parachutes or any other incentivised terminations other than what is payable under Sasol's retrenchment policy. The Committee has the discretion to vary cessation conditions.

Executive management and participants of the LTIs may not trade any Sasol shares or LTIs during a closed period within the meaning of the JSE Listings Requirements.

2.7 Sasol Inzalo Management Scheme

Sasol implemented the Sasol Inzalo black economic empowerment (BEE) transaction in 2008 with participants being awarded the right to Sasol ordinary shares. The rights entitle the participants from the inception of the scheme to receive 50% of the dividends biannually and Sasol ordinary shares at the end of 10 years, being the tenure of the transaction, subject to Sasol's right to repurchase the shares issued to The Sasol Inzalo Management Trust in accordance with a predetermined repurchase formula. The formula takes into account the underlying value of the shares on 18 March 2008, the dividends not received by the Management Trust as a result of the pre-conditions attached to those shares and the price of a Sasol ordinary share at the end of the 10-year period. See note 34 of the annual financial statements for the outstanding rights under the Sasol Share Inzalo Management Scheme.

2.8 Non-executive director fees

Non-executive directors are appointed to the Sasol Limited Board based on their ability to contribute competence, insight and experience appropriate to assisting the Group to set and achieve its objectives. Consequently, fees are set at levels to attract and retain the calibre of director necessary to contribute to a highly effective board. They do not receive short-term incentives, nor do they participate in long-term incentive plans. No arrangement exists for compensation in respect of loss of office.

Non-executive directors are paid a fixed annual fee in respect of their board membership, as well as supplementary fees for committee membership and an additional committee fee for formally scheduled board and committee meetings that do not form part of the annual calendar of meetings. Actual fees and the fee structure are reviewed annually. The comparator group used for benchmarking of fees is the same as for executive remuneration benchmarking. The Committee has undertaken to do a comprehensive review of non-executive director fees in 2018 with a view to narrow the difference between the resident and non-resident non-executive director fees. The Board recommends the fees payable to the Chairman and non-executive directors for approval by the shareholders.

Annual non-executive directors' fees are as follows for the two past financial years:

	2017		2016	
	Member	**Chairman**	Member	Chairman
Chairman of the Board, inclusive of fees payable for attendance or membership of board committees and directorship of the company		**R4 900 000**		R4 900 000
Resident fees				
Non-executive directors	**R660 000**		R660 000	
Audit Committee	**R199 000**	**R398 000**	R199 000	R398 000
Remuneration Committee	**R136 000**	**R272 000**	R136 000	R272 000
Capital Investment Committee	**R117 000**	**R234 000**	R117 000	R234 000
Risk and Safety, Health and Environment Committee	**R117 000**	**R234 000**	R117 000	R234 000
Nomination and Governance Committee	**R117 000**	**R234 000**	R117 000	R234 000
Lead Independent Director (additional fee)	**R170 000**		R170 000	
Share Incentive Plan Trustees[1]	**R67 000**	**R134 000**	R67 000	R134 000
Attendance of formally scheduled *ad hoc* board and committee meetings (per meeting)	**R21 000**		R21 000	
Non-resident fees				
Non-executive directors	**US$147 000**		US$147 000	
Audit Committee	**US$27 000**	**US$54 000**	US$27 000	US$54 000
Remuneration Committee	**US$20 500**	**US$41 000**	US$20 500	US$41 000
Capital Investment Committee	**US$18 500**	**US$37 000**	US$18 500	US$37 000
Risk and Safety, Health and Environment Committee	**US$18 500**	**US$37 000**	US$18 500	US$37 000
Nomination and Governance Committee	**US$18 500**	**US$37 000**	US$18 500	US$37 000
Lead Independent Director (additional fee)	**US$51 000**		US$51 000	
Share Incentive Plan Trustees[1]	**R67 000**	**R134 000**	R67 000	R134 000
Attendance of formally scheduled *ad hoc* board and committee meetings (per meeting)	**R21 000**		R21 000	

1 Share Incentive Plan Trust was dissolved on 17 November 2016.

2.9 Non-binding advisory votes on the remuneration policy and implementation report

In the event that less than 75% support for the abovementioned reports are achieved at the AGM, Sasol will invite dissenting shareholders to send reasons for such votes in writing whereafter further engagements may be scheduled.

Implementation report

This part of the report focuses on the performance outcomes against the targets set for the 2017 STI plan as well as the LTI awards which vest with reference to the performance over the period that ends in 2017. In addition, the tables with all amounts received/receivable by executive management are included.

The resultant outcomes of the Group performance factor multiplier for 2017 are indicated in the following table:

Achievements against the 2017 STI targets:

KPIs	Group targets	Weighting	Threshold (Rating = 0%)	Target (Rating = 100%)	Stretch Target (Rating = 150%)	Achievement	Weighted achievement
Quality based earnings growth Target: 81% USD EBIT growth	Year-on-year growth in headline earnings	30%	2016 headline earnings + CPI (measured over the fiscal year)	2016 headline earnings + CPI (measured over the fiscal year) + 2%	2016 headline earnings + CPI (measured over the fiscal year) + 8%	Below threshold	0%
Gearing Target: Achieve a gearing level of 20% – 40% (Temporarily lifted to 44% until the end of 2018)	Year-on-year growth in production volumes (fuel-equivalent tons)	20%	2016 volumes	2016 volumes + 1%	2016 volumes + 2%	1,8% growth	28,00%
	Year-on-year growth in cash fixed costs (CFC)	20%	Approved Group 2017 CFC budget including BPEP savings of R9,6bn	Approved Group 2017 CFC budget including BPEP savings of R10,6bn	Approved Group 2017 CFC budget including BPEP savings of R11,6bn	In line with target	19,37%
	Working capital and gross margin	10%	15% below 2017 absolute working capital and gross margin budget	100% of 2017 absolute working capital and gross margin budget	15% better than 2017 absolute working capital and gross margin budget	8,8% below target	4,10%
Broad-based Black Economic Empowerment Target: Level 4 by 2020	B-BBEE: Preferential procurement	5%	0% improvement on 51% black-owned spend in South Africa of R3,2bn	51% black-owned spend in South Africa of R4,5bn	51% black-owned spend in South Africa of R5,0bn	Exceed stretch target	7,50%
	Employment equity (Senior African and Coloured appointments)	5%	30% of all opportunities employed in the targeted groups.	60% of all opportunities employed in the targeted groups.	75% of all opportunities employed in the targeted groups.	53% of oppor tunities utilised	3,77%
Safety, health and environment (SHE) Target: RCR of less than 0,30 by 2020	SHE safety lagging indicator – occupational safety	3,3%	0,36 RCR	0,30 RCR	0,27 RCR	RCR of 0,28 modified for five fatalities	0%
		3,3%	>27 FERs	27-24 FERs	23-21 FERs	Achieved stretch target	4,95%
Energy efficiency: 15% improvement by 2030	SHE environmental and sustainability – energy efficiency	3,4%	Energy efficiency improvement of 0,5% in South African operations	Energy efficiency improvement of 0,933% in South African operations	Energy efficiency improvement of 1,5% in South African operations	1,67% improvement	5,10%
							Total 72,79% (2016: 81,99%)

The following table provides a summary of outstanding LTI awards and vesting percentages in respect of awards for which the final performance year ends in 2017:

Financial year of allocation	Vesting year (financial year)	Vesting range	Weighting of performance targets: Growth in attributable earnings	Return on invested capital	Increase in tons produced/ head	TSR vs. MSCI World Chemicals index	TSR vs. JSE RESI 10	TSR vs. MSCI World Energy Index	Vesting results
2014	2017[1]	30% to 170%[2]							93,4%
		40% to 160%[3]	25%	–	25%	–	25%	25%	94,3%
2015	**2018**	**0% to 200%[2]**							**90,4%**
		40% to 160%[3]	**25%**	**–**	**25%**	**–**	**15%**	**35%**	**94,3%**
2016	2019 and 2021[4]	0% to 200%[2]							
		40% to 160%[3]	25%	–	25%	25%	–	25%	Unvested
2017	2020 and 2022[4]	0% to 200%[2]							
		40% to 160%[3]	–	25%	25%	25%	–	25%	Unvested

1 Vested on the 30 June 2016 results and settled in 2017.
2 Executive vice-presidents, CFO and Joint CEOs.
3 All other participants.
4 Split vesting period after three and five years respectively.

Executive Directors

The table below provides factors considered in the final determination of the annual STI award. The final Individual Performance Factors (IPFs) are disclosed in a range.

Executive Directors	TGP/Base salary as at 30 June 2017 A	Target % B	Group factor % C	Individual performance factor % range D	2017 STI value E = AxBxCxD
SR Cornell[1]	$900 000	115%	72,79%	90 – 100	$700 640
B Nqwababa	R9 400 000	115%	72,79%	90 – 100	R7 317 797
P Victor	R6 572 000	90%	72,79%	110 – 120	R4 951 190

1 Gross US dollar salary.

Remuneration and benefits paid (disclosed in rands) and approved in respect of 2017 for Executive Directors were as follows:

	SR Cornell[3,4]		B Nqwababa[5]		VN Fakude[6]		P Victor[7]		DE Constable[8]	
Executive Directors	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000	**2017 R'000**	2016 R'000
Salary	**12 583**	–	**8 505**	5 987	**3 197**	6 181	**5 360**	–	**–**	22 769
Risk and retirement funding	**963**	–	**814**	636	**896**	1 765	**938**	–	**–**	223
Vehicle benefits	**256**	–	**–**	–	**30**	60	**100**	–	**–**	–
Medical benefits	**362**	–	**81**	81	**24**	46	**82**	–	**–**	371
Vehicle insurance fringe benefits	**–**	–	**6**	6	**3**	6	**6**	–	**–**	6
Security benefits	**818**	–	**466**	446	**212**	393	**–**	–	**–**	868
Other benefits	**10 851**	–	**6 806**	1 750	**289**	185	**2 125**	–	**–**	5 363
Total salary and benefits	**25 833**	**–**	**16 678**	**8 906**	**4 651**	**8 636**	**8 611**	**–**	**–**	**29 600**
Annual short-term incentive[1]	**9 291**	–	**7 318**	4 413	**–**	5 049	**4 951**	–	**–**	12 437
Long-term incentive gains[2]	**2 107**	–	**12 013**	–	**6 312**	10 320	**4 538**	–	**–**	14 352
Total annual remuneration	**37 231**	**–**	**36 009**	**13 319**	**10 963**	**24 005**	**18 100**	**–**	**–**	**56 389**

1 Short-term incentives approved based on the Group results for the 2017 financial year and payable in the 2018 financial year. Incentives are calculated as a percentage of total guaranteed package/base salary as at 30 June 2017.

2 Long-term incentives for the 2017 financial year represent the number of units x corporate performance target achieved (2017) x closing share price on 17 August 2017. The actual vesting date for the annual awards made on 11 September 2014 is 11 September 2017. Dividend equivalents implemented for all awards with effect from September 2014. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTI units will vest. It represents: number of units awarded x corporate performance targets achieved during financial year 2017 x dividend equivalents up to 11 September 2017.

3 Mr SR Cornell was appointed as Joint President and Chief Executive Officer on 1 July 2016 and is paid in dollars, the increase in salary and benefits reflect the impact of the rand/US dollar exchange rate. Other benefits include a portion of R2 031 061 of a $750 000 sign on bonus paid and not previously disclosed due to the retention period. Included in other are benefits allowance (R387 038) accommodation (R1 288 998), home leave (R450 000), school fees (R160 236), settling in (R1 044 546), tax on benefits offered (R5 085 138) and relocation costs (R403 777).

4 Mr Cornell participates in an individual Senior Executive Retirement Plan (SERP) in order to adjust for differences between the benefits that would have been payable under his previous employer's retirement fund and the benefits payable under the retirement programmes of Sasol (USA) Corporation. The value accrued to 30 June 2017 under the SERP is $92 236. The SERP benefit is payable to Mr Cornell following his death, disability or termination of employment for any reason other than cause.

5 Mr B Nqwababa was appointed as Joint President and Chief Executive Officer on 1 July 2016. A sign on payment totalling R9 000 000 has been paid in 3 tranches over three years compensating partially for incentives and benefits forfeited when he resigned from his previous employer. Included in other is the amount relating to the final tranche and amounts not previously disclosed. This balance is disclosed to align with the King IV recommended practice.

6 Ms VN Fakude resigned as Executive Vice President Strategy and Sustainability with effect from 31 December 2016. Other Benefits include Inzalo dividends (R96 688) earned during the financial year and leave encashment (R192 781).

7 Mr P Victor was appointed as Chief Financial Officer with effect from 1 July 2016. Included in other benefits is a portion of a retention payment of R3 000 000 paid in two tranches. Included in other is the final tranche and amount not previously disclosed.

8 Mr DE Constable resigned from the Group with effect 30 June 2016.

Number of LTI holdings (unvested)

Executive Directors	Balance at beginning of year (number)	Granted (number)	Grant date	Effect of corporate performance targets (number)	Long-term incentive rights settled (number)	Effect of change of Executive Directors (number)	Balance at end of year (number)
SR Cornell	65 100	60 000	26-Sept-16	(2 439)	(34 561)	–	**88 100**
VN Fakude[1]	75 946	–	–	(2 007)	(28 439)	(2 700)	**42 800**
B Nqwababa	50 000	60 000	26-Sept-16	–	–	–	**110 000**
P Victor[2]	–	45 000	26-Sept-16	(486)	(6 882)	24 368	**62 000**
Total	**191 046**	**165 000**		**(4 932)**	**(69 882)**	**21 668**	**302 900**

Intrinsic value of LTI holdings (unvested)

Executive Directors	Intrinsic value at beginning of year	Intrinsic value of awards made during the year	Change in intrinsic value for the year	Effect of corporate performance targets	Long-term incentive rights settled[3]	Effect of change of Executive Directors	Intrinsic value at end of year[4]
SR Cornell	$1 765 512	$1 601 400	$115 573	($67 243)	($952 847)	–	**$2 462 395**
VN Fakude[1]	R30 163 473	–	(R2 084 482)	(R746 243)	(R10 574 189)	(R1 072 359)	**R15 686 200**
B Nqwababa	R19 858 500	R22 179 600	(R1 723 100)	–	–	–	**R40 315 000**
P Victor[2]	–	R16 634 700	(R850 369)	(R180 705)	(R2 558 865)	R9 678 239	**R22 723 000**

1 Ms VN Fakude resigned with effect from 31 December 2016. As a result of Ms VN Fakude's resignation a service penalty of 2700 units (before the effect of CPTs) was applied to a 2015 grant. This impact is included in the 'Effect of change in Executive Directors'.

2 Mr P Victor was appointed as Executive Director and Chief Financial Officer with effect from 1 July 2016.

3 Long-term incentives settled represent long-terms incentives that vested with reference to the group results for 2016 that was settled in the 2017 financial year. Difference between long-term incentive gains disclosed in 2016 and amount settled in 2017 is due to differences in actual share price at vesting date and the share price on 8 September 2016 being the disclosure date.

4 Intrinsic values at beginning and end of year have been determined using the closing share price of R397,17 and R366,50 on 30 June 2016 and 30 June 2017.

Number of SAR holdings – outstanding (vested and unvested)

Executive Directors	Balance at beginning of year (number)	Effect of corporate performance targets (number)	Effect of change of Executive Directors (number)	Balance at end of year (number)
VN Fakude[1]	142 100	(2 803)	–	**139 297**
P Victor[2]	–	(98)	8 100	**8 002**
	142 100	**(2 901)**	**8 100**	**147 299**

Fair value of SAR holdings – outstanding (vested and unvested)

Executive Directors	Fair value at beginning of year[3] R'000	Change in fair value for the year R'000	Effect of change of performance targets R'000	Effect of change of Executive Directors R'000	Fair value at end of year[3] R'000
VN Fakude[1]	19 635	(7 136)	(294)	–	**12 205**
P Victor[2]	–	(413)	(4)	1 138	**721**
Total	**19 635**	**(7 549)**	**(298)**	**1 138**	**12 926**

1 Ms VN Fakude resigned with effect from 31 December 2016.

2 Mr P Victor was appointed as Executive Director and Chief Financial Officer with effect from 1 July 2016.

3 Fair values at the beginning and end of year have been determined using the IFRS 2 option values on 30 June 2016 and 30 June 2017.

Prescribed Officers

The table below provides factors considered in the final determination of the annual STI award. The final Individual Performance Factors (IPFs) are disclosed in a range.

Prescribed Officers	TGP/Base salary as at 30 June 2017 A	Target % B	Group factor % C	Individual performance factor % range[3] D	2017 STI value E = AxBxCxD
FR Grobler[1]	R5 032 681	75%	72,79%	100 – 110	R3 514 461
VD Kahla	R6 030 075	75%	72,79%	90 – 100	R3 291 969
BE Klingenberg	R7 197 729	75%	72,79%	90 – 100	R3 929 420
CK Mokoena[2]	R5 000 000	75%	72,79%	90 – 100	R1 137 344
M Radebe	R5 241 015	75%	72,79%	90 – 100	R2 575 081
CF Rademan	R6 390 474	75%	72,79%	90 – 100	R3 314 284
SJ Schoeman[1]	R5 625 275	75%	72,79%	90 – 100	R3 354 083

1 2017 pro rata STI value in US dollar/Euro paid in respect of period worked on expatriate contract.
2 Pro rata STI value for the period 1 February to 30 June 2017.
3 Actual score determined by performance against individual scorecard, in a range of 0% – 150%.

Remuneration and benefits paid (disclosed in rands) and approved in respect of 2017 for Prescribed Officers were as follows:

Prescribed Officers	SR Cornell[3]		FR Grobler[4]		VD Kahla		BE Klingenberg	
R'000	2017	2016	2017	2016	2017	2016	2017	2016
Salary	–	9 827	4 746	3 035	5 180	4 765	5 179	4 527
Risk and retirement funding	–	268	825	1 408	683	629	1 599	1 501
Vehicle benefits	–	–	169	117	–	–	212	212
Medical benefits	–	293	112	77	82	81	82	81
Vehicle insurance fringe benefits	–	–	6	6	6	6	6	6
Security benefits	-	–	30	10	419	392	332	304
Other benefits	–	5 678	1 944	–	–	–	–	–
Total salary and benefits	–	16 066	7 832	4 653	6 370	5 873	7 410	6 631
Annual short-term incentive[1]	–	3 243	3 515	2 542	3 292	3 002	3 929	3 632
Long-term incentive gains[2]	–	12 736	3 094	6 825	3 713	4 233	3 713	6 023
Total annual remuneration	–	32 045	14 441	14 020	13 375	13 108	15 052	16 286

Prescribed Officers	CK Mokoena[5]		M Radebe[6]		CF Rademan		SJ Schoeman[7]	
R'000	2017	2016	2017	2016	2017	2016	2017	2016
Salary	1 876	–	4 091	3 840	4 754	3 983	6 153	4 098
Risk and retirement funding	207	–	710	688	1 132	1 569	513	446
Vehicle benefits	–	–	264	264	320	320	424	200
Medical benefits	–	–	83	81	72	71	174	81
Vehicle insurance fringe benefits	–	–	6	6	6	6	6	6
Security benefits	–	–	153	16	35	33	–	38
Other benefits	4 295	–	87	110	–	9	2 848	–
Total salary and benefits	6 378	–	5 394	5 005	6 319	5 991	10 118	4 869
Annual short-term incentive[1]	1 137	–	2 575	2 672	3 314	3 414	3 366	2 770
Long-term incentive gains[2]	–	–	3 713	4 233	4 538	5 019	3 094	6 825
Total annual remuneration	7 515	–	11 682	11 910	14 171	14 424	16 578	14 464

1 Short-term incentives approved based on the Group results for the 2017 financial year and payable in the 2018 financial year. Incentives are calculated as a percentage of total guaranteed package/base salary as at 30 June 2017.

2 Long-term incentives for the 2017 financial year represent the number of units x corporate performance target achieved (2017) x closing share price on 17 August 2017. The actual vesting date for the annual awards made on 11 September 2014 is 11 September 2017. The gains from SARs exercised during 2017 are disclosed on page 43. Dividend equivalents implemented for all awards with effect from September 2014. Dividend equivalents accrue at the end of the vesting period, to the extent that the LTI units will vest. It represents: number of units awarded x corporate performance targets achieved during financial year 2017 x dividend equivalents up to 11 September 2017.

3 Mr SR Cornell became an executive director on 1 July 2016.

4 With effect from 1 April 2017, Mr FR Grobler is being paid in Euros in accordance with Sasol's expatriate policy. The increase in salary and benefits reflect the impact of the rand/Euro exchange rate. Other benefits for Mr FR Grobler include (Upset Allowance R549 020) (Expatriate allowances R1 395 023) Medical benefits include international cover for dependents.

5 Ms CK Mokoena was appointed as EVP Human Resources and Corporate Affairs effective 1 February 2017. A sign on payment totalling R7 500 000 and payable over two years was concluded with Ms CK Mokoena as part of her employment contract compensating partially for incentives and benefits forfeited when she resigned from her previous employer. This amount reflects the first tranche, paid in February 2017. The remaining balance will be paid in 2018. Other benefits include accommodation for six months.

6 Other benefits include Inzalo dividends earned during the financial year.

7 Mr SJ Schoeman became an expatriate effective 1 January 2017 and is paid in US dollars, the increase in salary and benefits reflect the impact of the rand/US dollar exchange rate. Other benefits for Mr SJ Schoeman include (Upset Allowance R552 603) (Expat allowances R631 370) (Accommodation R1 663 660). Medical benefits include international cover for Mr SJ Schoeman.

Number of LTI holdings (unvested)

Prescribed Officers	Balance at beginning of year (number)	Granted (number)	Grant date	Effect of corporate performance targets (number)	Long-term incentive rights settled (number)	**Balance at end of year (number)**
FR Grobler	41 136	18 000	26-Sept-16	(1 327)	(18 809)	**39 000**
VD Kahla	37 489	18 000	26-Sept-16	(824)	(11 665)	**43 000**
BE Klingenberg	45 269	22 000	26-Sept-16	(1 171)	(16 598)	**49 500**
CK Mokoena	–	15 000	13-Mar-17	–	–	**15 000**
M Radebe	35 489	18 000	26-Sept-16	(824)	(11 665)	**41 000**
CF Rademan	45 808	20 000	26-Sept-16	(976)	(13 832)	**51 000**
SJ Schoeman	51 136	18 000	26-Sept-16	(1 327)	(18 809)	**49 000**
Total	**256 327**	**129 000**		**(6 449)**	**(91 378)**	**287 500**

Intrinsic value of LTI holdings (unvested)

Prescribed Officers	Intrinsic value at beginning of year[1] R'000	Intrinsic value of awards made during the year R'000	Change in intrinsic value for the year R'000	Effect of corporate performance targets R'000	Long-term incentive rights settled[1] R'000	**Intrinsic value at end of year[2] R'000**
FR Grobler	16 338	6 654	(1 243)	(491)	(6 964)	**14 294**
VD Kahla	14 890	6 654	(1 140)	(306)	(4 337)	**15 761**
BE Klingenberg	17 979	8 133	(1 364)	(435)	(6 171)	**18 142**
CK Mokoena	–	5 508	(10)	–	–	**5 498**
M Radebe	14 095	6 654	(1 079)	(306)	(4 337)	**15 027**
CF Rademan	18 194	7 393	(1 389)	(363)	(5 143)	**18 692**
SJ Schoeman	20 310	6 654	(1 371)	(503)	(7 131)	**17 959**
Total	**101 806**	**47 650**	**(7 596)**	**(2 404)**	**(34 083)**	**105 373**

1 Long-term incentives settled represent long-terms incentives that vested with reference to the group results for 2016 that was settled in the 2017 financial year. Difference between long-term incentive gains disclosed in 2016 and amount settled in 2017 is due to differences in actual share price at vesting date and the share price on 8 September 2016 being the disclosure date.

2 Intrinsic values at the beginning and end of year have been determined using the closing share price of R397,17 and R366,50 on 30 June 2016 and 30 June 2017.

Number of SAR holdings (vested and unvested)

Prescribed Officers	Balance at beginning of year (number)	Effect of corporate performance targets (number)	SARs exercised (number)	**Balance at end of year (number)**
FR Grobler	66 150	141	(3 700)	**62 591**
VD Kahla	45 500	(1 943)	(26 487)	**17 070**
BE Klingenberg	172 113	(294)	(4 500)	**167 319**
M Radebe	128 753	(2 418)	–	**126 335**
CF Rademan	96 432	(294)	(3 000)	**93 138**
SJ Schoeman	63 875	(609)	–	**63 266**
Total	**572 823**	**(5 417)**	**(37 687)**	**529 719**

Fair value of SAR holdings (vested and unvested)

Prescribed Officers	Fair value at beginning of year[1] R'000	Change in fair value for the year R'000	Effect of change of performance targets R'000	Gain on exercise of share appreciation rights 2017 R'000	**Fair value at end of year[1] R'000**
FR Grobler	7 182	(1 350)	46	(306)	**5 572**
VD Kahla	5 794	(2 953)	(207)	(1 174)	**1 460**
BE Klingenberg	21 623	(6 097)	44	(347)	**15 223**
M Radebe	12 823	(1 611)	(162)	–	**11 050**
CF Rademan	12 912	(4 217)	44	(115)	**8 624**
SJ Schoeman	8 797	(3 340)	(49)	–	**5 408**
Total	**69 131**	**(19 568)**	**(284)**	**(1 942)**	**47 337**

1 Fair values at the beginning and end of year have been determined using the IFRS 2 option values on 30 June 2016 and 30 June 2017.

Share appreciation rights exercised

Prescribed Officers	Exercise dates	SARs exercised (number)	Market price per share (Rand)	Offer price per share (Rand)	**Gain on exercise of share appreciation rights 2017**
FR Grobler	11-Nov-16	3 700	377,19	294,50	**305 953**
VD Kahla	4-May-16	26 487	416,33	372,00	**1 174 169**
BE Klingenberg	11-Nov-16	4 500	371,56	294,50	**346 770**
CF Rademan	3-April-17	3 000	390,59	352,10	**115 470**
Total		**37 687**			**1 942 362**

Sasol Share Incentive Scheme

Executive Directors no longer have any outstanding share options under the now expired Sasol Share Incentive Scheme and accordingly did not exercise any options during the course of the financial year. During the prior year, FR Grobler exercised 1 300 share options with a strike price of R232,38 and a market price of R464,29 per share on the exercise date. This resulted in a gain on exercise of R301 483. His remaining 2 700 options lapsed on expiry of the scheme.

Sasol Inzalo Management Scheme rights

At the grant date on 3 June 2008, the issue price of the underlying share was R366,00 which represented the 60-day volume weighted average price of Sasol ordinary shares to 18 March 2008.

The shares were issued to The Sasol Inzalo Management Trust at R0,01 per share.

	Balance at beginning of year (number)	Effect of change of Executive Directors (number)	**Balance at end of year (number)**
Executive Directors			
VN Fakude [1]	25 000	(5 000)	**20 000**
Prescribed Officers			
M Radebe	15 000	–	**15 000**
Total	**40 000**	**(5 000)**	**35 000**

1 Ms VN Fakude resigned with effect from 31 December 2016 and retained 80% of her vested scheme rights.

Beneficial shareholding

The aggregate beneficial shareholding at 30 June 2017 of the directors of the company and the prescribed officers and their associates (none of whom have a holding greater than 1%) in the issued ordinary share capital of the company are detailed in the following tables.

	2017			2016		
Beneficial shareholdings[1]	**Direct beneficial**	**Indirect beneficial[2]**	**Total beneficial shareholding**	Direct beneficial	Indirect beneficial[2]	Total beneficial shareholding
Executive Directors						
SR Cornell [3]	**19 000**	**–**	**19 000**	–	–	–
VN Fakude [4]	**4 269**	**–**	**4 269**	4 269	–	4 269
Non-executive Directors						
IN Mkhize	**–**	**18 435**	**18 435**	–	18 435	18 435
Total	**23 269**	**18 435**	**41 704**	4 269	18 435	22 704

1 There was no change in the above shareholding between the end of the financial year and the date of approval of the Annual Financial Statements.
2 Sasol Inzalo Public Limited (RF) shares.
3 American Depositary Receipts.
4 Ms VN Fakude resigned with effect from 31 December 2016.

	2017			2016		
	Direct beneficial	**Indirect beneficial**	**Total beneficial shareholding**	Direct beneficial	Indirect beneficial	Total beneficial shareholding
Prescribed Officers						
FR Grobler	**13 500**	**–**	**13 500**	13 500	–	13 500
CF Rademan	**4 000**	**–**	**4 000**	600	–	600
M Radebe	**–**	**3 357**	**3 357**	–	3 357	3 357
Total	**17 500**	**3 357**	**20 857**	14 100	3 357	17 457

Sasol Inzalo Public Limited RF (Sasol Inzalo) indirectly held 16 085 199 of the total issued capital of Sasol on 30 June 2017 in the form of unlisted Sasol preferred ordinary shares. The Sasol Inzalo ordinary shares have limited trading rights until 7 September 2018. Refer to note 34 of the Annual Financial Statements for details of the Sasol Inzalo share transaction.

Non-executive Directors' remuneration for the year was as follows:

Non-executive Directors	Board meeting fees R'000	Lead Independent Director fees R'000	Committee fees R'000	Share Incentive Trust fees[6] R'000	*Ad hoc* or special meeting fees R'000	Total 2017 R'000	Total 2016 R'000
MSV Gantsho (Chairman)	4 900	–	–	–	–	**4 900**	4 900
HG Dijkgraaf [1, 2] (Lead Independent Director)	1 983	688	869	17	10	**3 567**	3 955
JE Schrempp [1, 3] (Lead Independent Director)	–	–	–	–	–	**–**	1 731
C Beggs	660	–	515	–	126	**1 301**	1 196
MJ Cuambe [1, 4]	1 983	–	433	–	21	**2 437**	186
GMB Kennealy [5]	165	–	–	–	–	**165**	–
NNA Matyumza	660	–	452	–	63	**1 175**	1 010
IN Mkhize	660	–	569	34	147	**1 410**	1 384
ZM Mkhize	660	–	117	–	42	**819**	819
MJN Njeke	660	–	316	–	63	**1 039**	888
ME Nkeli [5]	165	–	–	–	–	**165**	–
PJ Robertson [1]	1 983	–	1 025	17	115	**3 140**	3 411
S Westwell [1]	1 983	–	863	–	115	**2 961**	3 165
Total	**16 462**	**688**	**5 159**	**68**	**702**	**23 079**	22 645

1 Board and committee fees paid in US dollars, except for Share Incentive Trust and *Ad hoc* or special meeting fees which are paid in rands.
2 Mr HG Dijkgraaf appointed as Lead Independent Director on 4 December 2015.
3 Prof JE Schrempp retired from the board on 4 December 2015.
4 Mr MJ Cuambe appointed on 1 June 2016.
5 Mss GMB Kennealy and ME Nkeli appointed effective 1 March 2017.
6 Share Incentive Trust dissolved on 17 November 2016.

Executive Directors do not receive directors' fees.

Income statement

for the year ended 30 June

2015* US$	2016* US$	2017 US$		Note	2017 Rm	2016 Rm	2015 Rm
16 181	11 911	**12 668**	**Turnover**	1	**172 407**	172 942	185 266
(7 002)	(4 912)	**(5 249)**	Materials, energy and consumables used	2	**(71 436)**	(71 320)	(80 169)
(528)	(476)	**(471)**	Selling and distribution costs		**(6 405)**	(6 914)	(6 041)
(666)	(582)	**(636)**	Maintenance expenditure		**(8 654)**	(8 453)	(7 628)
(1 930)	(1 647)	**(1 794)**	Employee-related expenditure	3	**(24 417)**	(23 911)	(22 096)
(48)	(20)	**(36)**	Exploration expenditure and feasibility costs		**(491)**	(282)	(554)
(1 185)	(1 127)	**(1 190)**	Depreciation and amortisation		**(16 204)**	(16 367)	(13 567)
(866)	(625)	**(922)**	Other expenses and income **		**(12 550)**	(9 073)	(9 912)
(84)	10	**(88)**	Translation (losses)/gains	4	**(1 201)**	150	(959)
(782)	(635)	**(834)**	Other operating expenses and income	5	**(11 349)**	(9 223)	(8 953)
(70)	(888)	**(119)**	Remeasurement items	8	**(1 616)**	(12 892)	(807)
179	35	**79**	Equity accounted profits, net of tax	19	**1 071**	509	2 057
4 065	1 669	**2 330**	**Operating profit**		**31 705**	24 239	46 549
112	125	**115**	Finance income	6	**1 568**	1 819	1 274
(195)	(161)	**(240)**	Finance costs	6	**(3 265)**	(2 340)	(2 230)
3 982	1 633	**2 205**	**Profit before tax**		**30 008**	23 718	45 593
(1 260)	(598)	**(624)**	Taxation	11	**(8 495)**	(8 691)	(14 431)
2 722	1 035	**1 581**	**Profit for the year**		**21 513**	15 027	31 162
			Attributable to				
2 595	911	**1 497**	Owners of Sasol Limited		**20 374**	13 225	29 716
127	124	**84**	Non-controlling interests in subsidiaries		**1 139**	1 802	1 446
2 722	1 035	**1 581**			**21 513**	15 027	31 162
US$	US$	**US$**			**Rand**	Rand	Rand
			Per share information				
4,25	1,49	**2,45**	Basic earnings per share	7	**33,36**	21,66	48,71
4,25	1,49	**2,44**	Diluted earnings per share	7	**33,27**	21,66	48,70

* Supplementary non-IFRS information. US dollar convenience translation, converted at average exchange rate of R13,61/US$1 (2016– R14,52/US$1; 2015 – R11,45/US$1).

** A loss of R1 107 million (30 June 2016 – R920 million gain; 30 June 2015 – R156 million loss) arising from foreign exchange contracts (FECs) has been reclassified from translation (losses)/gains, to other operating expenses and income, in accordance with the recognition of other derivative gains and losses.

Statement of comprehensive income

for the year ended 30 June

	2017 Rm	2016 Rm	2015 Rm
Profit for the year	**21 513**	15 027	31 162
Other comprehensive income, net of tax			
Items that can be subsequently reclassified to the income statement	**(8 931)**	13 253	3 604
Effect of translation of foreign operations***	**(10 074)**	15 112	3 590
Effect of cash flow hedges***	**1 821**	(2 855)	–
Fair value of investments available-for-sale	**11**	(7)	16
Tax on items that can be subsequently reclassified to the income statement	**(689)**	1 003	(2)
Items that cannot be subsequently reclassified to the income statement	**743**	(546)	(593)
Remeasurement on post-retirement benefit obligation****	**1 114**	(877)	(847)
Tax on items that cannot be subsequently reclassified to the income statement	**(371)**	331	254
Total comprehensive income for the year	**13 325**	27 734	34 173
Attributable to			
Owners of Sasol Limited	**12 234**	25 890	32 727
Non-controlling interests in subsidiaries	**1 091**	1 844	1 446
	13 325	27 734	34 173

*** These amounts include the loss of R302 million (2016 – R97 million; 2015 – Rnil) on reclassification from the cash flow hedge reserve and a gain of Rnil (2016 – (R840 million); 2015 – (R893 million)) on reclassification from the foreign currency translation reserve, respectively, to profit and loss.

**** Includes the effect of a (gain)/loss of (R105 million) (2016 – R749 million; 2015 – R590 million) relating to the movement in the asset limitation, as well as a loss/(gain) of R50 million (2016 – (R63 million); 2015 – R46 million) on reimbursive rights related to post-retirement benefits, recognised in long-term receivables.

The notes on pages 51 to 138 are an integral part of these Consolidated Financial Statements.

Statement of financial position

at 30 June

2016* US$m	2017* US$m		Note	2017 Rm	2016 Rm
		Assets			
10 541	**12 157**	Property, plant and equipment	16	**158 773**	155 054
7 071	**10 010**	Assets under construction	17	**130 734**	104 011
182	**181**	Goodwill and other intangible assets		**2 361**	2 680
892	**904**	Equity accounted investments	19	**11 813**	13 118
64	**76**	Other long-term investments		**987**	943
42	**48**	Post-retirement benefit assets	32	**622**	614
188	**200**	Long-term receivables and prepaid expenses	18	**2 613**	2 772
230	**236**	Deferred tax assets	13	**3 082**	3 389
19 210	**23 812**	**Non-current assets**		**310 985**	282 581
72	**17**	Assets in disposal groups held for sale	10	**216**	1 064
1 618	**1 943**	Inventories	22	**25 374**	23 798
169	**194**	Tax receivable	12	**2 538**	2 487
1 933	**2 116**	Trade and other receivables	23	**27 641**	28 426
3	**210**	Short-term financial assets	39	**2 739**	42
158	**138**	Cash restricted for use	26	**1 803**	2 331
3 398	**2 117**	Cash	26	**27 643**	49 985
7 351	**6 735**	**Current assets**		**87 954**	108 133
26 561	**30 547**	**Total assets**		**398 939**	390 714
		Equity and liabilities			
14 072	**16 211**	Shareholders' equity		**211 711**	206 997
368	**423**	Non-controlling interests		**5 523**	5 421
14 440	**16 634**	**Total equity**		**217 234**	212 418
5 303	**5 690**	Long-term debt	15	**74 312**	78 015
1 279	**1 275**	Long-term provisions	30	**16 648**	18 810
864	**847**	Post-retirement benefit obligations	32	**11 069**	12 703
43	**70**	Long-term deferred income		**910**	631
193	**56**	Long-term financial liabilities	39	**733**	2 844
1 611	**1 980**	Deferred tax liabilities	13	**25 860**	23 691
9 293	**9 918**	**Non-current liabilities**		**129 532**	136 694
136	**744**	Short-term debt	15	**9 718**	2 000
289	**230**	Short-term provisions	31	**3 007**	4 246
60	**146**	Tax payable	12	**1 903**	878
2 265	**2 787**	Trade and other payables	24	**36 400**	33 317
11	**22**	Short-term deferred income		**282**	170
58	**57**	Short-term financial liabilities	39	**740**	855
9	**9**	Bank overdraft	26	**123**	136
2 828	**3 995**	**Current liabilities**		**52 173**	41 602
26 561	**30 547**	**Total equity and liabilities**		**398 939**	390 714

* Supplementary non-IFRS information. US dollar convenience translation, converted at a closing exchange rate of R13,06/US$1 (2016 – R14,71/US$1).

The notes on pages 51 to 138 are an integral part of these Consolidated Financial Statements.

Statement of changes in equity
for the year ended 30 June

	Share capital Note 14 Rm	Share repurchase programme Note 14 Rm	Share-based payment reserve Note 34 Rm	Investment fair value reserve Rm
Balance at 30 June 2014	**29 084**	**(2 641)**	**(12 904)**	**28**
Shares issued on implementation of share options	144	–	–	–
Share-based payment expense	–	–	501	–
Settlement of post-retirement benefit obligations	–	–	–	–
Total comprehensive income for the year	–	–	–	14
profit	–	–	–	–
other comprehensive income for the year	–	–	–	14
Dividends paid	–	–	–	–
Balance at 30 June 2015	**29 228**	**(2 641)**	**(12 403)**	**42**
Shares issued on implementation of share options	54	–	–	–
Share-based payment expense	–	–	123	–
Expiry of Sasol share incentive scheme	–	–	(1 302)	–
Settlement of post-retirement benefit obligations	–	–	–	–
Total comprehensive income for the year	–	–	–	(16)
profit	–	–	–	–
other comprehensive income for the year	–	–	–	(16)
Dividends paid	–	–	–	–
Balance at 30 June 2016	**29 282**	**(2 641)**	**(13 582)**	**26**
Share-based payment expense	**–**	**–**	**463**	**–**
Long-term incentive scheme converted to equity-settled*	**–**	**–**	**645**	**–**
Long-term incentives vested and settled	**–**	**–**	**(51)**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**7**
profit	**–**	**–**	**–**	**–**
other comprehensive income for the year	**–**	**–**	**–**	**7**
Dividends paid	**–**	**–**	**–**	**–**
Balance at 30 June 2017	**29 282**	**(2 641)**	**(12 525)**	**33**

* Refer to note 34 for further detail on the conversion of the long-term incentive scheme

The notes on pages 51 to 138 are an integral part of these Consolidated Financial Statements.

Foreign currency translation reserve Rm	Cash flow hedge accounting reserve Rm	Remeasurement on post-retirement benefits Rm	Retained earnings Rm	Shareholders' equity Rm	Non-controlling interests Rm	Total equity Rm
14 704	(7)	(1 413)	144 126	170 977	3 792	174 769
–	–	–	–	144	–	144
–	–	–	–	501	–	501
–	–	25	(25)	–	–	–
3 585	–	(588)	29 716	32 727	1 446	34 173
–	–	–	29 716	29 716	1 446	31 162
3 585	–	(588)	–	3 011	–	3 011
–	–	–	(12 739)	(12 739)	(365)	(13 104)
18 289	(7)	(1 976)	161 078	191 610	4 873	196 483
–	–	–	–	54	–	54
–	–	–	–	123	–	123
–	–	–	1 302	–	–	–
–	–	8	(8)	–	–	–
15 027	(1 781)	(565)	13 225	25 890	1 844	27 734
–	–	–	13 225	13 225	1 802	15 027
15 027	(1 781)	(565)	–	12 665	42	12 707
–	–	–	(10 680)	(10 680)	(1 296)	(11 976)
33 316	(1 788)	(2 533)	164 917	206 997	5 421	212 418
–	–	–	–	463	–	463
–	–	–	–	645	–	645
–	–	–	51	–	–	–
(10 031)	1 141	743	20 374	12 234	1 091	13 325
–	–	–	20 374	20 374	1 139	21 513
(10 031)	1 141	743	–	(8 140)	(48)	(8 188)
–	–	–	(8 628)	(8 628)	(989)	(9 617)
23 285	(647)	(1 790)	176 714	211 711	5 523	217 234

Statement of cash flows
for the year ended 30 June

	Note	2017 Rm	2016 Rm	2015 Rm
Cash receipts from customers		**172 061**	175 994	186 839
Cash paid to suppliers and employees		**(127 992)**	(121 321)	(125 056)
Cash generated by operating activities	27	**44 069**	54 673	61 783
Dividends received from equity accounted investments	19	**1 539**	887	2 812
Finance income received	6	**1 464**	1 633	1 234
Finance costs paid	6	**(3 612)**	(3 249)	(2 097)
Tax paid	12	**(6 352)**	(9 329)	(10 057)
Cash available from operating activities		**37 108**	44 615	53 675
Dividends paid	29	**(8 628)**	(10 680)	(12 739)
Cash retained from operating activities		**28 480**	33 935	40 936
Additions to non-current assets[1]		**(56 812)**	(70 497)	(42 645)
additions to property, plant and equipment	16	**(390)**	(4 304)	(1 273)
additions to assets under construction	17	**(59 892)**	(69 422)	(43 754)
additions to other intangible assets		**(61)**	(22)	(79)
increase in capital project related payables		**3 531**	3 251	2 461
Additional cash contributions to equity accounted investments		**(444)**	(548)	(588)
Proceeds on disposals and scrappings	9	**788**	569	1 210
Net cash disposed of on disposal of businesses	9	**–**	–	(105)
Purchase of investments		**(96)**	(223)	(224)
Proceeds from sale of investments		**28**	171	264
(Increase)/decrease in long-term receivables		**(141)**	(506)	3
Cash used in investing activities		**(56 677)**	(71 034)	(42 085)
Share capital issued on implementation of share options		**–**	54	144
Dividends paid to non-controlling shareholders in subsidiaries		**(989)**	(1 296)	(365)
Proceeds from long-term debt	15	**9 277**	34 008	14 543
Repayment of long-term debt	15	**(2 364)**	(3 120)	(1 663)
Proceeds from short-term debt		**4 033**	2 901	2 686
Repayment of short-term debt		**(1 410)**	(3 369)	(2 280)
Cash generated by financing activities		**8 547**	29 178	13 065
Translation effects on cash and cash equivalents		**(3 207)**	7 069	3 095
(Decrease)/increase in cash and cash equivalents		**(22 857)**	(852)	15 011
Cash and cash equivalents at the beginning of year		**52 180**	53 032	38 021
Cash and cash equivalents at the end of the year	26	**29 323**	52 180	53 032

1 Additions to non-current assets, including capital accruals, amounts to R60 343 million (2016 – R73 748 million; 2015 – R45 106 million)

The notes on pages 51 to 138 are an integral part of these Consolidated Financial Statements.

Notes to the financial statements

The Annual Financial Statements (AFS) outlined below provide a full overview of the results, in the context of our business strategy, while enabling more effective analysis of the group's performance.

Segment information

	Mining		Exploration and Production International		Energy		Base Chemicals		Performance Chemicals	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm
Statement of financial position										
Non-current assets	**23 489**	22 685	**18 142**	20 077	**60 840**	61 884	**101 738**	84 854	**97 965**	84 284
Current assets	**1 986**	1 818	**2 579**	2 923	**17 094**	16 615	**12 940**	14 337	**25 026**	25 525
Non-current liabilities	**2 574**	3 358	**6 625**	8 948	**9 344**	9 726	**26 488**	29 691	**27 205**	31 484
Current liabilities	**2 440**	2 430	**1 271**	1 961	**11 030**	9 571	**9 598**	8 163	**13 869**	12 442

	Mining			Exploration and Production International			Energy		
	2017 Rm	2016 Rm	2015 Rm	**2017 Rm**	2016 Rm	2015 Rm	**2017 Rm**	2016 Rm	2015 Rm
Income statement									
External turnover	**2 946**	2 360	2 215	**1 750**	1 706	2 043	**64 254**	63 818	75 264
Total turnover	**18 962**	16 975	15 687	**4 084**	4 211	5 172	**64 772**	64 341	75 800
Intersegmental turnover	**(16 016)**	(14 615)	(13 472)	**(2 334)**	(2 505)	(3 129)	**(518)**	(523)	(536)
Operating profit/(loss)*	**3 725**	4 739	4 343	**585**	(11 714)	(3 170)	**11 218**	14 069	22 526
Profit for the year attributable to owners of Sasol Limited	**2 266**	3 000	2 762	**47**	(10 972)	(3 698)	**6 395**	9 112	15 645
Effect of remeasurement items**	**6**	31	31	**(6)**	9 963	3 126	**1 844**	1 267	(104)
Depreciation and amortisation	**1 905**	1 673	1 377	**2 053**	3 042	2 476	**4 496**	4 194	3 465
Statement of cash flows									
Cash flow from operations	**5 401**	6 465	5 784	**1 726**	2 946	3 301	**17 996**	17 178	22 991
Additions to non-current assets***	**2 839**	3 459	4 737	**2 600**	8 938	5 372	**6 781**	6 348	8 165
Other disclosures									
Capital commitments**	**3 099**	3 563	3 837	**19 431**	23 648	5 264	**10 327**	9 588	8 949

* Includes equity accounted profits/(losses), net of tax
** Excludes equity accounted investments
*** Includes capital accruals

Group Functions		Total		Deferred tax assets and liabilities		Net tax receivable/ (payable)		Post-retirement benefit assets		Total per statement of financial position	
2017 Rm	2016 Rm	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm
5 107	4 794	**307 281**	278 578	**3 082**	3 389	**–**	–	**622**	614	**310 985**	282 581
25 791	44 428	**85 416**	105 646	**–**	–	**2 538**	2 487	**–**	–	**87 954**	108 133
31 436	29 796	**103 672**	113 003	**25 860**	23 691	**–**	–	**–**	–	**129 532**	136 694
12 062	6 157	**50 270**	40 724	**–**	–	**1 903**	878	**–**	–	**52 173**	41 602

Base Chemicals			Performance Chemicals			Group Functions			Total		
2017 Rm	2016 Rm	2015 Rm	**2017 Rm**	2016 Rm	2015 Rm	**2017 Rm**	2016 Rm	2015 Rm	**2017 Rm**	2016 Rm	2015 Rm
35 135	33 696	36 838	**67 806**	71 254	68 874	**516**	108	32	**172 407**	172 942	185 266
35 755	35 067	39 728	**69 886**	73 634	71 784	**516**	108	221	**193 975**	194 336	208 392
(620)	(1 371)	(2 890)	**(2 080)**	(2 380)	(2 910)	**–**	–	(189)	**(21 568)**	(21 394)	(23 126)
5 625	4 486	10 208	**10 000**	11 276	12 714	**552**	1 383	(72)	**31 705**	24 239	46 549
5 075	4 067	7 341	**7 948**	8 229	9 321	**(1 357)**	(211)	(1 655)	**20 374**	13 225	29 716
(901)	1 723	93	**663**	55	(1 804)	**10**	(147)	(535)	**1 616**	12 892	807
3 577	3 159	2 806	**3 438**	3 678	2 892	**735**	621	551	**16 204**	16 367	13 567
9 215	9 218	11 312	**14 533**	15 976	13 453	**(2 635)**	1 190	(419)	**46 236**	52 973	56 422
23 409	28 569	12 680	**23 828**	25 494	12 828	**886**	940	1 324	**60 343**	73 748	45 106
29 722	51 449	51 123	**27 396**	48 422	46 212	**761**	616	851	**90 736**	137 286	116 236

Geographic segment information

External turnover*	Mining 2017 Rm	Mining 2016 Rm	Mining 2015 Rm	Exploration and Production International 2017 Rm	Exploration and Production International 2016 Rm	Exploration and Production International 2015 Rm	Energy 2017 Rm	Energy 2016 Rm	Energy 2015 Rm
South Africa	**–**	–	19	**–**	–	5	**60 814**	60 312	71 959
Rest of Africa	**–**	–	–	**355**	379	236	**3 438**	3 502	3 299
Europe	**2 040**	1 496	1 484	**835**	861	955	**2**	3	5
North America	**–**	–	–	**560**	466	696	**–**	1	1
South America	**–**	–	–	**–**	–	–	**–**	–	–
Asia, Australasia and Middle East	**906**	864	712	**–**	–	151	**–**	–	–
Total operations	**2 946**	2 360	2 215	**1 750**	1 706	2 043	**64 254**	63 818	75 264

* The analysis of turnover is based on the location of the customer.

Operating profit/(loss)	Mining 2017 Rm	Mining 2016 Rm	Mining 2015 Rm	Exploration and Production International 2017 Rm	Exploration and Production International 2016 Rm	Exploration and Production International 2015 Rm	Energy 2017 Rm	Energy 2016 Rm	Energy 2015 Rm
South Africa	**2 775**	4 232	3 915	**1 307**	860	1 225	**12 248**	12 504	20 868
Rest of Africa	**–**	–	–	**707**	506	(283)	**(85)**	2 588	(40)
Europe	**658**	321	291	**(503)**	(1 694)	(1 731)	**(47)**	47	565
North America	**–**	–	–	**(728)**	(10 922)	(2 433)	**(1 756)**	(753)	(618)
South America	**–**	–	–	**–**	–	–	**–**	–	–
Asia, Australasia and Middle East	**292**	186	137	**(198)**	(464)	52	**858**	(317)	1 751
Total operations	**3 725**	4 739	4 343	**585**	(11 714)	(3 170)	**11 218**	14 069	22 526

Non-current assets

for the year ended 30 June	2017 Rm	2016 Rm	2015 Rm
South Africa	**139 398**	139 422	128 893
Rest of Africa	**17 856**	12 136	13 892
Europe	**13 925**	13 903	11 775
North America	**125 983**	100 247	49 457
South America	**1**	1	1
Asia, Australasia and Middle East	**10 118**	12 869	10 561
Total operations	**307 281**	278 578	214 579
Deferred tax asset	**3 082**	3 389	1 752
Post-retirement benefit assets	**622**	614	590
Total non-current assets	**310 985**	282 581	216 921

Base Chemicals			Performance Chemicals			Group Functions			Total		
2017 Rm	2016 Rm	2015 Rm	**2017 Rm**	2016 Rm	2015 Rm	**2017 Rm**	2016 Rm	2015 Rm	**2017 Rm**	2016 Rm	2015 Rm
17 997	18 040	18 772	**3 186**	3 396	4 463	**–**	–	–	**81 997**	81 748	95 218
2 716	2 429	4 321	**821**	1 179	1 314	**34**	87	–	**7 364**	7 576	9 170
5 392	4 932	3 984	**29 791**	32 641	30 417	**–**	–	–	**38 060**	39 933	36 845
2 643	2 286	2 553	**19 960**	20 650	22 270	**–**	–	–	**23 163**	23 403	25 520
307	354	1 173	**1 758**	2 178	1 452	**–**	–	15	**2 065**	2 532	2 640
6 080	5 655	6 035	**12 290**	11 210	8 958	**482**	21	17	**19 758**	17 750	15 873
35 135	33 696	36 838	**67 806**	71 254	68 874	**516**	108	32	**172 407**	172 942	185 266

Base Chemicals			Performance Chemicals			Group Functions			Total		
2017 Rm	2016 Rm	2015 Rm	**2017 Rm**	2016 Rm	2015 Rm	**2017 Rm**	2016 Rm	2015 Rm	**2017 Rm**	2016 Rm	2015 Rm
2 723	3 626	7 556	**1 516**	2 627	6 933	**(125)**	899	(1 159)	**20 444**	24 748	39 338
185	261	152	**121**	220	148	**26**	20	13	**954**	3 595	(10)
642	505	514	**3 076**	2 695	592	**84**	479	819	**3 910**	2 353	1 050
729	(1 026)	526	**3 541**	3 344	4 387	**85**	(18)	208	**1 871**	(9 375)	2 070
39	40	151	**221**	708	45	**–**	–	16	**260**	748	212
1 307	1 080	1 309	**1 525**	1 682	609	**482**	3	31	**4 266**	2 170	3 889
5 625	4 486	10 208	**10 000**	11 276	12 714	**552**	1 383	(72)	**31 705**	24 239	46 549

Reporting segments

The group has six main reportable segments that reflects the structure used by the Joint Presidents and Chief Executive Officers to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the activities that each undertakes and the products they manufacture and market (referred to as business segments). The group evaluates the performance of its reportable segments based on operating profit.

The operating model structure reflects how the results are reported to the Chief Operating Decision Maker (CODM). The CODM for Sasol are the Joint Presidents and Chief Executive Officers.

Operating business units

Mining
Mining is responsible for securing the coal feedstock for the Southern African value chain, mainly for gasification, but also to generate electricity and steam. The coal is sold for gasification and utility purposes to Secunda Synfuels, for utility purposes to Sasolburg Operations; and to third parties in the export market.

Mining sells coal under both long- and short-term contracts at a price determinable from the agreements. Turnover is recognised upon delivery of the coal to the customer, which, in accordance with the related contract terms is the point at which the title and risks and rewards of ownership pass to the customer. Prices are fixed or determinable and collectability is reasonably assured.

The date of delivery related to Mining is determined in accordance with the contractual agreements entered into with customers. These are summarised as follows:

Delivery terms	Title and risks, and rewards of ownership pass to the customer
Free on Board	When the coal is loaded onto the vessel at Richards Bay Coal Terminal – the customer is responsible for shipping and handling costs.
Free on Barge (Amsterdam)	When the coal is loaded from Overslag Bedrijf Amsterdam stockpile onto the customer vessel – the seller is responsible for shipping and handling costs, these are, however, recovered from the customer.
Cost Insurance Freight and Cost Freight Railage	When the coal is loaded into the vessel – the seller is responsible for shipping and handling costs which are included in the selling price.

The related costs of sales are recognised in the same period as the supply of the coal and include any shipping and handling costs incurred. All inter-segment sales are conducted at market related prices.

Exploration and Production International
Exploration and Production International (E&PI) develops and manages the group's upstream interests in oil and gas exploration and production in Mozambique, South Africa, Australia, Canada and Gabon.

E&PI sells Mozambican gas under long-term contracts to both Sasol and external customers, condensate on short-term contracts, and Canadian gas into the market at spot prices. Oil is sold to customers under annual contracts. Prices are determinable from the agreements, and on the open market.

Strategic business units

Performance Chemicals
Performance Chemicals markets commodity and differentiated performance chemicals. The key product lines are organics, inorganics and wax value chains. These are produced in various Sasol production facilities around the world.

Base Chemicals
Base Chemicals markets commodity chemicals based on the group's upstream Fischer-Tropsch, ethylene, propylene and ammonia value chains. The key product lines are polymers, solvents and ammonia-based fertilisers. These are produced in various Sasol production facilities around the world.

The Base and Performance Chemicals businesses sell the majority of their products under contracts at prices determinable from such agreements. Turnover is recognised upon delivery to the customer which, in accordance with the related contract terms, is the point at which the title and risks and rewards of ownership transfer to the customer. Prices are determinable and collectability is reasonably assured. Turnover on consignment sales is recognised on consumption by the customer, when title and the risks and rewards of ownership pass to the customer. Prices are determinable and collectability is reasonably assured.

The date of delivery is determined in accordance with the contractual agreements entered into with customers which are as follows:

Delivery terms	Title and 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 loaded into the customer's vehicle or unloaded at the seller's premises.
Carriage Paid To	On delivery of products to a specified location (main carriage is paid for by the seller).
Free on Board	When products are loaded into the transport vehicle – the customer is responsible for shipping and handling costs.
Cost of Insurance Freight and Cost Freight Railage	When products are loaded into the transport vehicle – the seller is responsible for shipping and handling costs which are included in the selling price.
Proof of Delivery	When products are delivered to and signed for by the customer.
Consignment Sales	As and when products are consumed by the customer.

Energy

Energy is responsible for the sales and marketing of liquid fuels, pipeline gas and electricity. In South Africa, Energy sells approximately nine billion litres of liquid fuels annually, blended from fuel components produced by the Secunda Synfuels operations, crude oil refined at Natref, as well as some products purchased from other refiners. Energy markets approximately 55bscf of natural and methane-rich gas a year.

Energy sells liquid fuel products under both short- and long-term agreements for both retail sales and commercial sales, including sales to other oil companies. The prices for retail sales are regulated and fixed by South African law. For commercial sales and sales to other oil companies, the prices are fixed and determinable according to the specific contract, with periodic price adjustments.

Turnover for the supply of fuel is based on measurement through a flow-meter into customers' tanks. Turnover is recognised under the following arrangements:

Delivery terms	Title and risks, and rewards of ownership pass to the customer:
Commercial sales transactions and sales to other oil companies	The risks and rewards of ownership, as well as the title of the product, transfer to the customer when product is delivered to the customer site. This is the point where collectability is reasonably assured.
Dealer-owned supply agreements and franchise agreements	The risks and rewards of ownership of the product transfer to the customer upon delivery of the product to the customer. Title under these contracts is retained to enable recovery of the goods in the event of a customer default on payment. However, the title to the goods does not enable the group to dispose of the product or rescind the transaction, and cannot prevent the customer from selling the product.

Transportation and handling costs are included in turnover when billed to customers in conjunction with the sale of a product. The related costs of sales are recognised in the same period as the turnover.

Gas is sold under long-term contracts at a price determinable from the supply agreements. Turnover is recognised at the intake flange of the customer where it is metered, which is the point at which the title and risks and rewards of ownership pass to the customer, and where prices are determinable and collectability is reasonably assured. Gas analysis and tests of the specifications and content are performed prior to delivery.

The Energy business also develops, implements and manages the group's international business ventures based on Sasol's proprietary gas-to-liquids (GTL) technology. Sasol holds 49% in ORYX GTL in Qatar, and an indirect 10% share in Escravos GTL in Nigeria.

Turnover is derived from the sale of goods produced by the operating facilities and is recognised when, in accordance with the related contract terms, the title and risks and rewards of ownership pass to the customer. Prices are fixed or determinable and collectability is reasonably assured. Shipping and handling costs are included in turnover when billed to customers in conjunction with the sale of the products. Turnover is also derived from the rendering of engineering services to external partners in joint ventures upon the proof of completion of the service.

Group Functions

Group Functions includes head office and centralised treasury operations.

EARNINGS
Generated from operations

Page

Operating activities

for the year ended 30 June		2017 Rm	2016 Rm	2015 Rm
1	**Turnover**			
	Sale of products	**169 115**	170 830	183 935
	Services rendered	**1 549**	1 695	998
	Other trading income*	**1 743**	417	333
		172 407	172 942	185 266

* In 2017, other trading income includes licensing fees from the Uzbekistan GTL project.

Accounting policies:

Revenue is recognised at the fair value of the consideration received or receivable net of indirect taxes, rebates and trade discounts and consists primarily of the sale of products, services rendered, licence fees and royalties.

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 has substantially transferred all the risks and rewards of ownership and no longer retains continuing managerial involvement associated with ownership or effective control;
- 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; and
- licence fees and royalties are recognised on an accrual basis.

The group enters into exchange agreements with the same counterparties for the purchase and sale of inventory that are entered into in contemplation of one another. When the items exchanged are similar in nature, these transactions are combined and accounted for as a single exchange transaction. The exchange is recognised at the carrying amount of the inventory transferred.

For further information on revenue recognition, refer to Segment information on pages 56 to 57.

for the year ended 30 June		2017 Rm	2016 Rm	2015 Rm
2	**Materials, energy and consumables used**			
	Cost of raw materials	**63 291**	63 781	72 962
	Cost of electricity and other consumables used in production process	**8 145**	7 539	7 207
		71 436	71 320	80 169

Costs relating to items that are consumed in the manufacturing process, including changes in inventories and distribution costs up until the point of sale.

for the year ended 30 June	Note	2017 Rm	2016 Rm	2015 Rm
3 Employee-related expenditure				
Analysis of employee costs				
Labour		**26 646**	25 878	25 531
salaries, wages and other employee-related expenditure		**24 814**	23 996	23 921
post-employment benefits		**1 832**	1 882	1 610
Share-based payment expenses*		**226**	494	(1 161)
equity-settled	34	**463**	123	221
cash-settled	33	**(237)**	371	(1 382)
Total employee-related expenditure		**26 872**	26 372	24 370
Costs capitalised to projects		**(2 455)**	(2 461)	(2 274)
Per income statement		**24 417**	23 911	22 096

* 2015 excludes the Sasol Inzalo refinancing share-based payment expense of R280 million, which has been disclosed as other operating expenses. Refer to note 34.

The total number of permanent and non-permanent employees, in approved positions, including the group's share of employees within joint operation entities and excluding contractors, joint ventures' and associates' employees, is analysed below:

for the year ended 30 June	2017 Number	2016 Number	2015 Number
Permanent employees	**30 600**	29 726	30 257
Non-permanent employees	**300**	374	662
	30 900	30 100	30 919

The number of employees by area of employment is analysed as follows:

for the year ended 30 June	2017 Number	2016 Number	2015 Number
Business segmentation			
Mining	**7 483**	7 263	7 908
Exploration and Production International	**416**	413	494
Energy	**5 008**	4 820	4 799
Base Chemicals	**6 407**	6 122	5 983
Performance Chemicals	**6 466**	6 365	6 326
Group Functions	**5 120**	5 117	5 409
Total operations	**30 900**	30 100	30 919

Accounting policies:

Remuneration of employees is charged to the income statement, except where it is capitalised to projects in line with the accounting policy for assets under construction.

Short-term employee benefits

Short-term employee benefits includes salaries, wages and costs of temporary employees, paid vacation leave, sick leave and incentive bonuses.

Long-term employee benefits

Long-term employee benefits are those benefits that are expected to be wholly settled more than 12 months after the end of the annual reporting period, in which the services have been rendered and are discounted to their present value.

Post-retirement benefits

Further information on these benefits is provided in Note 32, and include defined benefit contribution plans, as well as defined benefit plans.

for the year ended 30 June	2017 Rm	2016 Rm	2015 Rm
4 Translation (losses)/gains			
Arising from			
Trade and other receivables	**(909)**	1 431	1 370
Trade and other payables	**237**	(142)	(339)
Foreign currency loans	**313**	(1 475)	(865)
Other	**(842)**	336	(1 125)
	(1 201)	150	(959)
Business segmentation			
Mining	**(19)**	12	14
Exploration and Production International	**337**	(694)	(380)
Energy	**(299)**	(53)	(104)
Base Chemicals	**(336)**	375	203
Performance Chemicals	**(357)**	499	136
Group Functions	**(527)**	11	(828)
Total operations	**(1 201)**	150	(959)

Differences arising on the translation of monetary assets and liabilities into functional currency.

for the year ended 30 June	2017 Rm	2016 Rm	2015 Rm
5 Other operating expenses and income			
Rentals	**1 367**	1 243	1 114
Insurance	**511**	457	542
Computer costs	**1 991**	1 832	1 614
Hired labour	**878**	893	804
Audit remuneration	**89**	85	87
Derivative gains (including foreign exchange contracts)	**(635)**	(1 250)	(317)
Professional fees	**1 383**	1 202	1 227
Changes in rehabilitation provisions	**472**	1 946	(1 722)
Other expenses[1]	**6 981**	6 603	7 505
Other operating income[2]	**(1 688)**	(3 788)	(1 901)
	11 349	9 223	8 953

1 Included in other expenses are restructuring costs related to our Business Performance Enhancement Programme of Rnil (2016 – R235 million; 2015 – R1 525 million).

2 Other operating income in June 2016 includes the reversal of the EGTL provision of R2 296 million, after a favourable decision at the Tax Appeal Tribunal.

6 Net finance costs

for the year ended 30 June	Note	2017 Rm	2016 Rm	2015 Rm
Finance income				
Dividends received from investments		**59**	23	46
Notional interest received		**1**	114	39
Interest received on		**1 508**	1 682	1 189
other long-term investments		**36**	30	20
loans and receivables		**349**	316	216
cash and cash equivalents		**1 123**	1 336	953
Per income statement		**1 568**	1 819	1 274
Less: notional interest		**(1)**	(114)	(39)
Less: interest received on tax		**(103)**	(72)	(1)
Per the statement of cash flows		**1 464**	1 633	1 234
Finance costs				
Debt		**3 463**	2 696	1 351
debt		**3 162**	2 599	1 351
interest rate swap – net settlements		**301**	97	–
Preference share dividends		**989**	981	1 034
Finance leases		**86**	76	93
Other[1]		**378**	26	32
		4 916	3 779	2 510
Amortisation of loan costs	15	**279**	157	113
Notional interest	30	**834**	657	725
Total finance costs		**6 029**	4 593	3 348
Amounts capitalised to assets under construction	17	**(2 764)**	(2 253)	(1 118)
Per income statement		**3 265**	2 340	2 230
Total finance costs before amortisation of loan costs and notional interest		**4 916**	3 779	2 510
Less: interest accrued on long-term debt	15	**(956)**	(530)	(408)
Less: interest accrued on tax payable[1]		**(348)**	–	(5)
Per the statement of cash flows		**3 612**	3 249	2 097

1 Interest accrued on tax payable in 2017 relates mainly to our tax litigation claim. Refer to note 11.

for the year ended 30 June	2017 Rand	2016 Rand	2015 Rand
7 Earnings and dividends per share			
Attributable to owners of Sasol Limited			
Basic earnings per share	**33,36**	21,66	48,71
Headline earnings per share	**35,15**	41,40	49,76
Diluted earnings per share	**33,27**	21,66	48,70
Diluted headline earnings per share	**35,05**	41,40	49,75
Dividends per share	**12,60**	14,80	18,50
interim	**4,80**	5,70	7,00
final*	**7,80**	9,10	11,50

* Declared subsequent to 30 June 2017 and has been presented for information purposes only. No accrual regarding the final dividend has been recognised.

Earnings per share (EPS)

Earnings per share is derived by dividing attributable earnings by the weighted average number of shares, after taking the share repurchase programme and the Sasol Inzalo share transaction into account. Appropriate adjustments are made in calculating diluted, headline and diluted headline earnings per share.

		Number of shares		
for the year ended 30 June		2017	2016	2015
Weighted average number of shares	million	**610,7**	610,7	610,1
Earnings attributable to owners of Sasol Limited	Rm	**20 374**	13 225	29 716
Basic earnings per share	Rand	**33,36**	21,66	48,71

Headline earnings per share (HEPS)

	Number of shares		
for the year ended 30 June	2017 million	2016 million	2015 million
Weighted average number of shares	**610,7**	610,7	610,1

for the year ended 30 June	Note	2017 Rm	2016 Rm	2015 Rm
Headline earnings is determined as follows:				
Earnings attributable to owners of Sasol Limited		**20 374**	13 225	29 716
Adjusted for:				
Effect of remeasurement items for subsidiaries and joint operations, net of tax	8	**1 077**	12 046	642
gross remeasurement items		**1 616**	12 892	807
tax effect and non-controlling interest effect		**(539)**	(846)	(165)
Effect of remeasurement items for equity accounted investments	8	**14**	13	(1)
Headline earnings		**21 465**	25 284	30 357

for the year ended 30 June	2017 Rand	2016 Rand	2015 Rand
Headline earnings attributable to owners of Sasol Limited			
Headline earnings per share	**35,15**	41,40	49,76

7 Earnings and dividends per share continued

Diluted earnings per share (DEPS) and diluted headline earnings per share (DHEPS)

Diluted earnings per share (DEPS) and diluted headline earnings per share (DHEPS) are calculated considering the potential dilution that could occur if all of the group's long-term incentives (LTIs) had vested, if all outstanding share options were exercised and the effects of all dilutive potential ordinary shares resulting from the Sasol Inzalo share transaction. The number of shares outstanding is adjusted to show the potential dilution if the LTI's were settled in Sasol Limited shares. The Sasol Inzalo share transaction is anti-dilutive for EPS and HEPS in 2017, 2016 and 2015.

	Number of shares		
for the year ended 30 June	**2017 million**	2016 million	2015 million
Weighted average number of shares	**610,7**	610,7	610,1
Potential dilutive effect of outstanding share options*	**–**	–	0,1
Potential dilutive effect of long-term incentive scheme**	**1,7**	–	–
Diluted weighted average number of shares for DEPS and DHEPS	**612,4**	610,7	610,2

* The share option scheme expired in December 2015.
** On 25 November 2016, the cash-settled LTI scheme was converted to an equity-settled share scheme.

for the year ended 30 June	**2017 Rm**	2016 Rm	2015 Rm
Diluted earnings is determined as follows:			
Earnings attributable to owners of Sasol Limited	**20 374**	13 225	29 716
Diluted earnings attributable to owners of Sasol Limited	**20 374**	13 225	29 716
Diluted headline earnings is determined as follows:			
Headline earnings attributable to owners of Sasol Limited	**21 465**	25 284	30 357
Diluted headline earnings attributable to owners of Sasol Limited	**21 465**	25 284	30 357

for the year ended 30 June	**2017 Rand**	2016 Rand	2015 Rand
Diluted earnings per share	**33,27**	21,66	48,70
Diluted headline earnings per share	**35,05**	41,40	49,75

The Sasol Inzalo share transaction will unwind in June and September 2018. The Sasol Limited shares held in the Inzalo structures, relating to the funded invitation will be sold into the market in order to repay the external preference share debt. This could result in a dilutionary impact, as the 25,6 million shares held in the Inzalo structures will then be included in the weighted average number of shares.

Once-off items

for the year ended 30 June	Note	2017 Rm	2016 Rm	2015 Rm
8 Remeasurement items affecting operating profit				
Effect of remeasurement items for subsidiaries and joint operations				
Impairment of		**2 477**	12 320	2 853
property, plant and equipment	16	**415**	8 424	294
assets under construction	17	**1 942**	3 586	2 555
goodwill and other intangible assets		**120**	310	3
other assets		**–**	–	1
Reversal of impairment of		**(1 136)**	–	(2 036)
property, plant and equipment	16	**(272)**	–	(294)
assets under construction	17	**(849)**	–	(1 727)
goodwill and other intangible assets		**–**	–	(15)
equity accounted investments		**(15)**	–	–
Fair value write down – assets held for sale	10	**64**	–	–
Loss/(profit) on	9	**211**	936	866
disposal of property, plant and equipment		**(25)**	(412)	(257)
disposal of goodwill and other intangible assets		**4**	24	164
disposal of other assets		**–**	(1)	–
disposal of businesses		**(51)**	226	410
scrapping of property, plant and equipment		**183**	266	174
disposal and scrapping of assets under construction		**100**	833	375
Write-off of unsuccessful exploration wells	17	**–**	(3)	–
Realisation of foreign currency translation reserve		**–**	(361)	(876)
Remeasurement items per income statement		**1 616**	12 892	807
Tax effect		**(532)**	(829)	(186)
Non-controlling interest effect		**(7)**	(17)	21
Total remeasurement items for subsidiaries and joint operations, net of tax		**1 077**	12 046	642
Effect of remeasurement items for equity accounted investments		**14**	13	(1)
Total remeasurement items for the group, net of tax		**1 091**	12 059	641

Impairment/reversal of impairments

The group's non-financial assets, other than inventories and deferred tax assets, are reviewed for impairment at each reporting date or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverable amounts are estimated for individual assets or, where an individual asset cannot generate cash inflows independently, the recoverable amount is determined for the larger cash generating unit to which it belongs.

Value-in-use calculations

The recoverable amount of the assets reviewed for impairment is determined based on the value-in-use calculations. Key assumptions relating to this valuation include the discount rate and cash flows used to determine the value-in-use. Future cash flows are estimated based on financial budgets covering a five year period and extrapolated over the useful life of the assets to reflect the long term plans for the group using the estimated growth rate for the specific business or project. Where reliable cash flow projections are available for period longer than five years, those budgeted cash flows are used in the value-in-use calculation. The estimated future cash flows and discount rate are post-tax, based on the assessment of current risks applicable to the specific entity and country in which it operates. Discounting post-tax cash flows at a post-tax discount rate yields the same results as discount pre-tax cash flows at a pre-tax discount rate, assuming there are no significant temporary tax differences.

8 Remeasurement items affecting operating profit continued

Main assumptions used for value-in-use calculations

		2017	2016	2015
Long-term average crude oil price (Brent) (nominal)*	US$/bbl	**74,29**	85,37	94,57
Long-term average gas price (Henry Hub), excluding margins (real)*	US$/mmbtu	**3,69**	3,73	4,40
Long-term average ethane price (nominal)*	USc/gal	**44,27**	62,49	78,12
Long-term average exchange rate*	Rand/US$	**14,71**	14,95	13,26

* Assumptions are provided on a long-term average basis. The 2017 oil price and exchange rate assumptions are calculated based on a five year period, while the ethane price is calculated based on a ten year period. The Henry Hub gas price is linked to the plant's useful life and calculated until 2041. Oil price and exchange rate assumptions provided for the comparative periods are based on a ten year period.

		South Africa %	United States of America %	Europe %	Canada %
Growth rate – long-term Producer Price Index	**2017**	**5,50**	**2,00**	**2,00**	**2,00**
Weighted average cost of capital*	**2017**	**12,50**	**6,60**	**6,60 – 8,22**	**6,60**
Discount rate – risk adjusted	**2017**	**12,50**	**6,60**	**6,60 – 8,22**	**9,50 – 9,80**
Growth rate – long-term Producer Price Index	2016	6,02	2,52	1,80	2,00
Weighted average cost of capital*	2016	14,05	8,00	8,00 – 9,35	8,00
Discount rate – risk adjusted	2016	14,05	8,00	8,00 – 9,35	9,50 – 9,80
Growth rate – long-term Producer Price Index	2015	5,70	1,40	1,40	1,40
Weighted average cost of capital*	2015	12,95	8,00	8,00 – 9,35	8,00
Discount rate – risk adjusted	2015	12,95	8,00	8,00 – 9,35	9,50 – 9,80

* Calculated using spot market factors on 30 June.

Areas of judgement:

Management determines the expected performance of the assets based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the increase in the geographic segment long-term Producer Price Index. Estimations are based on a number of key assumptions such as volume, price and product mix which will create a basis for future growth and gross margin. These assumptions are set in relation to historic figures and external reports. If necessary, these cash flows are then adjusted to take into account any changes in assumptions or operating conditions that have been identified subsequent to the preparation of the budgets.

The weighted average cost of capital rate (WACC) is derived from a pricing model. The variables used in the model are established on the basis of management judgement and current market conditions. Management judgement is also applied in estimating the future cash flows and defining of the cash-generating units. These values are sensitive to the cash flows projected for the periods for which detailed forecasts are not available and to the assumptions regarding the long-term sustainability of the cash flows thereafter.

Significant impairments/(reversals) of assets in 2017

Cash-generating unit (CGU)	Business segmentation	Property, plant and equipment 2017 Rm	Assets under con-struction 2017 Rm	Goodwill and other intangible assets 2017 Rm	Other 2017 Rm	**Total 2017 Rm**
US Gas-To-Liquids (GTL)	Energy	**–**	**1 697**	**–**	**–**	**1 697**
Lake Charles Chemicals Project – LDPE	Base Chemicals	**–**	**(849)**	**–**	**–**	**(849)**
Sasol Gabon	Exploration and Production International	**(197)**	**–**	**–**	**–**	**(197)**
Australia	Exploration and Production International	**–**	**189**	**–**	**–**	**189**
US Phenolics	Performance Chemicals	**415**	**11**	**101**	**–**	**527**
Other	Various	**(75)**	**45**	**19**	**(15)**	**(26)**
		143	**1 093**	**120**	**(15)**	**1 341**

US Gas-To-Liquids (GTL)

The delay of the US GTL project and the uncertainty around the probability and timing of project execution remains as an indicator of impairment. The strategic intention and positioning of the project is still being considered, with further clarity expected from the Board in 2018.

Consideration was given to the nature of the costs currently capitalised, and whether these would have any value should the project recommence (in the US, or in any other region).

The FEED activities already undertaken could still have value, however, a significant portion (+/-50 – 60%) would need to be redone, should a positive GTL decision be taken by the Board. This 're-do' percentage would likely increase to 100% if the GTL project is started up later than 2023, based on changes in technology and project memory loss within the organisation by that time.

In the absence of the formal strategic decision around GTL, there is too much uncertainty to define whether GTL will be pursued in the near- to medium-term future. There are a number of possible GTL opportunities for the group, which, if pursued with the intention of maximising the work already performed, could result in at least 40-50% of those previous activities still having value.

Accordingly, an impairment of R1 697 million (US$130 million), which represents approximately 60% of the capitalised costs, was recognised on US GTL at 30 June 2017. The remaining carrying value of US GTL at 30 June 2017 is R2 377 million (US$182 million) which includes R1 267 million (US$97 million) relating to land and R1 110 million (US$85 million) relating to capitalised FEED cost.

Base Chemicals – Lake Charles Chemicals Project

At 30 June 2016, following the announcement of the US$2 billion cost overrun on the LCCP, we recognised an impairment of R956 million (US$65 million) on the Low-Density Polyethylene (LDPE) unit.

At 31 December 2016, following a detailed review of the plant economics and evaluating the results of benchmarking of similar Sasol assets, the useful life of the asset was extended from 25 years to 50 years.

At 30 June 2017, the impairment was re-assessed taking the following factors into account:

- The spot WACC rate for the US decreased from 8,0% to 6,6% at 30 June 2017;
- Project completion has advanced to 74%, giving more certainty to the timeline and cost estimates;
- The benefit of the useful life extension has created sustained headroom in the value-in-use calculation; and
- The completion of an evaluation of the project cost and schedule, including external assurance , indicating that the project overall cost and expected milestones are achievable.

Based on the above, the previous impairment of US$65 million (R849 million) was reversed on 30 June 2017.

8 Remeasurement items affecting operating profit continued

US Phenolics

Significantly lower forecasted profit margins and lower volumes resulted in an impairment of US$38,4 million (R527 million) at 31 December 2016. This is in addition to the US$11,2 million (R165 million) impairment recognised at 30 June 2016. The useful life of the CGU is limited to 2034, given that the feedstock is produced in the TNPE unit in Sasolburg. The carrying value remaining at 30 June 2017 was US$90,6 million (R1 183 million).

Significant impairments of assets in prior periods

Shale gas assets – Sasol Canada

Our shale gas assets in Canada were impaired by R9,9 billion (CAD880 million) during 2016, in addition to R1,3 billion (CAD133 million) impaired in 2015. These significant impairments ware largely driven by the depressed gas market, resulting in a further decline in long-term gas prices.

FTWEP – Performance Chemicals

In 2013 the FTWEP project was impaired by R2,0 billion, mainly due to the volatile macroeconomic environment, and increased costs due to delays and poor labour productivity. This impairment was subsequently fully reversed in 2015, driven by the extension of the useful life of the asset to 2034.

Sensitivity to changes in assumptions

Management has considered the sensitivity of the value-in-use calculations to various key assumptions such as crude oil and gas prices, commodity prices and exchange rates. These sensitivities have been taken into consideration in determining the required impairments and reversals of impairments. The following assets are particularly impacted by changes in key assumptions:

US Gas-To-Liquids (GTL)

There are various other factors that could have a significant impact on the economics of the US GTL. These include the exposure to low crude oil prices, project execution and delayed start-ups, accuracy of assumptions of the internal rate of return at date of execution and the premiums and margins earned on GTL diesel. Movements in these fundamentals can impact the project returns and the future viability of the US GTL project. Additionally uncertainties remain around the viability of the FEED costs and ability to utilise the technology in future.

Base Chemicals – Lake Charles Chemicals Project

The LCCP is particularly sensitive to changes in assumptions regarding cost, schedule, as well as pricing margins. A cost overrun of US$500 million or a schedule delay of 6 months would impact the overall recoverable amount by between US$200 million and US$400 million, however there would still be no impairment required, as the headroom over the carrying amounts is sufficient to absorb this. A 5% change in the ethane price assumptions would impact the recoverable amount by between US$350 and US$450 million. Pricing factors are outside of the control of management.

Sasol Canada – Shale gas assets

The benefit of the funding commitment settled in the prior period resulted in no additional impairment being recognised in respect of the Sasol Canada shale gas assets for the year ended 30 June 2017. The value-in-use calculation is particularly sensitive to changes in volume forecasts, the gas price and exchange rates. These variables are interdependent and accordingly a 5% change in any of these variables could change the recoverable amount by R1 383 million – R1 622 million (CAD137 million – CAD161 million). Some of these factors are within the control of management and are monitored closely to minimise the impact of potential impairments. The gas price, however, is driven by global macro-economics, and hence cannot be controlled by management. We continue to monitor this asset for further impairments or signs of recovery indicating a reversal of impairment.

Sasol Petroleum Mozambique – Production Sharing Agreement (PSA)

No impairment was recognised in respect of the PSA asset for the year ended 30 June 2017. Despite the sustained economic and political instability in Mozambique, management remains committed to its investment in the region. The project is still in an early stage of development and is particularly sensitive to the oil price, capital estimates and production volume forecasts.

Accounting policies:

Remeasurement items are items of income and expense recognised in the income statement that are less closely aligned to the operating or trading activities of the reporting entity and includes the impairment of non-current assets, profit or loss on disposal of non-current assets including businesses and equity accounted investments, and scrapping of assets. The group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, to determine whether there is any indication of impairment. An impairment test is performed on all goodwill, intangible assets not yet in use and intangible assets with indefinite useful lives at each reporting date.

The recoverable amount of an asset is defined as the amount that reflects the greater of the fair value less costs of disposal and value-in-use that can be attributed to an asset as a result of its ongoing use by the entity. Value-in-use is estimated using a discounted cash flow model. The future cash flows are adjusted for risks specific to the asset and is adjusted where applicable to take into account any specific risks relating to the country where the asset or cash-generating unit is located. The rate applied in each country is reassessed each year. The recoverable amount may be adjusted to take into account recent market transactions for a similar asset.

Some assets are an integral part of the value chain but are not capable of generating independent cash flows because there is no active market for the product streams produced from these assets, or the market does not have the ability to absorb the product streams produced from these assets or it is not practically possible to access the market due to infrastructure constraints that would be costly to construct. Product streams produced by these assets form an input into another process and accordingly do not have an active market. These assets are classified as corporate assets in terms of IAS 36 when their output supports the production of multiple product streams that are ultimately sold into an active market.

The group's corporate assets are allocated to the relevant cash generating unit based on a cost or volume contribution metric. Costs incurred by the corporate asset are allocated to the appropriate cash generating unit at cost. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the cash-generating unit to which the corporate asset belongs.

In Southern Africa, the coal value chain originates with feedstock mined in Secunda and Sasolburg and continues along the integrated processes of the operating business units, ultimately resulting in fuels and chemicals-based product lines. Similarly, the gas value chain starts with the feedstock obtained in Mozambique and continues along the conversion processes in Secunda and Sasolburg, ultimately resulting in fuels and chemicals-based product lines.

The groups of assets which support the different product lines, including corporate asset allocations, are considered to be separate cash-generating units.

In the US, the ethylene value chain results in various chemicals-based product lines, sold into active markets. The assets which support the different chemicals-based product lines, including corporate asset allocations, are considered to be separate cash-generating units.

In Europe, the identification of separate cash-generating units is based on the various product streams that have the ability to be sold into active markets by the European business units.

Certain products are sometimes produced incidentally from the main conversion processes and can be sold into active markets. When this is the case, the assets that are directly attributable to the production of these products, are classified as separate cash-generating units. The cost of conversion of these products is compared against the revenue when assessing the asset for impairment.

Exploration assets are tested for impairment when development of the property commences or whenever facts and circumstances indicate impairment. An impairment loss is recognised for the amount by which the exploration assets carrying amount exceeds their recoverable amount.

for the year ended 30 June	Note	2017 Rm	2016 Rm	2015 Rm
9 Disposals and scrapping				
Property, plant and equipment	16	**836**	348	298
cost		**7 037**	5 099	3 977
accumulated depreciation and impairment		**(6 201)**	(4 751)	(3 679)
Assets under construction	17	**105**	963	841
Goodwill and other intangible assets		**103**	107	239
cost		**173**	392	352
accumulated amortisation and impairment		**(70)**	(285)	(113)
Equity accounted investments – Uzbekistan GTL LLC		**–**	1 042	(21)
Long-term receivables and prepaid expenses		**7**	–	–
Assets in disposal groups held for sale		**–**	126	796
Trade and other receivables		**7**	–	–
Cash and cash equivalents		**–**	–	105
Long-term provisions	30	**–**	(356)	–
Long-term deferred income		**–**	–	11
Liabilities in disposal groups held for sale		**–**	(43)	(201)
Short-term provisions		**–**	–	6
Trade and other payables		**(30)**	–	19
		1 028	2 187	2 093
Total consideration		**788**	772	1 210
consideration received		**788**	569	1 210
consideration still receivable		**–**	203	–
		(240)	(1 415)	(883)
Realisation of accumulated translation effects		**29**	479	17
Net loss on disposal		**(211)**	(936)	(866)
Total consideration comprising				
Exploration and Production International – Farm down of Area A in Mozambique		**–**	464	–
Energy – Sale of Canada land		**389**	–	–
Performance Chemicals – Sale of Baltimore land		**–**	92	–
Base Chemicals – Sale of DongGuan packaging facility		**89**	–	–
Other		**310**	216	1 210
Total consideration		**788**	772	1 210

Significant disposal in 2017

Energy – Sale of Canada land

In 2017, we disposed of a portion of our land in Canada with a carrying value of CAD35 million (R354 million) for proceeds of CAD38 million (R389 million).

Significant disposals in prior periods

Energy – Investment in Uzbekistan GTL joint venture

In light of the current economic environment, we reviewed our long-term strategic interest in the Uzbekistan Gas-to-Liquids (GTL) investment. We decided to withdraw from our equity participation by exercising a put option on 8 April 2016 for US$1. Accordingly, the disposal of the equity accounted investment with a carrying value of R1 042 million was accounted for on the date of exercise of the put option resulting in a net loss of R563 million, including the impact of the reclassification of the Foreign Currency Translation Reserve of R479 million in 2016.

Exploration and Production International – Exploration licences

In 2015, we withdrew from our Nigerian licences, recognising a loss on disposal of R569 million.

for the year ended 30 June	2017 Rm	2016 Rm
10 Disposal groups held for sale		
Assets in disposal groups held for sale		
Energy – Land in Canada	**–**	569
Energy – Property and mineral rights in the US*	**200**	264
Group Functions – Investment in Oxis Energy Limited	**–**	212
Other	**16**	19
	216	1 064

* A fair value write down of R64 million was recognised on the Lake deSmet property based on the estimated fair value less cost to sell at 30 June 2017.

Business segmentation		
Mining	**14**	16
Energy	**202**	836
Group Functions	**–**	212
Total operations	**216**	1 064

Accounting policies:

A non-current asset or disposal group (a business grouping of assets and their related liabilities) is designated as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification as held for sale of a non-current asset or disposal group occurs when it is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset or disposal group, an active divestiture programme has been initiated, the non-current asset or disposal group is marketed at a price reasonable to its fair value and the disposal will be completed within one year from classification.

Where a disposal group held for sale will result in the loss of control or joint control of a subsidiary or joint operation, respectively, all the assets and liabilities of that subsidiary or joint operation are classified as held for sale, regardless of whether a non-controlling interest in the former subsidiary or an ongoing interest in the joint operation is to be retained after the sale.

Where a disposal group held for sale will result in the loss of joint control of a joint venture or significant influence of an associate, the full investment is classified as held for sale. Equity accounting ceases from the date the joint venture or associate is classified as held for sale.

Before classification of a non-current asset or disposal group as held for sale, it is reviewed for impairment. The impairment loss charged to the income statement is the excess of the carrying amount of the non-current asset over its expected fair value less costs to sell.

No depreciation or amortisation is provided on non-current assets from the date they are classified as held for sale.

Taxation

for the year ended 30 June	Note	2017 Rm	2016 Rm	2015 Rm
11 Taxation				
South African normal tax		**4 393**	5 826	5 673
current year		**3 887**	6 084	6 036
prior years		**506**	(258)	(363)
Dividend withholding tax		**59**	86	80
Foreign tax		**2 682**	2 420	3 077
current year		**2 680**	2 704	3 101
prior years		**2**	(284)	(24)
Income tax		**7 134**	8 332	8 830
Deferred tax – South Africa	13	**2 677**	1 894	5 425
current year		**2 634**	1 878	5 521
prior years		**43**	16	(96)
Deferred tax – foreign	13	**(1 316)**	(1 535)	176
current year		**(718)**	(734)	152
prior years		**(127)**	81	28
recognition of previously unrecognised deferred tax assets*		**(470)**	(945)	–
tax rate change		**(1)**	63	(4)
		8 495	8 691	14 431

* Included is the recognition of a deferred tax asset relating to the accumulated tax losses in Italy which were previously limited in line with the forecasted utilisation thereof. In 2017, recent profits and a successful business turnaround strategy have resulted in the recognition of a previously unrecognised deferred tax asset of EUR25,4 million (R377,2 million). Additionally R93 million (2016 – R917 million) of previously unrecognised tax assets were recognised after the approval of the Production Sharing Agreement (PSA) licence area's Field Development Plan (FDP) in Mozambique.

Regional analysis		2017 Rm	2016 Rm	2015 Rm
South Africa		**7 013**	7 806	11 178
Rest of Africa		**951**	(526)	472
Europe		**906**	1 137	1 280
United States of America		**(424)**	183	1 402
Other		**49**	91	99
Total operations		**8 495**	8 691	14 431

Contingent liability

The South African Revenue Service ("SARS") has issued revised assessments for Sasol Oil (Pty) Ltd ("Sasol Oil") relating to a dispute around its international crude oil procurement activities for the 2005 to 2012 tax years. These revisions could result in potential adjustments to the company's taxable income and an additional tax liability including interest and penalties of approximately R1,2 billion for the periods 2005 to 2014. Sasol Oil has co-operated fully with SARS during the course of the audit related to these assessments. SARS' decisions to suspend the payment of this disputed tax for the periods 2005 to 2012 currently remain in force.

The litigation process in the Tax Court, relating to the international crude oil procurement activities for the 2005 to 2007 years of assessment was concluded and judgement was delivered on 30 June 2017 in favour of SARS. As a result, a liability of R1,2 billion has been recognised in the annual financial statements in respect of the 2005 to 2014 matters that remain the subject of the ongoing litigation. Sasol Oil, in consultation with its tax and legal advisors, does not support the basis of the judgement and issued a Notice of Intention to Appeal to the Supreme Court of Appeal on 31 July 2017. The Tax Court granted Sasol Oil's application for leave to appeal to the Supreme Court of Appeal on 14 August 2017.

SARS has notified Sasol Oil of its intention to place on hold the field audit relating to this issue for the 1999 to 2004 tax years pending the outcome of the litigation. As a result of the judgement handed down on 30 June 2017, a possible obligation may arise from the field audit, which is regarded as a contingent liability.

In addition, there could be a potential tax exposure of R11,6 billion for the periods 2013 to 2014 on varying tax principles relating to the aforementioned activities. Supported by its specialist tax and external legal advisors, Sasol Oil disagrees with SARS' assessment for the 2013 and 2014 periods. Accordingly, Sasol Oil has submitted objection to the revised assessment and requested suspension of payment. Sasol Oil and SARS have come to a resolution with regards to the request for suspension of payment, resulting in SARS suspending payment for the significant majority of the disputed tax. Further, based on the outcome of the Tax Court judgement, a possible obligation may arise for the tax years subsequent to 2014, which could give rise to a further contingent liability at 30 June 2017.

	2017 %	2016 %	2015 %
Reconciliation of effective tax rate			
The table below shows the difference between the South African enacted tax rate (28%) compared to the effective tax rate in the income statement. Total income tax expense differs from the amount computed by applying the South African normal tax rate to profit before tax. The reasons for these differences are:			
South African normal tax rate	**28,0**	28,0	28,0
Increase in rate of tax due to:			
disallowed preference share dividends	**0,9**	1,2	0,5
disallowed expenditure[1]	**2,3**	4,3	1,6
disallowed share-based payment expenses	**0,1**	0,2	0,1
translation differences	**–**	1,1	–
different tax rates	**0,2**	1,0	2,0
effect of tax litigation matters[2]	**3,2**	–	–
tax losses not recognised[3]	**1,0**	13,1	3,4
other adjustments	**0,5**	1,2	0,5
	36,2	50,1	36,1
Decrease in rate of tax due to:			
exempt income	**(0,4)**	(0,8)	(1,2)
share of profits of equity accounted investments	**(1,0)**	(0,6)	(1,3)
exempt income on reversal of EGTL provision	**–**	(2,7)	–
recognition of previously unrecognised deferred tax assets	**(1,6)**	(4,0)	–
utilisation of tax losses	**–**	(0,7)	–
investment incentive allowances	**(2,4)**	(2,4)	(0,6)
translation differences	**(0,9)**	–	(0,3)
prior year adjustments	**(1,4)**	(1,9)	(1,0)
other adjustments	**(0,2)**	(0,4)	–
Effective tax rate	**28,3**	36,6	31,7
Adjusted effective tax rate[4]	**26,5**	28,2	33,0

1 2016 includes the loss on disposal of investment in Uzbekistan GTL joint venture of R563 million (refer to note 9) and other non-deductible expenses incurred not deemed to be in the production of taxable income.

2 This relates to the tax, interest and penalties of litigation matters pertaining to Sasol Oil. Refer contingent liability note 35.

3 Tax losses not recognised in 2016 resulted mainly from the R9,9 billion impairment of the Canadian shale gas asset for which no deferred tax asset was raised. Refer note 8.

4 Effective tax rate adjusted for equity accounted investments, remeasurement items and, in 2017, the effect of Sasol Oil tax litigation matters.

for the year ended 30 June	Note	2017 Rm	2016 Rm	2015 Rm
12 Tax paid				
Net amounts (receivable)/unpaid at beginning of year		**(1 609)**	(658)	547
Net interest on tax		**245**	(72)	3
Income tax per income statement	11	**7 134**	8 332	8 830
Reclassification to held for sale		**–**	–	2
Foreign exchange differences recognised in income statement		**(8)**	66	37
Translation of foreign operations		**(45)**	52	(20)
		5 717	7 720	9 399
Net tax receivable per statement of financial position		**635**	1 609	658
tax payable		**(1 903)**	(878)	(905)
tax receivable		**2 538**	2 487	1 563
Per the statement of cash flows		**6 352**	9 329	10 057
Comprising				
Normal tax				
South Africa		**3 984**	6 321	7 249
Foreign		**2 309**	2 922	2 728
Dividend withholding tax		**59**	86	80
		6 352	9 329	10 057

for the year ended 30 June	Note	2017 Rm	2016 Rm
13 Deferred tax			
Reconciliation			
Balance at beginning of year		**20 302**	20 818
Current year charge		**2 421**	(975)
per the income statement	11	**1 361**	359
per the statement of comprehensive income		**1 060**	(1 334)
Foreign exchange differences recognised in income statement		**(148)**	487
Translation of foreign operations		**203**	(28)
Balance at end of year		**22 778**	20 302
Comprising			
Deferred tax assets		**(3 082)**	(3 389)
Deferred tax liabilities		**25 860**	23 691
		22 778	20 302

Deferred tax assets and liabilities are determined based on the tax status and rates of the underlying entities.

for the year ended 30 June	2017 Rm	2016 Rm
Attributable to the following tax jurisdictions		
South Africa	**23 699**	20 843
United States of America	**(370)**	104
Germany	**(210)**	(758)
Mozambique	**1 036**	1 372
Other	**(1 377)**	(1 259)
	22 778	20 302
Deferred tax is attributable to temporary differences on the following:		
Net deferred tax assets:		
Property, plant and equipment	**1 200**	1 014
Short- and long-term provisions	**(1 560)**	(3 010)
Calculated tax losses	**(1 705)**	(1 843)
Other	**(1 017)**	450
	(3 082)	(3 389)
Net deferred tax liabilities:		
Property, plant and equipment	**31 009**	30 199
Current assets	**(289)**	(848)
Short- and long-term provisions	**(4 898)**	(3 974)
Calculated tax losses	**(518)**	(174)
Financial derivatives	**11**	(1 236)
Other	**545**	(276)
	25 860	23 691

Deferred tax assets have been recognised for the carry forward amount of unused tax losses relating to the group's operations where, among other things, taxation losses can be carried forward indefinitely and there is compelling evidence that it is probable that sufficient taxable profits will be available in the future to utilise all tax losses carried forward.

for the year ended 30 June	2017 Rm	2016 Rm
Calculated tax losses		
(before applying the applicable tax rate)		
Available for offset against future taxable income	**25 856**	28 085
Utilised against the deferred tax balance	**(7 706)**	(6 985)
Not recognised as a deferred tax asset	**18 150**	21 100
Deferred tax assets not recognised on tax losses mainly relate to Sasol's exploration and development entities, where future taxable income is uncertain.		
Calculated tax losses carried forward that have not been recognised:		
Expiry between one and five years	**–**	7
Expiry thereafter	**17 920**	18 395
Indefinite life	**230**	2 698
	18 150	21 100

Areas of judgement:

Sasol companies are involved in tax litigation and tax disputes with various tax authorities in the normal course of business. A detailed assessment is performed regularly on each matter and a provision is recognised where appropriate. Although the outcome of these claims and disputes cannot be predicted with certainty, Sasol believes that open engagement and transparency will enable appropriate resolution thereof.

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 utilised. The provision of 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.

13 Deferred tax continued

Unremitted earnings at end of year that would be subject to foreign dividend withholding tax and after tax effect if remitted

Deferred tax liabilities are not recognised for the income tax effect that may arise on the remittance of unremitted earnings by foreign subsidiaries, joint operations and incorporated joint ventures. It is management's intention that, where there is no double taxation relief, these earnings will be permanently re-invested in the group.

for the year ended 30 June	2017 Rm	2016 Rm
Unremitted earnings at end of year that would be subject to dividend withholding tax	**40 266**	42 498
Europe	**11 826**	12 921
Rest of Africa	**2 891**	4 399
United States of America	**18 968**	17 796
Other	**6 581**	7 382
Tax effect if remitted	**1 582**	1 654
Europe	**327**	338
Rest of Africa	**235**	356
United States of America	**948**	890
Other	**72**	70

Dividend withholding tax

With effect from 22 February 2017, dividend withholding tax increased from 15% to 20% on dividends distributed to Sasol Limited shareholders. Dividends paid to companies and certain other institutions and certain individuals are not subject to this withholding tax. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder.

On receipt of a dividend, the company includes the dividend withholding tax in its computation of the income tax expense.

for the year ended 30 June	2017 Rm	2016 Rm
Undistributed earnings at end of year that would be subject to dividend withholding tax withheld by the company on behalf of Sasol Limited shareholders	**175 132**	163 264
Maximum withholding tax payable by shareholders if distributed to individuals	**35 026**	24 490

Accounting policies:

The income tax charge is determined based on net income before tax for the year and includes deferred tax and dividend withholding tax.

The current tax charge is the tax payable on the taxable income for the financial year applying enacted or substantively enacted tax rates and includes any adjustments to tax payable in respect of prior years.

Deferred tax is provided for using the liability method, on all temporary differences between the carrying amount of assets and liabilities for accounting purposes and the amounts used for tax purposes and on any tax losses. No deferred tax is provided on temporary differences relating to:

- the initial recognition of goodwill;
- the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- investments in subsidiaries, associates and interests in joint arrangements to the extent that the temporary difference will probably not reverse in the foreseeable future and the control of the reversal of the temporary difference lies with the parent, investor, joint venturer or joint operator.

The provision for deferred tax is calculated using enacted or substantively enacted tax rates at the reporting date that are expected to apply when the asset is realised or liability settled.

Deferred tax assets and liabilities are offset when the related income taxes are levied by the same taxation authority, there is a legally enforceable right to offset and there is an intention to settle the balances on a net basis.

SOURCES OF CAPITAL

Page

Equity

for the year ended 30 June		2017 Rm	2016 Rm	2015 Rm
14	**Share capital**			
	Issued share capital (as per statement of changes in equity)*	**29 282**	29 282	29 228

* As at 30 June 2017, a total of R2 641 million represented by 8 809 886 Sasol ordinary shares (30 June 2016 – 8 809 886; 30 June 2015 – 8 809 886) representing 1,43% (30 June 2016 – 1,43%; 30 June 2015 – 1,43%) of the issued share capital of the company, excluding the Sasol Inzalo share transaction, is held by its subsidiary, Sasol Investment Company (Pty) Ltd. These shares are held as treasury shares and do not carry any voting rights. No shares were repurchased in 2017 (2016 – nil; 2015 – nil).

	Number of shares		
for the year ended 30 June	2017	2016	2015
Authorised			
Sasol ordinary shares of no par value	**1 127 690 590**	1 127 690 590	1 127 690 590
Sasol preferred ordinary shares of no par value	**28 385 646**	28 385 646	28 385 646
Sasol BEE ordinary shares of no par value	**18 923 764**	18 923 764	18 923 764
	1 175 000 000	1 175 000 000	1 175 000 000
Issued			
Shares issued at beginning of year	**679 775 162**	679 480 362	678 935 812
Issued in terms of the employee share schemes	**47 277**	294 800	544 550
Shares issued at end of year	**679 822 439**	679 775 162	679 480 362
Comprising			
Sasol ordinary shares of no par value	**651 436 793**	651 389 516	651 094 716
Sasol preferred ordinary shares of no par value	**25 547 081**	25 547 081	25 547 081
Sasol BEE ordinary shares of no par value	**2 838 565**	2 838 565	2 838 565
	679 822 439	679 775 162	679 480 362
Held in reserve			
Allocated to the Sasol Share Incentive Scheme	**–**	–	306 900
Unissued shares	**495 177 561**	495 224 838	495 212 738
Sasol ordinary shares of no par value	**476 253 797**	476 301 074	476 288 974
Sasol BEE ordinary shares of no par value	**2 838 565**	2 838 565	2 838 565
Sasol preferred ordinary shares of no par value	**16 085 199**	16 085 199	16 085 199
	495 177 561	495 224 838	495 519 638

The Sasol preferred ordinary and BEE ordinary shares have voting rights attached to them and will be Sasol ordinary shares at the end of the term of the Sasol Inzalo share transaction.

The BEE ordinary shares rank *pari passu* with the Sasol Limited ordinary shares, and differ only in the fact that they are listed on the BEE segment of the JSE main board, and trading is restricted.

The Sasol preferred ordinary shares rank *pari passu* with the Sasol ordinary shares and differ only in the fact that they are not listed and trading is restricted. The Sasol preferred ordinary shares carry a cumulative preferred dividend right with a dividend of R30,80 per annum, payable until 2018. The Sasol preferred ordinary shares are not redeemable.

The Sasol BEE ordinary shares receive dividends per share simultaneously with, and equal to, the Sasol ordinary shares.

Refer to page 24 for the major shareholders, which have been audited.

Accounting policies:

When Sasol Limited's shares are repurchased by a subsidiary, the amount of consideration paid, including directly attributable costs, is recognised as a deduction from shareholders' equity. Repurchased shares are classified as treasury shares and are disclosed as a deduction from total equity. Where such shares are subsequently reissued, any consideration received is included in the statement of changes in equity.

Funding activities and facilities

for the year ended 30 June	Note	2017 Rm	2016 Rm
15 Long-term debt			
Total long-term debt		**81 405**	79 877
Short-term portion		**(7 093)**	(1 862)
		74 312	78 015
Analysis of long-term debt			
At amortised cost			
Secured debt		**43 827**	47 899
Preference shares		**12 045**	11 972
Finance leases		**1 864**	1 606
Unsecured debt		**24 461**	19 588
Unamortised loan costs		**(792)**	(1 188)
		81 405	79 877
Reconciliation			
Balance at beginning of year		**79 877**	42 066
Loans raised		**9 664**	34 967
proceeds from new loans		**9 277**	34 008
settlement of funding commitment on Canadian assets		**–**	821
finance leases acquired		**387**	138
Loans repaid		**(2 364)**	(3 120)
Interest accrued	6	**956**	530
Amortisation of loan costs	6	**279**	157
Translation effect of foreign currency loans		**(15)**	36
Translation of foreign operations		**(6 992)**	5 241
Balance at end of year		**81 405**	79 877
Interest-bearing status			
Interest-bearing debt		**80 352**	78 941
Non-interest-bearing debt		**1 053**	936
		81 405	79 877
Maturity profile			
Within one year		**7 093**	1 862
One to five years		**58 933**	24 669
More than five years		**15 379**	53 346
		81 405	79 877
Business segmentation			
Mining		**1 360**	2 043
Exploration and Production International		**755**	853
Energy		**7 058**	6 062
Base Chemicals		**21 890**	24 483
Performance Chemicals		**18 037**	20 087
Group Functions		**32 305**	26 349
Total operations		**81 405**	79 877

Fair value of long-term debt

The fair value of long-term debt is based on the quoted market price for the same or similar instruments or on the current rates available for debt with the same maturity profile and with similar cash flows. Market related rates ranging between 2,9% and 13,0% were used to discount estimated cash flows based on the underlying currency of the debt.

	2017 Rm	2016 Rm
Total long-term debt (before unamortised loan costs)*	**82 261**	81 027

* The difference in the fair value of long-term debt in 2017 compared to the carrying value is mainly due to the prevailing market price of the debt instruments in the US and Inzalo preference shares debt at 30 June 2017.

15 **Long-term debt** continued

In terms of Sasol Limited's memorandum of incorporation, the group's borrowing powers are limited to twice the sum of its share capital and reserves (2017 – R423 billion; 2016 – R414 billion).

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2017	2017 Rm	2016 Rm
Secured debt						
Repayable in bi-annual instalments ending December 2021	Secured by assets under construction with a carrying value of R101 039 million (2016 – R73 040 million) and other assets with a carrying value of R17 294 million (2016 – R18 608 million)	Base and Performance Chemicals (US Operations)	US dollar	**Libor + 2,25%[1]**	**36 748**	41 381
Repayable in quarterly instalments ending April 2021	Secured by assets under construction with a carrying value of R4 474 million (2016 – R3 323 million) and other assets with a carrying value of R119 million (2016 – R571 million)	Base Chemicals	US dollar	**Libor + 3,75%**	**2 686**	3 058
Repayable in bi-annual instalments ending June 2022	Secured by property, plant and equipment with a carrying value of R5 888 million (2016 – R4 481 million)	Energy (Rompco)	Rand	**Jibar + 1,75%**	**4 148**	3 274
Other secured debt		Various	Various	**Various**	**245**	186
					43 827	47 899
Preference shares						
A preference shares repayable in semi-annual instalments between June 2008 and September 2018[2]	Secured by Sasol preferred ordinary shares held by the company	Group Functions (Inzalo)	Rand	**Fixed 11,1% to 12,3%**	**1 471**	1 636
B preference shares repayable between June 2008 and September 2018[2]	Secured by Sasol preferred ordinary shares held by the company	Group Functions (Inzalo)	Rand	**Fixed 13,3% to 14,7%**	**1 164**	1 163
C preference shares repayable September 2018[2]	Secured by guarantee from Sasol Limited	Group Functions (Inzalo)	Rand	**Variable 68% of prime**	**9 247**	8 901
A preference shares repayable between March 2013 and September 2018[3]	Secured by preference shares held in Sasol Mining (Pty) Ltd	Mining (Ixia)	Rand	**Fixed 10,0%**	**163**	272
					12 045	11 972

1 The Libor exposure for approximately 50% of the debt profile is hedged using an interest rate swap, under which the variable rate is swapped for a fixed rate. Refer to note 39.

2 A, B and C preference share debt was raised within structured entities as part of the Sasol Inzalo share transaction (refer to note 34.2). Dividends on the A and B preference shares are payable in semi-annual instalments ending October 2018. Dividends on the C preference shares are payable on maturity in October 2018. It is required that 50% of the principal amount of the A preference shares is repaid between October 2008 and October 2018, with the balance of the debt repayable at the end date. The B and C preference shares are repayable in October 2018, on maturity.

The Inzalo transaction will unwind between June and September 2018. The A and B preference shares are secured by rights over the Sasol Limited preferred ordinary shares held in the Inzalo structured entities. It is expected that the A, B and C preference share debt will be settled using the shares held by the Inzalo structured entities.

The C preference shares are guaranteed by Sasol Limited, thus any shortfall in the value of the shares in the Inzalo entities will be a cash outflow for the group. Based on current assumptions, a share price of approximately R366,00 – R450,00 will result in a cash outflow for the group of approximately R3,5 billion – R1 billion based on projections of interest and dividends using a dividend cover of 2,8 times.

3 Preference share debt was raised in 2011 within structured entities as part of the Sasol Ixia Coal broad-based black economic empowerment transaction. Dividends and the principal amount on these preference shares are payable on maturity between March 2013 and October 2018. The preference shares are secured by preference shares held in Sasol Mining (Pty) Ltd, a subsidiary of Sasol Mining Holdings (Pty) Ltd. These preference shares may not be disposed of or encumbered in any way.

Terms of repayment	Security	Business	Currency	Interest rate at 30 June 2017	2017 Rm	2016 Rm
Finance leases						
Repayable in monthly instalments over 15 to 25 years ending May 2042	Secured by plant and with a carrying value R1 955 million (2016 – R1 738 million)	Energy, Base and Performance Chemicals	Various	**Fixed 4,0% to 16,6% and variable 8,2% to 13,3%**	**1 730**	1 523
Other finance leases	Underlying assets	Various	Various	**Various**	**134**	83
					1 864	1 606
					57 736	61 477

Terms of repayment	Business	Currency	Interest rate at 30 June 2017	2017 Rm	2016 Rm
Unsecured debt					
Various repayment terms from December 2017 to January 2026	Various	Various	**Various**	**1 773**	1 809
Repayable in July 2018	Exploration and Production International	Canadian dollar	**–**	**755**	853
Various repayment terms	Energy	Rand	**Fixed 8,0%**	**397**	360
Various repayment terms from December 2018 to November 2022[4]	Group Functions (Sasol Financing)	US dollar	**Fixed 4,5% and variable Libor + 0,75% to 1,35%**	**20 336**	14 791
Repayable in bi-annual instalments ending December 2018	Mining	Rand	**Jibar + 1,25%**	**1 200**	1 775
Total unsecured debt				**24 461**	19 588
Total long-term debt				**82 197**	81 065
Unamortised loan costs (amortised over period of debt using the effective interest rate method)				**(792)**	(1 188)
				81 405	79 877
Short-term portion of long-term debt				**(7 093)**	(1 862)
				74 312	78 015

4 Included in this amount is the US$1 billion (R13 billion) bond, with a fixed interest rate of 4,5% which is listed on the New York Stock Exchange and is recognised in Sasol Financing International Limited, a 100% owned subsidiary of the group. Sasol Limited has fully and unconditionally guaranteed the bond. There are no restrictions on the ability of Sasol Limited to obtain funds from the finance subsidiary by dividend or loan.

at 30 June 2017	Total facilities US$m	Cash utilised US$m	Remaining US$m	Rand equivalent
Lake Charles Chemicals Project funding profile				
Term loan	3 995	2 810	1 185	**15 476**
Available cash, cash flow from operations and general borrowings	7 005	3 881	3 124	**40 799**
Total funding requirement	11 000	6 691	4 309	**56 275**

15 Long-term debt continued

30 June 2017	Expiry date	Currency	Contract amount million	Total Rand equivalent Rm	Utilised facilities Rm	Available facilities Rm
Banking facilities and debt arrangements						
Group treasury facilities						
Commercial paper (uncommitted)	None	Rand	8 000	8 000	–	8 000
Commercial banking facilities	Various	Rand	5 745	5 745	–	5 745
Commercial banking facilities	Various	US dollar	750	9 791	3 264	6 527
Commercial banking facilities	Various	Euro	230	3 431	2 536	895
Revolving credit facility	None	US dollar	1 500	19 583	3 917	15 666
Debt arrangements						
US Dollar Bond	November 2022	US dollar	1 000	13 055	13 055	–
Other Sasol businesses						
Specific project asset finance						
US Operations (funding of LCCP)	December 2021	US dollar	3 995	52 155	36 748	15 407
US Operations (Letter of credit for LCCP)	December 2021	US dollar	45	588	170	418
Energy – Republic of Mozambique Pipeline Investments Company (Rompco)	June 2022	Rand	2 511	2 511	2 511	–
Energy – Republic of Mozambique Pipeline Investments Company (Rompco)	June 2022	Rand	2 700	2 700	1 620	1 080
Base Chemicals – High-density polyethylene plant	April 2021	US dollar	202	2 637	2 637	–
Mining – Mine replacement programme	December 2018	Rand	1 200	1 200	1 200	–
Energy – Clean Fuels II (Natref)	Various	Rand	1 493	1 493	1 493	–
Debt arrangements						
Sasol Inzalo (preference shares)	October 2018	Rand	9 334	9 334	9 334	–
Mining preference shares	September 2018	Rand	159	159	159	–
Finance leases						
Sasol Oil (Pty) Ltd	Various	Rand	1 088	1 088	1 088	–
Other debt arrangements		Various	–	–	2 673	–
					82 405	53 738
Available cash						27 520
Total funds available for use						81 258
Total utilised facilities						82 405
Accrued interest						956
Unamortised loan cost						792
Total debt including accrued interest and unamortised loan cost						84 153
Comprising						
Long-term debt						74 312
Short-term debt						9 718
Short-term debt						2 625
Short-term portion of long-term debt						7 093
Bank overdraft						123
						84 153

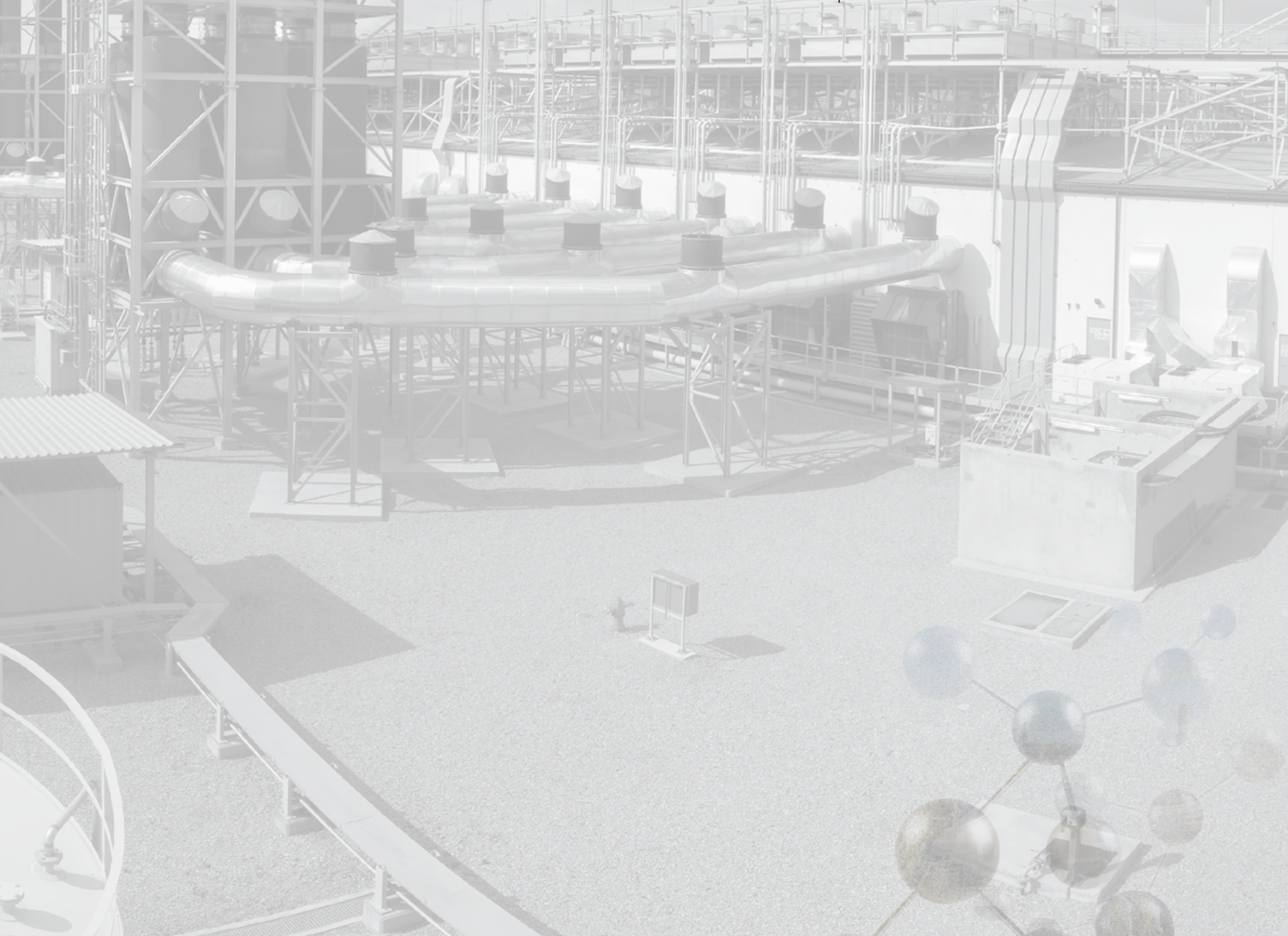
Accounting policies:

Debt, which constitutes a financial liability, includes short-term and long-term debt. Debt is initially recognised at fair value, net of transaction costs incurred and is subsequently stated at amortised cost. Debt is classified as short-term unless the borrowing entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Debt is derecognised when the obligation in the contract is discharged, cancelled or has expired. Premiums or discounts arising from the difference between the fair value of debt raised and the amount repayable at maturity date are charged to the income statement as finance expenses based on the effective interest rate method.

CAPITAL ALLOCATION AND UTILISATION

Effective capital management fuelling growth



Investing Activities

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	**Total Rm**
16 Property, plant and equipment					
Carrying amount at 30 June 2016	1 329	6 522	113 274	33 929	**155 054**
Additions	–	349	705	58	**1 112**
to sustain existing operations	–	26	528	69	**623**
to expand operations	–	323	177	(11)	**489**
Net reclassification from/(to) other assets	–	46	(9)	2	**39**
Reduction in rehabilitation provisions capitalised (note 30)	–	(18)	(94)	(1 288)	**(1 400)**
Disposal of business	–	(10)	(43)	–	**(53)**
Projects capitalised	–	1 631	18 106	3 696	**23 433**
Reclassification from held for sale	514	1	–	–	**515**
Translation of foreign operations	(58)	(172)	(2 064)	(897)	**(3 191)**
Disposals and scrapping	(362)	(16)	(363)	(42)	**(783)**
Current year depreciation charge	–	(500)	(11 521)	(3 789)	**(15 810)**
Net impairment of property, plant and equipment	(66)	18	(292)	197	**(143)**
Carrying amount at 30 June 2017	**1 357**	**7 851**	**117 699**	**31 866**	**158 773**

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	**Total Rm**
Carrying amount at 30 June 2015	1 758	5 930	105 393	22 741	135 822
Additions	6	166	1 182	1 031	2 385
to sustain existing operations	6	34	849	1 031	1 920
to expand operations	–	132	333	–	465
Settlement of funding commitment on Canadian assets	–	–	–	4 160	4 160
Net reclassification from/(to) other assets	–	36	(49)	14	1
Reduction in rehabilitation provisions capitalised	–	–	(1)	(44)	(45)
Projects capitalised	128	719	16 602	15 563	33 012
Reclassification to held for sale	(697)	(2)	–	–	(699)
Translation of foreign operations	159	243	3 352	1 398	5 152
Disposals and scrapping	(2)	(23)	(280)	(43)	(348)
Current year depreciation charge	–	(496)	(10 908)	(4 558)	(15 962)
Net impairment of property, plant and equipment	(23)	(51)	(2 017)	(6 333)	(8 424)
Carrying amount at 30 June 2016	1 329	6 522	113 274	33 929	155 054

for the year ended 30 June	Land Rm	Building and improvements Rm	Plant, equipment and vehicles Rm	Mineral assets Rm	Total Rm
2017					
Cost	**1 630**	**14 231**	**215 017**	**67 880**	**298 758**
Accumulated depreciation and impairment	**(273)**	**(6 380)**	**(97 318)**	**(36 014)**	**(139 985)**
	1 357	**7 851**	**117 699**	**31 866**	**158 773**
2016					
Cost	1 559	12 846	207 102	70 143	291 650
Accumulated depreciation and impairment	(230)	(6 324)	(93 828)	(36 214)	(136 596)
	1 329	6 522	113 274	33 929	155 054
2015					
Cost	1 931	11 252	184 357	45 927	243 467
Accumulated depreciation and impairment	(173)	(5 322)	(78 964)	(23 186)	(107 645)
	1 758	5 930	105 393	22 741	135 822

	2017 Rm	2016 Rm
Business segmentation		
Mining	**21 715**	20 654
Exploration and Production International	**11 765**	14 780
Energy	**42 238**	39 891
Base Chemicals	**38 215**	36 457
Performance Chemicals	**41 367**	40 389
Group Functions	**3 473**	2 883
Total operations	**158 773**	155 054

for the year ended 30 June	2017 Rm	2016 Rm	2015 Rm
Additions to property, plant and equipment (cash flow)			
Current year additions*	**1 112**	6 545	3 053
Adjustments for non-cash items	**(722)**	(2 241)	(1 780)
movement in environmental provisions capitalised	**(324)**	(1 282)	(1 090)
movement in long-term debt*	**–**	(821)	–
other non-cash movements**	**(398)**	(138)	(690)
Per the statement of cash flows	**390**	4 304	1 273

* In 2016, additions includes R4 160 million in respect of an agreement concluded with our Canadian shale gas partner, Progress Energy, to settle the outstanding funding commitment. R3 339 million was settled in 2016, with the remaining CAD75 million (R821 million) due in July 2018.

** Includes plant, equipment and vehicles acquired by finance leases.

16 Property, plant and equipment continued

for the year ended 30 June	2017 Rm	2016 Rm
Leased assets		
Carrying value of capitalised leased assets (included in plant, equipment and vehicles)	**2 060**	1 774
cost	**3 182**	2 782
accumulated depreciation	**(1 122)**	(1 008)
Capital commitments (excluding equity accounted investments)		
Capital commitments, excluding capitalised interest, include all projects for which specific board approval has been obtained. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:		
Authorised and contracted for	**154 739**	143 380
Authorised but not yet contracted for	**61 673**	95 590
Less expenditure to the end of year	**(125 676)**	(101 684)
	90 736	137 286
to sustain existing operations	**23 850**	19 327
to expand operations	**66 886**	117 959
Estimated expenditure		
Within one year	**59 236**	75 134
One to five years	**31 500**	62 152
	90 736	137 286
Business segmentation		
Mining	**3 099**	3 563
Exploration and Production International	**19 431**	23 648
Energy	**10 327**	9 588
Base Chemicals	**29 722**	51 449
Performance Chemicals	**27 396**	48 422
Group Functions	**761**	616
Total operations	**90 736**	137 286

Significant capital commitments at 30 June comprise of:

Project	Project location	Business segment	2017 Rm	2016 Rm
Lake Charles Chemicals Project	United States	Base and Performance Chemicals	**46 051**	88 683
Mozambique exploration and development	Mozambique	Exploration and Production International	**18 883**	22 099
Sixth fine ash dam	Secunda	Energy	**5 072**	362
Shutdown and major statutory maintenance	Secunda	Energy, Base and Performance Chemicals	**3 921**	4 015
Air Liquide – air separation unit	Secunda	Energy, Base and Performance Chemicals	**886**	2 018
Impumelelo Colliery to maintain Brandspruit Colliery operation	Secunda	Mining	**622**	872
Loop Line 2 project	Mozambique	Energy	**13**	1 721
High-density polyethylene plant	United States	Base Chemicals	**622**	1 115
Shondoni Colliery to maintain Middelbult Colliery operation	Secunda	Mining	**557**	1 041
Canadian shale gas asset	Canada	Exploration and Production International	**237**	692
Coal tar filtration east project	Secunda	Energy, Base and Performance Chemicals	**706**	379
Other capital commitments	Various	Various	**13 166**	14 289
			90 736	137 286

Accounting policies:

Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated.

When plant and equipment comprises major components with different useful lives, these components are accounted for as separate items.

Depreciation of mineral assets on producing oil and gas properties is based on the units-of-production method calculated using estimated proved developed reserves.

Life-of-mine coal assets are depreciated using the units-of-production method and is based on proved and probable reserves assigned to that specific mine (accessible reserves) or complex which benefits from the utilisation of those assets. Other coal mining assets are depreciated on the straight-line method over their estimated useful lives.

Depreciation of property acquisition costs, capitalised as part of mineral assets in property, plant and equipment, is based on the units-of-production method calculated using estimated proved reserves.

Property, plant and equipment, other than mineral assets, is depreciated to its estimated residual value on a straight- line basis over its expected useful life.

Areas of judgement:

The depreciation methods, estimated remaining useful lives and residual values are reviewed at least annually. The estimation of the useful lives of property, plant and equipment is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgement to be applied by management.

The following depreciation rates apply in the group:

Buildings and improvements	2 – 5 %
Retail convenience centres	3 – 5 %
Plant	2 – 5 %
Equipment	10 – 33 %
Vehicles	10 – 33 %
Mineral assets	Units of production over life of related reserve base
Life-of-mine coal assets	Units of production

17 Assets under construction

for the year ended 30 June	Property plant and equipment under construction Rm	Other intangible assets under development Rm	Exploration and evaluation assets Rm	Total Rm
Balance as at 30 June 2016	102 185	1 470	356	**104 011**
Additions	59 771	313	228	**60 312**
to sustain existing operations	16 653	235	–	**16 888**
to expand operations	43 118	78	228	**43 424**
Net reclassification from/(to) other assets	(29)	29	–	**–**
Finance costs capitalised	2 764	–	–	**2 764**
Net impairment of assets under construction	(728)	(176)	(189)	**(1 093)**
Reduction in rehabilitation provision capitalised (note 30)	(726)	–	(27)	**(753)**
Projects capitalised	(23 433)	(240)	–	**(23 673)**
Translation of foreign operations	(10 575)	(151)	(3)	**(10 729)**
Disposals and scrapping	(105)	–	–	**(105)**
Balance at 30 June 2017	129 124	1 245	365	**130 734**

for the year ended 30 June	Property plant and equipment under construction Rm	Other intangible assets under development Rm	Exploration and evaluation assets Rm	Total Rm
Balance as at 30 June 2015	57 001	1 721	3 255	61 977
Additions	68 766	499	1 584	70 849
to sustain existing operations	16 028	325	–	16 353
to expand operations	52 738	174	1 584	54 496
Net reclassification from/(to) other assets	90	(21)	–	69
Finance costs capitalised	2 253	–	–	2 253
Net impairment of assets under construction	(1 870)	–	(1 716)	(3 586)
Write-off of unsuccessful exploration wells	–	–	3	3
Reclassification to disposal groups held for sale	–	–	(128)	(128)
Projects capitalised	(30 221)	(873)	(2 791)	(33 885)
Translation of foreign operations	6 945	211	266	7 422
Disposals and scrapping	(779)	(67)	(117)	(963)
Balance at 30 June 2016	102 185	1 470	356	104 011

for the year ended 30 June	2017 Rm	2016 Rm
Business segmentation		
Mining	**1 141**	1 446
Exploration and Production International	**6 256**	5 165
Energy	**9 064**	11 197
Base Chemicals	**59 908**	44 414
Performance Chemicals	**54 006**	41 044
Group Functions	**359**	745
Total operations	**130 734**	104 011

for the year ended at 30 June	2017 Rm	2016 Rm	2015 Rm
Additions to assets under construction (cash flow)			
Current year additions	**60 312**	70 849	43 773
Adjustments for non-cash items	**(420)**	(1 427)	(19)
cash flow hedge accounting	**(2)**	(2)	(5)
movement in environmental provisions capitalised	**(418)**	(1 425)	(14)
Per the statement of cash flows	**59 892**	69 422	43 754

The group hedges its exposure to foreign currency risk in respect of its significant capital projects by means of forward exchange contracts. Cash flow hedge accounting is applied to these hedging transactions and accordingly, the effective portion of any gain or loss realised on these contracts is adjusted against the underlying item of assets under construction.

Capital expenditure

	2017 Rm	2016 Rm
Projects to sustain operations comprise of:		
Secunda Synfuels Operations	**8 453**	7 187
Shutdown and major statutory maintenance	**3 569**	3 285
Renewals	**1 002**	774
Oxygen train 17 (Outside Battery Limits portion)	**979**	147
Sixth fine ash dam (environmental)	**637**	155
Volatile organic compounds abatement programme (environmental)	**655**	669
Coal tar filtration east project (safety)	**419**	852
Other environmental related expenditure	**185**	261
Other safey related expenditure	**377**	528
Other projects to sustain existing operations (less than R500 million)	**630**	516
Mining (Secunda and Sasolburg)	**2 831**	3 436
Shondoni Colliery to maintain Middelbult Colliery operation	**368**	842
Impumelelo Colliery to maintain Brandspruit Colliery operation	**274**	385
Refurbishment of equipment	**783**	576
Other environmental related expenditure	**7**	17
Other safety related expenditure	**314**	23
Other projects to sustain existing operations (less than R500 million)	**1 085**	1 593
Other (in various locations)	**5 602**	5 724
Expenditure related to environmental obligations	**174**	224
Expenditure incurred relating to safety regulations	**401**	494
Other projects to sustain existing operations (less than R500 million)	**5 027**	5 006
	16 886	16 347

17 Assets under construction continued

			2017 Rm	2016 Rm
Capital expenditure				
Projects to expand operations comprise of:	**Project location**	**Business segment**		
Lake Charles Chemicals Project*	United States	Base and Performance Chemicals	**36 775**	42 375
Canadian shale gas asset	Canada	Exploration and Production International	**381**	3 286
Fischer-Tropsch wax expansion project	Sasolburg	Performance Chemicals	**606**	1 109
High-density polyethylene plant	United States	Base Chemicals	**1 448**	1 832
Mozambique exploration and development	Mozambique	Exploration and Production International	**1 840**	1 025
Loop Line 2 project	Mozambique	Energy	**638**	1 149
C3 Expansion project	Secunda	Base Chemicals	**25**	551
Other projects to expand operations (less than R500 million)	Various	Various	**1 293**	1 748
			43 006	53 075

*At 30 June 2017 actual capital expenditure (accrual basis) – US$2,7 billion (2016 – US$2,9 billion).

Project-related performance guarantees

Project	Description	Guarantor	Maximum guaranteed amount Rm	Liability recognised Rm
Lake Charles Chemicals Project	Completion guarantees and sureties issued in respect of the Lake Charles Chemicals Project. This includes a loan facility of US$3 995 million, of which US$2 815 million has been recognised (including accrued interest).	Sasol Limited/ Sasol Financing	**52 155**	**36 748**
Ineos joint venture	Completion guarantee issued in respect of the US$420 million loan in the joint arrangement, in which Sasol has a 50% share (US$210 million). Repayments are made quarterly, and the current balance on the loan is US$206 million, representing the maximum exposure to the group.	Sasol Financing	**2 689**	**2 689**

Accounting policies:

Assets under construction

Assets under construction are non-current assets, which includes land and expenditure capitalised for work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment, intangible assets and exploration assets. The cost of self-constructed assets includes expenditure on materials, direct labour and an allocated 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 attributable to that asset. When regular major inspections are a condition of continuing to operate an item of property, plant and equipment, and plant shutdown costs will be incurred, an estimate of these shutdown costs are included in the carrying value of the asset at initial recognition. Land acquired, as well as costs capitalised for work in progress in respect of activities to develop, expand or enhance items of property, plant and equipment are classified as part of assets under construction.

Finance expenses in respect of specific and general borrowings are capitalised against qualifying assets as part of assets under construction. Where funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of finance expenses eligible for capitalisation on that asset is the actual finance expenses incurred on the borrowing during the period less any investment income on the temporary investment of those borrowings.

Where funds are made available from general borrowings and used for the purpose of acquiring or constructing qualifying assets, the amount of finance expenses 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 interest rates 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. The amount of finance expenses capitalised will not exceed the amount of borrowing costs incurred.

Exploration assets

Exploration assets comprise capitalised expenditure relating to the exploration for and evaluation of mineral resources (coal, oil and gas). Mineral assets comprise capitalised expenditure relating to producing coal, oil and gas properties, including development costs and previously capitalised exploration assets.

Oil and gas

The successful efforts method is used to account for natural oil and gas exploration, evaluation and development activities.

Property and licence acquisition costs as well as development cost, including expenditure incurred to drill and equip development wells on proved properties, are capitalised as part of assets under construction and transferred to mineral assets in property, plant and equipment when the assets begin producing.

On completion of an exploratory well or exploratory-type stratigraphic test well, the entity will be able to determine if there are oil or gas resources. The classification of resources as proved reserves depends on whether development of the property is economically feasible and recoverable in the future, under existing economic and operating conditions, and if any major capital expenditure to develop the property as a result of sufficient quantities of additional proved reserves being identified is justifiable, approved and recoverable.

The cost of exploratory wells, through which potential proved reserves may be or have been discovered and the associated exploration costs are capitalised as exploration and evaluation assets in assets under construction. These costs remain capitalised pending the evaluation of results and the determination of whether there are proved reserves.

The following conditions must be met for these exploration costs to remain capitalised:

- Sufficient progress is being made in assessing the oil and gas resources, including assessing the economic and operating viability with regards to developing the property.
- It has been determined that sufficient oil and gas resources or reserves exist which are economically viable based on a range of technical and commercial considerations to justify the capital expenditure required for the completion of the well as a producing well, either individually or in conjunction with other wells.

Progress in this regard is reassessed at each reporting date and is subject to technical, commercial and management review to ensure sufficient justification for the continued capitalisation of such qualifying exploration and evaluation expenditure as an exploration and evaluation asset as part of assets under construction. If both of the above conditions are not met or if information is obtained that raise substantial doubt about the economic or operating viability, the costs are charged to the income statement.

Exploratory wells and exploratory-type stratigraphic test wells can remain suspended on the statement of financial position for several years while additional activity including studies, appraisal, drilling and/or seismic work on the potential oil and gas field is performed or while the optimum development plans and timing are established in the absence of impairment indicators.

Coal mining

Coal mining exploration and evaluation expenditure is charged to the income statement until completion of a final feasibility study supporting proved and probable coal reserves. Expenditure incurred subsequent to proved and probable coal reserves being identified is capitalised as exploration assets in assets under construction.

Expenditure on producing mines or development properties is capitalised when excavation or drilling is incurred to extend reserves or further delineate existing proved and probable coal reserves. All development expenditure incurred after the commencement of production is capitalised to the extent that it gives rise to probable future economic benefits.

A unit is considered to be produced once it has been removed from underground and taken to the surface, passed the bunker and has been transported by conveyor over the scale of the shaft head. The calculation is based on proved and probable reserves assigned to that specific mine (accessible reserves) or complex which benefits from the utilisation of those assets. Inaccessible reserves are excluded from the calculation.

for the year ended 30 June		2017 Rm	2016 Rm
18	**Long-term receivables and prepaid expenses**		
	Total long-term receivables	**3 737**	3 777
	Short-term portion	**(1 734)**	(1 738)
		2 003	2 039
	Long-term prepaid expenses	**610**	733
		2 613	2 772
	Comprising:		
	Long-term receivables (interest-bearing) – joint operations	**414**	667
	Long-term loans	**1 589**	1 372
		2 003	2 039

Impairment of long-term loans and receivables

Long-term loans and receivables that are not past their due date are not considered to be impaired, except in situations where they are part of individually impaired long-term loans and receivables.

for the year ended 30 June		2017 Rm	2016 Rm
19	**Equity accounted investments**		
	Amounts recognised in the statement of financial position:		
	Investments in joint ventures and associates	**11 813**	13 118

for the year ended 30 June	2017 Rm	2016 Rm
Business segmentation		
Mining	**1**	4
Energy	**8 603**	9 879
Base Chemicals	**3 038**	3 235
Performance Chemicals	**14**	–
Group Functions	**157**	–
Total carrying value of equity accounted investments	**11 813**	13 118

for the year ended 30 June	2017 Rm	2016 Rm	2015 Rm
Amounts recognised in the income statement:			
Share of profits of equity accounted investments, net of tax	**1 071**	509	2 057
share of profits	**1 085**	522	2 056
remeasurement items	**(14)**	(13)	1
Amounts recognised in the statement of cash flows:			
Dividends received from equity accounted investments	**1 539**	887	2 812

There are no significant restrictions on the ability of the joint ventures or associate to transfer funds to Sasol Limited in the form of cash dividends or repayment of loans or advances.

Impairment testing of equity accounted investments

Based on impairment indicators at each reporting date, impairment tests in respect of investments in joint ventures and associates are performed. The recoverable amount of the investment is compared to the carrying amount, as described in note 8, to calculate the impairment.

At 30 June, the group's interest in equity accounted investments and the total carrying values were:

Name	Country of incorporation	Nature of activities	Interest %	2017 Rm	2016 Rm
Joint ventures					
ORYX GTL Limited	Qatar	GTL plant	**49**	**7 480**	8 622
Sasol Huntsman GmbH & co KG	Germany	Manufacturing of chemical products	**50**	**925**	974
Petronas Chemicals LDPE Sdn Bhd	Malaysia	Manufacturing and marketing of low-density polyethylene pellets	**40**	**566**	671
Sasol Dyno Nobel (Pty) Ltd	South Africa	Manufacturing and distribution of explosives	**50**	**246**	249
Sasol Chevron Holdings Limited	Bermuda	Marketing of Escravos GTL products	**50**	**255**	302
Associates					
Petronas Chemicals Olefins Sdn Bhd*	Malaysia	Ethane and propane gas cracker	**12**	**1 301**	1 341
Escravos GTL (EGTL)**	Nigeria	GTL plant	**10**	**757**	850
Other equity accounted investments			**Various**	**283**	109
Carrying value of investments				**11 813**	13 118

* Although the group holds less than 20% of the voting power of Petronas Chemicals Olefins Sdn Bhd, the group exercises significant influence with regards to the management of the venture.

** Although the group holds less than 20% of the voting power of EGTL, the group has significant influence with regards to the management and technical support to the plant.

Summarised financial information for the group's share of equity accounted investments which are not material***

for the year ended 30 June	2017 Rm	2016 Rm
Operating profit	**449**	285
Profit before tax	**464**	259
Taxation	**(232)**	(213)
Profit and total comprehensive income for the year	**232**	46

*** The financial information provided represents the group's share of the results of the equity accounted investments.

Capital commitments relating to equity accounted investments	2017 Rm	2016 Rm
Capital commitments, excluding capitalised interest, include all projects for which specific board approval has been obtained up to the reporting date. Projects still under investigation for which specific board approvals have not yet been obtained are excluded from the following:		
Authorised and contracted for	**292**	175
Authorised but not yet contracted for	**573**	756
Less expenditure to the end of year	**(281)**	(323)
	584	608

Areas of judgement:

Joint ventures and associates are assessed for materiality in relation to the group using a number of factors such as investment value, strategic importance and monitoring by those charged with governance.

ORYX GTL is considered to be material as it is closely monitored and reported on to the decision makers and is considered to be a strategically material investment.

19 Equity accounted investments continued

Summarised financial information for the group's material equity accounted investments

In accordance with the group's accounting policy, the results of joint ventures and associates are equity accounted. The information provided below represents the group's material joint venture. The financial information presented includes the full financial position and results of the joint venture and includes intercompany transactions and balances.

	Joint venture	
	ORYX GTL Limited	
for the year ended 30 June	2017 Rm	2016 Rm
Summarised statement of financial position		
Non-current assets	12 642	15 311
Current assets	4 288	5 713
Total assets	16 930	21 024
Other non-current liabilities	359	371
Deferred tax liability	41	75
Other current liabilities	1 171	2 982
Tax payable	25	–
Total liabilities	1 596	3 428
Net assets	15 334	17 596
Summarised income statement		
Profit before tax	1 782	241
Taxation	1	703
Profit and total comprehensive income for the year	1 783	944
The group's share of profits of equity accounted investment	839	463
49% share of profit before tax	873	118
Taxation*	(34)	345
Reconciliation of summarised financial information		
Net assets at the beginning of the year	17 596	14 697
Profit before tax for the year	1 782	241
Taxation*	1	703
Foreign exchange differences	(2 017)	3 022
Dividends paid	(2 028)	(1 067)
Net assets at the end of the year	15 334	17 596
Carrying value of equity accounted investment	7 480	8 622
49% share of net assets, excluding taxation	7 546	8 622
100% share of tax liabilities*	(66)	–

* The group participates in the joint venture's net assets (before tax) and pre-tax profits at 49%. With effect from 29 April 2017 as a result of change in tax regulations, tax is levied only on Sasol's share of profits and as a result any tax liability included in ORYX GTL's results is included at 100% in our equity-accounted share of the joint venture's financial results.

The year-end for ORYX GTL Limited is 31 December.

The carrying value of the investment represents the group's interest in the net assets thereof.

Contingent liabilities

There were no contingent liabilities at 30 June 2017 relating to our joint ventures or associates.

Accounting policies:

The financial results of associates and joint ventures are included in the group's results according to the equity method from acquisition date until the disposal date. Under the equity method, investments in associates and joint ventures are recognised initially at cost. Subsequent to the acquisition date, the group's share of profits or losses of associates and joint ventures is charged to the income statement as equity accounted earnings and its share of movements in equity reserves is recognised as other comprehensive income or equity as appropriate. A joint venture is a joint arrangement in which the parties have joint control with rights to the net assets of the arrangement. An associate is an entity, other than a subsidiary, joint venture or joint operation, in which the group has significant influence, but no control or joint control, over financial and operating policies. Associates and joint ventures whose financial year-ends are within three months of 30 June are included in the consolidated financial statements using their most recently audited financial results. Adjustments are made to the associates' and joint ventures financial results for material transactions and events in the intervening period.

20 Interest in joint operations

At 30 June, the group's interest in material joint operations were:

Name	Country of incorporation	Nature of activities	% of equity owned 2017 Rm	% of equity owned 2016 Rm
Sasol Canada	Canada	Development of shale gas reserves and production and marketing of shale gas	**50**	50
Natref	South Africa	Refining of crude oil	**64**	64

The information provided is Sasol's share of joint operations (excluding unincorporated joint operations) and includes intercompany transactions and balances.

for the year ended 30 June	Sasol Canada Rm	Natref Rm	Other* Rm	Total 2017 Rm	Total 2016 Rm
Statement of financial position					
External non-current assets	7 083	2 765	6 388	**16 236**	17 034
External current assets	1 042	307	539	**1 888**	3 321
Intercompany current assets	12	227	59	**298**	389
Total assets	8 137	3 299	6 986	**18 422**	20 744
Shareholders' equity	6 430	207	2 256	**8 893**	10 062
Long-term liabilities	1 553	2 423	2 500	**6 476**	7 899
Interest-bearing current liabilities	–	476	323	**799**	399
Non-interest-bearing current liabilities	154	155	326	**635**	858
Intercompany current liabilities	–	38	1 581	**1 619**	1 526
Total equity and liabilities	8 137	3 299	6 986	**18 422**	20 744
Income statement					
Turnover	560	1 802	1 420	**3 782**	3 717
Operating (loss)/profit[1]	(712)	365	2	**(345)**	(10 495)
Other expenses	(9)	(207)	(178)	**(394)**	(377)
Net (loss)/profit before tax	(721)	158	(176)	**(739)**	(10 872)
Taxation	–	(57)	7	**(50)**	(10)
Attributable (loss)/profit	(721)	101	(169)	**(789)**	(10 882)
Statement of cash flows					
Cash flow from operations	575	743	115	**1 433**	1 385
Movement in working capital	(151)	154	187	**190**	(482)
Tax paid	–	(17)	3	**(14)**	(101)
Other expenses	–	(208)	(318)	**(526)**	(523)
Cash available from operations	424	672	(13)	**1 083**	279
Dividends paid	–	(170)	–	**(170)**	(139)
Cash retained from operations	424	502	(13)	**913**	140
Cash flow from investing activities[2]	51	(459)	(1 784)	**(2 192)**	(9 548)
Cash flow from financing activities	(476)	(10)	1 080	**594**	6 215
(Increase)/decrease in cash requirements	(1)	33	(717)	**(685)**	(3 193)

* Includes our high-density polyethylene (HDPE) plant in North America, Central Térmica de Ressano Garcia (CTRG) and Sasol Wilmar Alcohol Industries (Lianyungang) Co Ltd.

1 2016 included the impairment of our Canadian shale gas assets of R9,9 billion (CAD880 million) which was due to lower gas prices in North America.

2 2016 included the impact of settlement of funding commitments on the Canadian asset.

At 30 June 2017, the group's share of the total capital commitments of joint operations amounted to R992 million (2016 – R2 066 million).

21 Interest in significant operating subsidiaries

Sasol Limited is the ultimate parent of the Sasol group of companies. Our wholly-owned subsidiary, Sasol Investment Company (Pty) Ltd, a company incorporated in the Republic of South Africa, holds primarily our interests in companies incorporated outside of South Africa. The following table presents each of the group's significant subsidiaries (including direct and indirect holdings), the nature of activities, the percentage of shares of each subsidiary owned and the country of incorporation at 30 June.

There are no significant restrictions on the ability of the group's subsidiaries to transfer funds to Sasol Limited in the form of cash dividends or repayment of loans or advances.

			% of equity owned		Investment at cost (Rm)[1]	
Name	Country of incorporation	Nature of activities	**2017**	2016	**2017**	2016
Significant operating subsidiaries						
Direct						
Sasol Mining Holdings (Pty) Ltd	South Africa	Holding company of the group's mining interests	**100**	100	**8 638**	8 636
Sasol Technology (Pty) Ltd	South Africa	Engineering services, research and development and technology transfer	**100**	100	**316**	1 552
Sasol Financing (Pty) Ltd	South Africa	Management of cash resources, investments and procurement of loans (for South African operations)	**100**	100	**5 479**	*
Sasol Investment Company (Pty) Ltd	South Africa	Holding company for foreign investments	**100**	100	**54 665**	51 185
Sasol South Africa (Pty) Ltd[2]	South Africa	Integrated petrochemicals and energy company	**100**	100	**19 704**	19 043
Sasol Middle East and India (Pty) Ltd	South Africa	Develop and implement international GTL and CTL ventures	**100**	100	**10 094**	10 087
Sasol Gas (Pty) Ltd[3]	South Africa	Marketing, distribution and transportation of pipeline gas and the maintenance of pipelines used to transport gas	**–**	100	**–**	48
Sasol Africa (Pty) Ltd	South Africa	Exploration, development, production, marketing and distribution of natural oil and gas and associated products	**100**	100	**7 270**	7 270
Sasol Oil (Pty) Ltd	South Africa	Marketing of fuels and lubricants	**75**	75	**651**	617
Sasol New Energy Holdings (Pty) Ltd	South Africa	Developing lower-carbon energy solutions	**100**	100	**1 545**	1 545

* Nominal amount.
1 The cost of these investments represents the holding company's investment in the subsidiaries, which eliminate on consolidation.
2 Sasol Limited holds 97% interest in Sasol South Africa (Pty) Ltd. The remaining 3% interest is held by other subsidiaries in the group.
3 As from 30 June 2017 the Sasol Gas (Pty) Ltd investment is held by Sasol South Africa (Pty) Ltd.

Name	Country of incorporation	Nature of activities	% of equity owned 2017	2016
Significant operating subsidiaries				
Indirect				
The Republic of Mozambique Pipeline Investment Company (Pty) Ltd (Rompco)*	South Africa	Owning and operating of the natural gas transmission pipeline between Temane in Mozambique and Secunda in South Africa for the transportation of natural gas produced in Mozambique to markets in Mozambique and South Africa	**50**	50
Sasol Financing International Limited	South Africa	Management of cash resources, investment and procurement of loans (for our foreign operations)	**100**	100
Sasol Gas (Pty) Ltd[1]	South Africa	Marketing, distribution and transportation of pipeline gas and the maintenance of pipelines used to transport gas	**100**	–
Sasol Germany GmbH	Germany	Production, marketing and distribution of chemical products	**100**	100
Sasol Italy SpA	Italy	Trading and transportation of oil products, petrochemicals and chemical products and derivatives	**100**	100
Sasol Mining (Pty) Ltd	South Africa	Coal mining activities	**90**	90
Sasol Canada Holdings Limited	Canada	Exploration, development, production, marketing and distribution of natural oil and gas and associated products in Canada	**100**	100
Sasol Chemicals (USA) LLC	United States of America	Production, marketing and distribution of chemical products	**100**	100

* Through contractual arrangements Sasol exercises control over the relevant activities of Rompco.

1 As from 30 June 2017 the Sasol Gas (Pty) Ltd investment is held by Sasol South Africa (Pty) Ltd.

Our other interests in subsidiaries are not considered significant.

Non-controlling interests

The group has a number of subsidiaries with non-controlling interests, however none of them were material to the financial statements.

Guarantees

Sasol Limited has guaranteed the fulfilment of various subsidiaries' obligations in terms of contractual agreements. The group has guaranteed the borrowing facilities and banking arrangements of certain of its subsidiaries.

Areas of judgement:

The disclosure of subsidiaries is based on materiality taking into account the contribution to turnover, assets of the group, and the way the business is managed and reported on.

Control is obtained when Sasol is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through our power over the subsidiary.

The financial results of all entities that have a functional currency different from the presentation currency of their parent entity are translated into the presentation currency. Income and expenditure transactions of foreign operations are translated at the average rate of exchange for the year except for significant individual transactions which are translated at the exchange rate ruling at that date. All assets and liabilities, including fair value adjustments and goodwill arising on acquisition, are translated at the rate of exchange ruling at the reporting date. Differences arising on translation are recognised as other comprehensive income and are included in the foreign currency translation reserve.

Working capital

for the year ended 30 June	2017 Rm	2016 Rm
22 Inventories		
Carrying value		
Crude oil and other raw materials	**3 521**	3 699
Process material	**1 794**	1 459
Maintenance materials	**5 201**	4 907
Work in progress	**2 044**	2 140
Manufactured products	**12 629**	11 260
Consignment inventory	**185**	333
	25 374	23 798
Business segmentation		
Mining	**1 514**	1 387
Exploration and Production International	**155**	202
Energy	**6 912**	5 947
Base Chemicals	**5 975**	5 628
Performance Chemicals	**10 762**	10 579
Group Functions	**56**	55
Total operations	**25 374**	23 798

The impact of lower crude oil and chemical product prices has resulted in a net realisable value write-down of R470 million in 2017 (2016 – R344 million).

Inventories with a carrying value of R3 165 million (2016 – R3 181 million) are encumbered. Inventory of R3 015 million (2016 – R3 181 million) is held at net realisable value.

Accounting policies:

Inventories are stated at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring, manufacturing and transporting the inventory to its present location. Manufacturing costs include an allocated portion of production overheads which are directly attributable to the cost of manufacturing such inventory. The allocation is determined based on the greater of normal production capacity and actual production. The costs attributable to any inefficiencies in the production process are charged to the income statement as incurred.

By-products are incidental to the manufacturing processes, are usually produced as a consequence of the main product stream, and are immaterial to the group. Revenue from sale of by-products is offset against the cost of the main products.

Cost is determined as follows:

Crude oil and other raw materials	First-in-first-out valuation method (FIFO)
Process, maintenance and other materials	Weighted average purchase price
Work-in-progress	Manufacturing costs incurred
Manufactured products including consignment inventory	Manufacturing costs according to FIFO

for the year ended 30 June	2017 Rm	2016 Rm
23 Trade and other receivables		
Trade receivables	**20 982**	20 752
Other receivables*	**3 759**	4 262
Related party receivables – equity accounted investments	**92**	1 009
Impairment of trade receivables	**(158)**	(183)
Trade and other receivables	**24 675**	25 840
Duties recoverable from customers	**412**	554
Prepaid expenses	**1 133**	702
Value added tax	**1 421**	1 330
	27 641	28 426

* Other receivables include short-term portion of long-term receivables, cell captive and insurance related receivables, receivables related to exploration activities and employee-related receivables.

Credit risk exposure in respect of trade receivables is analysed as follows:

for the year ended 30 June	Carrying value 2017 Rm	Impairment 2017 Rm	Carrying value 2016 Rm	Impairment 2016 Rm
Age analysis of trade receivables				
Not past due date	**19 537**	**5**	19 428	–
Past due 0 – 30 days	**1 073**	**7**	794	4
Past due 31 – 150 days	**197**	**6**	283	16
Past due 151 days – one year	**22**	**10**	83	22
More than one year**	**153**	**130**	164	141
	20 982	**158**	20 752	183

** More than one year relates to long outstanding balances for specific customers who have exceeded their contractual repayment terms.

Impairment of trade receivables

Trade receivables that are not past their due date are not considered to be impaired, except where they are part of individually impaired trade receivables. The individually impaired trade receivables mainly relate to certain customers who are trading in difficult economic circumstances.

No individual customer represents more than 10% of the group's trade receivables.

Fair value of trade receivables

The carrying value approximates fair value because of the short period to maturity of these instruments.

Collateral

The group holds no collateral over the trade receivables which can be sold or pledged to a third party.

	2017 Rm	2016 Rm
Business segmentation		
Mining	**422**	308
Exploration and Production International	**743**	762
Energy	**8 323**	8 212
Base Chemicals	**5 562**	5 817
Performance Chemicals	**9 793**	9 945
Group Functions	**2 798**	3 382
Total operations	**27 641**	28 426

Accounting policies:

Trade and other receivables are recognised initially at fair value and subsequently stated at amortised cost using the effective interest rate method, less impairment losses.

for the year ended 30 June		2017 Rm	2016 Rm
24	**Trade and other payables**		
	Trade payables	**11 941**	12 178
	Capital project related payables*	**11 883**	9 482
	Accrued expenses	**2 220**	1 899
	Related party payables	**87**	133
	third parties	**18**	51
	equity accounted investments	**69**	82
	Trade payables	**26 131**	23 692
	Other payables**	**6 068**	6 054
	Duties payable to revenue authorities	**4 004**	3 264
	Value added tax	**197**	307
		36 400	33 317

* The increase in capital project related payables relate to the Lake Charles Chemicals Project.

** Other payables includes employee-related payables.

No individual vendor represents more than 10% of the group's trade payables.

Fair value of trade and other payables

The carrying value approximates fair value because of the short period to settlement of these obligations.

Accounting policies:

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost. Capital project related payables are excluded from working capital, as the nature and risks of these payables are not considered to be aligned to operational trade payables.

		2017 Rm	2016 Rm	2015 Rm
25	**(Increase)/decrease in working capital**			
	(Increase)/decrease in inventories	**(3 214)**	1 125	3 764
	(Increase)/decrease in trade receivables	**(346)**	2 849	2 770
	Increase/(decrease) in trade payables	**1 393**	(2 274)	(1 173)
	(Increase)/decrease in working capital	**(2 167)**	1 700	5 361

Cash management

for the year ended 30 June		Note	2017 Rm	2016 Rm
26	**Cash and cash equivalents**			
	Cash restricted for use		**1 803**	2 331
	Cash		**27 643**	49 985
	Cash and cash equivalents		**29 446**	52 316
	Bank overdraft		**(123)**	(136)
	Per the statement of cash flows		**29 323**	52 180
	Cash by currency			
	Rand		**14 037**	13 437
	Euro		**2 994**	7 323
	US Dollar		**10 605**	28 376
	Other currencies		**1 687**	3 044
			29 323	52 180
	Cash restricted for use			
	In trust	26.1	**447**	331
	In respect of joint operations	26.2	**559**	1 538
	Other	26.3	**797**	462
			1 803	2 331

Included in cash restricted for use:

26.1 Cash held in trust is restricted for use and held in escrow. Includes R322 million (2016 – R315 million) for the rehabilitation of various sites.

26.2 Cash in respect of joint operations can only be utilised for the business activities of the joint operations. This includes Sasol's interests in the high-density polyethylene (HDPE) plant in North America of R85 million (2016 – R565 million); in the Canadian shale gas asset of R117 million (2016 – R545 million) and the Sasol gas pipeline in Mozambique of R263 million (2016 – R239 million). The decrease from prior year relates mainly to progress made on the construction of the HDPE plant, as well as further optimisation of the capital profile of the Canadian shale gas asset.

26.3 Other cash restricted for use includes deposits for future abandonment site obligations and decommissioning of pipelines, as well as cash deposits serving as collateral for bank guarantees.

Fair value of cash and cash equivalents

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.

Accounting policies:

Cash and cash equivalents comprises cash on hand, cash restricted for use, bank overdraft, demand deposits and other short-term highly liquid investments with a maturity period of three months or less at date of purchase. Cash and cash equivalents are stated at carrying amount which is deemed to be fair value. Bank overdrafts are offset against cash and cash equivalents in the statement of cash flows.

Cash restricted for use comprises cash and cash equivalents which are not available for general use by the group, including amounts held in escrow, trust or other separate bank accounts.

for the year ended 30 June	Note	2017 Rm	2016 Rm	2015 Rm
27 Cash generated by operating activities				
Cash flow from operations	28	**46 236**	52 973	56 422
(Increase)/decrease in working capital	25	**(2 167)**	1 700	5 361
		44 069	54 673	61 783
28 Cash flow from operations				
Operating profit		**31 705**	24 239	46 549
Adjusted for				
share of profits of equity accounted investments	19	**(1 071)**	(509)	(2 057)
equity-settled share-based payment	34	**463**	123	501
depreciation and amortisation		**16 204**	16 367	13 567
effect of remeasurement items	8	**1 616**	12 892	807
movement in long-term provisions				
income statement charge	30	**228**	2 687	(2 239)
utilisation	30	**(969)**	(1 754)	(1 545)
movement in short-term provisions		**(215)**	(2 378)	(716)
movement in post-retirement benefits		**356**	402	129
translation effects		**(11)**	581	1 012
write-down of inventories to net realisable value		**470**	344	249
movement in financial assets and liabilities		**(3 120)**	698	–
movement in other receivables and payables		**50**	157	–
other non-cash movements		**530**	(876)	165
		46 236	52 973	56 422
29 Dividends paid				
Final dividend – prior year		**5 650**	7 140	8 376
Interim dividend – current year		**2 978**	3 540	4 363
		8 628	10 680	12 739
Forecast cash flow on final dividend – current year		**4 844**	5 650	7 135

The forecast cash flow on the final dividend is calculated based on the net number of Sasol ordinary shares in issue at 30 June 2017 of 651,4 million. The actual dividend payment will be determined on the record date of 30 September 2017.

PROVISIONS AND RESERVES

Page

Provisions

for the year ended 30 June	Environ-mental Rm	Share-based payments* Rm	Other Rm	**Total Rm**
30 Long-term provisions				
2017				
Balance at beginning of year	17 128	2 515	2 230	**21 873**
Capitalised in property, plant and equipment and assets under construction	742	–	–	**742**
Long-term incentive scheme converted to equity settled (note 34)	–	(645)	–	**(645)**
Reduction in rehabilitation provision capitalised**	(2 153)	–	–	**(2 153)**
Reclassification from other liabilities	–	–	8	**8**
Per the income statement	339	(237)	126	**228**
additional provisions and changes to existing provisions	493	(237)	131	**387**
reversal of unutilised amounts	(180)	–	(5)	**(185)**
effect of change in discount rate	26	–	–	**26**
Notional interest	824	–	10	**834**
Utilised during year (cash flow)	(164)	(748)	(57)	**(969)**
Foreign exchange differences recognised in income statement	(662)	–	(71)	**(733)**
Translation of foreign operations	(338)	–	(68)	**(406)**
Balance at end of year	**15 716**	**885**	**2 178**	**18 779**

for the year ended 30 June	Environ-mental Rm	Share-based payments Rm	Other Rm	**Total Rm**
Long-term provisions				
2016				
Balance at beginning of year	11 022	3 529	1 873	16 424
Capitalised in property, plant and equipment and assets under construction	2 707	–	–	2 707
Reduction in capitalised rehabilitation provision	(94)	–	–	(94)
Disposals	(44)	–	(312)	(356)
Reclassification from other liabilities	–	–	130	130
Per the income statement	1 946	371	370	2 687
additional provisions and changes to existing provisions	946	371	385	1 702
reversal of unutilised amounts	(77)	–	(14)	(91)
effect of change in discount rate	1 077	–	(1)	1 076
Notional interest	648	–	9	657
Utilised during year (cash flow)	(242)	(1 385)	(127)	(1 754)
Foreign exchange differences recognised in income statement	759	–	106	865
Translation of foreign operations	426	–	181	607
Balance at end of year	17 128	2 515	2 230	21 873

* Refer note 33 for accounting policies and areas of judgement used in calculating the share-based payment provision (cash settled).

** In 2017, reduction in rehabilitation capitalised, relates to a reassessment of our provision based on legislation changes, discount rates and new rehabilitation methods which resulted in a reduction of R2,1 billion.

for the year ended 30 June	Note	2017 Rm	2016 Rm
Expected timing of future cash flows			
Within one year		**2 131**	3 063
One to five years		**4 196**	3 993
More than five years		**12 452**	14 817
		18 779	21 873
Short-term portion	31	**(2 131)**	(3 063)
Long-term provisions		**16 648**	18 810
Estimated undiscounted obligation*		**102 729**	119 366

* In 2017, we re-assessed our provision based on legislation changes and new rehabilitation methods which resulted in a reduction of the undiscounted obligation.

	2017 Rm	2016 Rm
Business segmentation		
Mining	**1 573**	1 695
Exploration and Production International	**5 857**	8 083
Energy	**3 091**	3 949
Base Chemicals	**3 104**	2 379
Performance Chemicals	**2 224**	2 185
Group Functions	**799**	519
Total operations	**16 648**	18 810

Environmental provisions

In accordance with the group's published environmental policy and applicable legislation, a provision for rehabilitation is recognised when the obligation arises, representing the estimated actual cash flows in the period in which the obligation is settled.

The environmental obligation includes estimated costs for the rehabilitation of coal mining, oil, gas and petrochemical sites. The amount provided is calculated based on currently available facts and applicable legislation.

The total environmental provision at 30 June 2017 amounted to R15 716 million (2016 – R17 128 million). In line with the requirements of the legislation of South Africa, the utilisation of certain investments is restricted for mining rehabilitation purposes. These investments amounted to R582 million (2016 – R543 million). In addition, guarantees of R497 million (2016 – R497 million) and indemnities of R541 million (2016 – R541 million) are in place from Sasol Financing and other financial institutions. Restricted cash of R322 million (2016 – R315 million) is held in escrow, primarily for the purpose of rehabilitation.

The following risk-free rates were used to discount the estimated cash flows based on the underlying currency and time duration of the obligation.

for the year ended 30 June	2017 %	2016 %
South Africa	**7,3 to 8,6**	7,7 to 8,8
Europe	**0,0 to 1,5**	0,0 to 0,8
United States of America	**1,3 to 2,6**	0,7 to 1,9
Canada	**0,9 to 2,5**	0,9 to 1,9

for the year ended 30 June	2017 Rm	2016 Rm
A 1% point change in the discount rate would have the following effect on the long-term provisions recognised		
Increase in the discount rate	**(2 983)**	(3 460)
amount capitalised to property, plant and equipment	**(1 646)**	(2 059)
income recognised in income statement	**(1 337)**	(1 401)
Decrease in the discount rate	**4 114**	4 723
amount capitalised to property, plant and equipment	**2 272**	2 757
expense recognised in income statement	**1 842**	1 966

for the year ended 30 June	Note	2017 Rm	2016 Rm
31 Short-term provisions			
Other provisions		**522**	825
Short-term portion of			
long-term provisions	30	**2 131**	3 063
post-retirement benefit obligations	32	**354**	358
		3 007	4 246

Accounting policies:

Long-term provisions are determined by discounting the expected future cash flows using a pre-tax discount rate to their present value. The increase in discounted long-term provisions as a result of the passage of time is recognised as a finance expense in the income statement.

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 relate to the construction of an asset, they are capitalised as part of the cost of those assets. The effect of subsequent changes to assumptions in estimating an obligation for which the provision was recognised as part of the cost of the asset is adjusted against the asset. Any subsequent changes to an obligation which did not relate to the initial construction of a related asset are charged to the income statement. 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 at least annually.

Deferred tax is recognised on the temporary differences in relation to both the asset to which the obligation relates to and rehabilitation provision.

Termination benefits are recognised as a liability at the earlier of the date of recognition of restructuring costs or when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits that are expected to be wholly settled more than 12 months after the end of the reporting period are discounted to their present value.

Areas of judgement:

The determination of long-term provisions, in particular environmental provisions, remains a key area where management's judgement is required. Estimating the future cost of these obligations is complex and requires management to make estimates and judgements because most of the obligations will only be fulfilled in the future and contracts and laws are often not clear regarding what is required. The resulting provisions could also be influenced by changing technologies and political, environmental, safety, business and statutory considerations.

It is envisaged that, based on the current information available, any additional liability in excess of the amounts provided will not have a material adverse effect on the group's financial position, liquidity or cash flow.

for the year ended 30 June	Note	2017 Rm	2016 Rm
32 Post-retirement benefit obligations			
Post-retirement healthcare benefits	32.1		
South Africa		**3 921**	3 690
United States of America		**242**	304
		4 163	3 994
Net pension benefits	32.2		
South Africa – post-retirement benefit asset		**(622)**	(614)
Foreign – post-retirement benefit obligation		**7 260**	9 067
		6 638	8 453
Total post-retirement benefit assets		**(622)**	(614)

for the year ended 30 June	Note	2017 Rm	2016 Rm
Total post-retirement benefit obligations		**11 423**	13 061
Less short-term portion			
post-retirement healthcare benefits		**(178)**	(166)
pension benefits		**(176)**	(192)
Total long-term post-retirement benefit obligations		**11 069**	12 703

The group provides post-retirement medical and pension benefits to certain of its retirees, principally in South Africa, Europe and the United States of America. Generally, medical coverage provides for a specified percentage of most medical expenses, subject to pre-set rules and maximum amounts. Pension benefits are payable in the form of retirement, disability and surviving dependent pensions. The medical benefits are unfunded. The pension benefits in South Africa are funded.

Accounting policies:

The group operates or contributes to defined contribution pension plans and defined benefit pension plans for its employees in certain of 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 are plans under which the group pays fixed contributions into a separate legal entity and has no legal or constructive obligation to pay further amounts. Contributions to defined contribution pension plans are charged to the income statement as an employee expense in the period in which the related services are rendered by the employee.

The group's net obligation in respect of defined benefit pension plans is actuarially calculated separately for each plan by deducting the fair value of plan assets from the gross obligation for post-retirement benefits. The gross obligation is determined by estimating the future benefit attributable to members in return for services rendered to date.

This future benefit is discounted to determine its present value, using discount rates based on government bonds for South African obligations, and corporate bonds in Europe and the US, that have maturity dates approximating the terms of the group's obligations and which are denominated in the currency in which the benefits are expected to be paid. Independent actuaries perform this calculation annually using the projected unit credit method.

Defined contribution members employed before 2009 have an option to purchase a defined benefit pension with their member share. This option gives rise to actuarial risk, and as such, these members are accounted for as part of the defined benefit fund and are disclosed as such.

Past service costs are charged to the income statement at the earlier of the following dates:

- when the plan amendment or curtailment occurs; and
- when the group recognises related restructuring costs or termination benefits.

Actuarial gains and losses arising from experience adjustments and changes to actuarial assumptions, the return on plan assets (excluding amounts included in net interest on the defined benefit liability/(asset)) and any changes in the effect of the asset ceiling (excluding amounts included in net interest on the defined benefit liability/(asset)) are remeasurements that are recognised in other comprehensive income in the period in which they arise.

Where the plan assets exceed the gross obligation, the asset recognised is limited to the lower of the surplus in the defined benefit plan and the asset ceiling is determined using a discount rate based on government bonds.

Surpluses and deficits in the various plans are not offset.

The entitlement to healthcare 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 the accounting methodology described in respect of defined benefit pension plans above. Independent actuaries perform the calculation of this obligation annually.

	Healthcare benefits	Pension benefits
Last actuarial valuation – South Africa	**31 March 2017**	**31 March 2017**
Last actuarial valuation – United States of America	**30 April 2017**	**30 April 2017**
Last actuarial valuation – Europe	**n/a**	**30 April 2017**
Full/interim valuation	**Full**	**Full**
Valuation method adopted	**Projected unit credit**	**Projected unit credit**

The plans have been assessed by the actuaries and have been found to be in sound financial positions.

Principal actuarial assumptions

Weighted average assumptions used in performing actuarial valuations determined in consultation with independent actuaries.

32 Post-retirement benefit obligations continued

at valuation date	South Africa 2017 %	South Africa 2016 %	United States of America 2017 %	United States of America 2016 %	Europe 2017 %	Europe 2016 %
Healthcare cost inflation						
initial	**7,5**	7,5	**7,0***	7,0*	**n/a**	n/a
ultimate	**7,5**	7,5	**5,5***	5,5*	**n/a**	n/a
Discount rate – post-retirement medical benefits	**9,8**	9,9	**3,5**	3,2	**n/a**	n/a
Discount rate – pension benefits	**10,1**	9,8	**2,7**	2,5	**1,9**	1,7
Pension increase assumption	**5,2**	4,9	**n/a****	n/a**	**1,8**	1,8
Average salary increases	**5,5+**	5,5+	**4,2**	4,2	**2,8**	2,8
Weighted average duration of the obligation – post-retirement medical obligation	**15 years**	17 years	**9 years**	9 years	**n/a**	n/a
Weighted average duration of the obligation – pension obligation	**13 years**	14 years	**14 years**	15 years	**18 years**	19 years

Assumptions regarding future mortality are based on published statistics and mortality tables.

* The healthcare cost inflation rate in respect of the plans for the United States of America is capped. All additional future increases due to the healthcare cost inflation will be borne by the participants.

** There are no automatic pension increases for the United States pension plan.

+ In line with our low oil price Response Plan, forecasted salary increases are linked to inflation.

32.1 Post-retirement healthcare benefits

Reconciliation of projected benefit obligation to the amount recognised in the statement of financial position

for the year ended 30 June	South Africa 2017 Rm	South Africa 2016 Rm	United States of America 2017 Rm	United States of America 2016 Rm	Total 2017 Rm	Total 2016 Rm
Projected benefit obligation	**3 921**	3 690	**242**	304	**4 163**	3 994
Less short-term portion	**(159)**	(144)	**(19)**	(22)	**(178)**	(166)
Non-current post-retirement healthcare obligation	**3 762**	3 546	**223**	282	**3 985**	3 828

Reconciliation of the total post-retirement healthcare obligation recognised in the statement of financial position

for the year ended 30 June	South Africa 2017 Rm	South Africa 2016 Rm	United States of America 2017 Rm	United States of America 2016 Rm	Total 2017 Rm	Total 2016 Rm
Total post-retirement healthcare obligation at beginning of year	**3 690**	4 054	**304**	249	**3 994**	4 303
Movements recognised in the income statement:	**414**	405	**19**	20	**433**	425
current service cost	**59**	77	**11**	10	**70**	87
interest cost	**357**	354	**8**	10	**365**	364
curtailments and settlements[1]	**(2)**	(26)	**–**	–	**(2)**	(26)
plan amendments	**–**	–	**–**	–	**–**	–
Actuarial (gains)/losses recognised in other comprehensive income:	**(32)**	(632)	**(21)**	4	**(53)**	(628)
arising from changes in financial assumptions	**54**	(483)	**(8)**	14	**46**	(469)
arising from changes in demographic assumptions	**–**	–	**1**	2	**1**	2
arising from changes in actuarial experience	**(86)**	(149)	**(14)**	(12)	**(100)**	(161)
Benefits paid	**(151)**	(137)	**(24)**	(25)	**(175)**	(162)
Translation of foreign operations	**–**	–	**(36)**	56	**(36)**	56
Total post-retirement healthcare obligation at end of year	**3 921**	3 690	**242**	304	**4 163**	3 994

1 Amount represents employees who were offered voluntary retrenchment packages in terms of the Business Performance Enhancement Programme and Response Plan initiatives.

Sensitivity analysis

The sensitivity analysis is performed in order to assess how the post-retirement healthcare obligation would be affected by changes in the actuarial assumptions underpinning the calculation.

for the year ended 30 June	South Africa 2017 Rm	South Africa 2016 Rm	United States of America 2017 Rm	United States of America 2016 Rm
1% point change in actuarial assumptions:				
Increase in the healthcare cost inflation	**594**	571	**–** *	– *
Decrease in the healthcare cost inflation	**(487)**	(467)	**–** *	– *
Increase in the discount rate	**(472)**	(453)	**(20)**	(25)
Decrease in the discount rate	**584**	561	**24**	30
Increase in the pension increase assumption	**145**	138	**–** *	– *
Decrease in the pension increase assumption	**(183)**	(174)	**–** *	– *

* A change in the healthcare cost inflation for the United States of America will not have an effect on the above components or the obligation as the employer's cost is capped and all future increases due to the healthcare cost inflation are borne by the participants. There are no automatic pension increases for the United States pension plan.

The sensitivities may not be representative of the actual change in the post-retirement healthcare obligation, as it is unlikely that the changes would occur in isolation of one another, and some of the assumptions may be correlated.

Pension increase risk

The South African healthcare plan is linked to pension benefits paid, which are to some extent linked to inflation. Accordingly, increased inflation levels represent a risk that could increase the cost of paying the funds committed to benefits.

Healthcare cost inflation risk

Healthcare cost inflation is CPI inflation plus two percentage points over the long term. An increase in healthcare cost inflation will increase the obligation of the plan.

32 Post-retirement benefit obligations continued

32.1 Post-retirement healthcare benefits continued

Discount rate risk

The discount rate is derived from prevailing bond yields. A decrease in the discount rate will increase the obligation of the plan.

Other

Changes in other assumptions used could also affect the measured liabilities. There is also a regulatory risk as well as foreign funds under the jurisdiction of other countries. To the extent that governments can change the regulatory frameworks, there may be a risk that minimum benefits or minimum pension increases may be instituted, increasing the associated cost for the fund.

32.2 Pension benefits

South African operations

Background

In 1994, all members were given the choice to voluntarily transfer to the newly established defined contribution section of the pension fund and approximately 99% of contributing members chose to transfer to the defined contribution section.

Defined benefit option for defined contribution members

In terms of the rules of the fund, on retirement, employees employed before 1 January 2009 have an option to purchase a defined benefit pension with their member share. Should a member elect this option, the group is exposed to actuarial risk. In terms of IAS 19, the classification requirements stipulate that where an employer is exposed to any actuarial risk, the fund must be classified as a defined benefit plan.

Fund assets

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 2 253 108 Sasol ordinary shares valued at R826 million at year-end (2016 – 2 253 108 Sasol ordinary shares valued at R895 million) purchased under terms of an approved investment strategy.

Membership

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 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.

Pension fund assets

The assets of the pension funds are invested as follows:

	South Africa		United States of America	
at 30 June	**2017 %**	2016 %	**2017 %**	2016 %
Equities	**53**	55	**44**	43
resources	**5**	5	**7**	8
industrials	**2**	3	**5**	5
consumer discretionary	**14**	12	**5**	5
consumer staples	**13**	15	**3**	4
healthcare	**4**	5	**5**	5
information technologies	**3**	3	**9**	6
telecommunications	**2**	2	**2**	1
financials (ex real estate)	**10**	10	**8**	9
Fixed interest	**10**	10	**44**	45
Direct property	**16**	14	**7**	7
Listed property	**7**	8	**–**	–
Cash and cash equivalents	**3**	2	**–**	–
Third party managed assets	**11**	11	**–**	–
Other	**–**	–	**5**	5
Total	**100**	100	**100**	100

The pension fund assets are measured at fair value at valuation date. The fair value of equity has been calculated by reference to quoted prices in an active market. The fair value of property and other assets has been determined by performing market valuations and using other valuation techniques at the end of each reporting period.

Investment strategy

The investment objectives of the group's pension plans are designed to generate returns that will enable the plans to meet their future obligations as well as returns greater than their policy benchmark reflecting the target weights of the asset classes used in its targeted strategic asset allocation. The precise amount for which these obligations will be settled depends on future events, including the life expectancy of the plan's members and salary inflation. The obligations are estimated using actuarial assumptions, based on the current economic environment.

The trustees target the plans' asset allocation within the following ranges within each asset class:

	South Africa[1]		United States of America	
Asset classes	Minimum %	Maximum %	Minimum %	Maximum %
Equities				
local	35	55	25	65
foreign	5	25	–	25
Fixed interest	5	25	20	65
Property	10	25	–	20
Other	–	15	–	20

1 Members of the scheme have a choice of four investment portfolios. The targeted allocation disclosed represents the moderate balanced investment portfolio which the majority of the members of the scheme have adopted. The total assets of the fund under these investment portfolios are R137 million, R46 762 million, R707 million and R471 million for the low risk portfolio, moderate balanced portfolio, aggressive balanced portfolio and money market portfolio, respectively. Defined benefit members' funds are invested in the moderate balanced portfolio. The money market portfolio is restricted to active members from age 55.

The trustees of the respective funds monitor investment performance and portfolio characteristics on a regular basis to ensure that managers are meeting expectations with respect to their investment approach. There are restrictions and controls placed on managers in this regard.

Reconciliation of the projected net pension liability/(asset) recognised in the statement of financial position

	South Africa		Foreign		Total	
for the year ended 30 June	2017 Rm	2016 Rm	2017 Rm	2016 Rm	2017 Rm	2016 Rm
Projected benefit obligation (funded)	46 508	44 823	2 913	3 208	49 421	48 031
defined benefit portion	19 200	18 290	2 913	3 208	22 113	21 498
defined benefit option for defined contribution members	27 308	26 533	–	–	27 308	26 533
Plan assets	(48 340)	(46 752)	(2 514)	(2 439)	(50 854)	(49 191)
defined benefit portion	(21 669)	(20 691)	(2 514)	(2 439)	(24 183)	(23 130)
defined benefit option for defined contribution members	(26 671)	(26 061)	–	–	(26 671)	(26 061)
Projected benefit obligation (unfunded)	–	–	6 861	8 298	6 861	8 298
Asset not recognised due to asset limitation	1 210	1 315	–	–	1 210	1 315
Net liability/(asset) recognised	(622)	(614)	7 260	9 067	6 638	8 453

The decrease of R105 million in the asset limitation (2016 – R749 million) was recognised as a gain in other comprehensive income.

	South Africa		Foreign		Total	
for the year ended 30 June	2017 Rm	2016 Rm	2017 Rm	2016 Rm	2017 Rm	2016 Rm
Pension asset	(622)	(614)	–	–	(622)	(614)
Pension benefit obligation	–	–	7 260	9 067	7 260	9 067
long-term portion	–	–	7 084	8 875	7 084	8 875
short-term portion	–	–	176	192	176	192
Net liability/(asset)	(622)	(614)	7 260	9 067	6 638	8 453

The obligation which arises for the defined contribution members with the option to purchase into the defined benefit fund is limited to the assets that they have accumulated until retirement date. However, after retirement date, there is actuarial risk associated with the members as full defined benefit members. Accordingly, the obligation recognised for the defined contribution members exceeds their related asset.

32 Post-retirement benefit obligations continued

32.2 Pension benefits continued

Based on the latest actuarial valuation of the fund and the approval of the trustees of the surplus allocation, the company has an unconditional entitlement to only the funds in the employer surplus account and the contribution reserve. The estimated surplus due to the company amounted to approximately R622 million (2016 – R614 million) and has been included in the pension asset recognised in the current year.

Investment risk

The actuarial valuation assumes certain asset returns on invested assets. If actual returns on plan assets are below the assumption, this may lead to a strain on the fund, which, over time, may lead to a plan deficit. In order to mitigate the concentration risk, the fund assets are invested across equity securities, property securities and debt securities. Given the long-term nature of the obligations, it is considered appropriate that investment is made in equities and real estate to improve the return generated by the fund. These may result in improved pension benefits to members.

Pension increase risk

Benefits in these plans are to some extent linked to inflation so increased inflation levels represent a risk that could increase the cost of paying the funds committed to benefits. This risk is mitigated as pension benefits are subject to affordability.

Discount rate risk

The discount rate is derived from prevailing bond yields. A decrease in the discount rate used will increase the obligation of the plan.

Other

Changes in other assumptions used could also affect the measured liabilities. There is also a regulatory risk as well as foreign funds under the jurisdiction of other countries. To the extent that governments can change the regulatory frameworks, there may be a risk that minimum benefits or minimum pension increases may be instituted, increasing the associated cost for the fund.

Reconciliation of projected benefit obligation

	South Africa		Foreign		Total	
for the year ended 30 June	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm	**2017 Rm**	2016 Rm
Projected benefit obligation at beginning of year	**44 823**	42 473	**11 506**	8 142	**56 329**	50 615
Movements recognised in income statement:	**5 277**	4 602	**587**	606	**5 864**	5 208
current service cost	**927**	965	**370**	354	**1 297**	1 319
past service cost	**–**	–	**21**	13	**21**	13
interest cost	**4 350**	3 640	**196**	232	**4 546**	3 872
curtailments and settlements	**–**	(3)	**–**	7	**–**	4
Actuarial (gains)/losses recognised in other comprehensive income:	**(1 803)**	(1 004)	**(931)**	1 536	**(2 734)**	532
arising from changes in demographic assumptions	**–**	–	**(3)**	1	**(3)**	1
arising from changes in financial assumptions	**(1 803)**	(1 004)	**(971)**	1 564	**(2 774)**	560
arising from change in actuarial experience	**–**	–	**43**	(29)	**43**	(29)
Member contributions	**411**	679	**–**	–	**411**	679
Benefits paid	**(2 200)**	(1 927)	**(304)**	(474)	**(2 504)**	(2 401)
Translation of foreign operations	**–**	–	**(1 084)**	1 696	**(1 084)**	1 696
Projected benefit obligation at end of year	**46 508**	44 823	**9 774**	11 506	**56 282**	56 329
unfunded obligation*	**–**	–	**6 861**	8 298	**6 861**	8 298
funded obligation	**46 508**	44 823	**2 913**	3 208	**49 421**	48 031

* Certain of the foreign defined benefit plans have reimbursement rights under contractually agreed legal binding terms that match the amount and timing of some of the benefits payable under the plan. This reimbursive right has been recognised in long-term receivables at fair value (2017 – R268 million; 2016 – R344 million). A decrease of R50 million (2016 – increase of R63 million) has been recognised as a loss in other comprehensive income in respect of the reimbursive right.

Reconciliation of plan assets of funded obligation

for the year ended 30 June	South Africa 2017 Rm	South Africa 2016 Rm	Foreign 2017 Rm	Foreign 2016 Rm	Total 2017 Rm	Total 2016 Rm
Fair value of plan assets at beginning of year	**46 752**	43 629	**2 439**	2 076	**49 191**	45 705
Movements recognised in income statement:	**4 407**	3 686	**58**	65	**4 465**	3 751
interest income	**4 535**	3 734	**58**	65	**4 593**	3 799
interest on asset limitation	**(128)**	(48)	**–**	–	**(128)**	(48)
Actuarial (losses)/gains recognised in other comprehensive income:	**(1 930)**	(218)	**202**	(69)	**(1 728)**	(287)
arising from return on plan assets (excluding interest income)	**(1 930)**	(218)	**202**	(69)	**(1 728)**	(287)
Plan participant contributions*	**411**	679	**–**	–	**411**	679
Employer contributions*	**900**	903	**265**	263	**1 165**	1 166
Benefit payments	**(2 200)**	(1 927)	**(165)**	(325)	**(2 365)**	(2 252)
Translation of foreign operations	**–**	–	**(285)**	429	**(285)**	429
Fair value of plan assets at end of year	**48 340**	46 752	**2 514**	2 439	**50 854**	49 191
Actual return on plan assets	**2 477**	3 468	**260**	(4)	**2 737**	3 464

* Contributions, for the defined contribution section, are paid by the members and Sasol at fixed rates.

Contributions

Funding is based on actuarially determined contributions. The following table sets forth the projected pension contributions for the 2018 financial year.

	South Africa Rm	Foreign Rm
Pension contributions	**987**	**255**

Sensitivity analysis

A sensitivity analysis is performed in order to assess how the post-retirement pension obligation would be affected by changes in the actuarial assumptions underpinning the calculation.

for the year ended 30 June	South Africa 2017 Rm	South Africa 2016 Rm	Foreign 2017 Rm	Foreign 2016 Rm
1% point change in actuarial assumptions				
Increase in average salaries increase assumption	**15**	16	**416**	502
Decrease in average salaries increase assumption	**(14)**	(14)	**(353)**	(427)
Increase in the discount rate	**(1 552)**	(1 519)	**(1 507)**	(1 726)
Decrease in the discount rate	**2 494**	1 818	**1 989**	2 291
Increase in the pension increase assumption	**2 538**	1 862	**956** *	1 066 *
Decrease in the pension increase assumption	**(1 622)**	(1 588)	**(731)** *	(802) *

* This sensitivity analysis relates only to the Europe obligations as there are no automatic pension increases for the United States of America pension plan, and thus it is not one of the inputs utilised in calculating the obligation.

The sensitivities may not be representative of the actual change in the post-retirement pension obligation, as it is unlikely that the changes would occur in isolation of one another, and some of the assumptions may be correlated.

for the year ended 30 June		2017 Rm	2016 Rm	2015 Rm
33	**Cash-settled share-based payment provision**			
	During the year, the following share-based payment expenses were recognised in the income statement relating to cash-settled arrangements (refer to note 34 for the equity-settled share-based payment disclosure):			
	Share-based payment expense – movement in long-term provisions			
	Sasol Share Appreciation Rights Scheme	**(342)**	(180)	(1 634)
	Share Appreciation Rights with no corporate performance targets (CPTs)	**(110)**	50	(436)
	Share Appreciation Rights with corporate performance targets (CPTs)	**(232)**	(230)	(1 198)
	Sasol Long-term Incentive Scheme[1]	**105**	551	252
		(237)	371	(1 382)

1 On 25 November 2016, the cash-settled LTI scheme was converted to an equity-settled share-based payment scheme.

Sasol's share price decreased by 8% over the financial year to a closing price on 30 June 2017 of R366,50. This has resulted in a R237 million credit being recognised in the current year.

Sasol Share Appreciation Rights Scheme (closed since 2013)

The maximum number of rights to be issued under the cash-settled Sasol Share Appreciation Rights Scheme (SARs) and the cash-settled Sasol Long-term Incentive Scheme (LTIs) shall not at any time exceed 69 million shares/rights. The maximum number of shares issued under the equity-settled LTI scheme (2016)may not exceed 32,5 million representing 5% of Sasol Limited’s issued share capital at the time of approval.

Total rights/units granted	2017 Number	2016 Number
Share Appreciation Rights	**11 401 116**	13 610 058
Long-term Incentive Units[2]	**–**	5 994 481
	11 401 116	19 604 539

2 On 25 November 2016, the cash-settled LTI scheme was converted to an equity-settled share-based payment scheme.

The SAR Scheme allows eligible senior employees to earn a long-term incentive amount calculated with reference to the increase in the Sasol Limited share price between the offer date of SARs to exercise of such vested rights. No shares are issued in terms of this scheme and all amounts payable in terms of the Sasol SAR Scheme are settled in cash.

The offer price of these appreciation rights equals the closing market price of the underlying shares on the trading day immediately preceding the granting of the right. The fair value of the cash-settled liability is calculated at each reporting date. On resignation, SARs which have not yet vested lapse and SARs which have vested may be exercised at the employee’s election before their last day of service. On death, all appreciation rights vest immediately and the deceased's estate has a period of 12 months to exercise these rights. On retrenchment or retirement, all appreciation rights vest immediately and the employee has a period of 12 months to exercise these rights.

It is group policy that employees should not deal in Sasol Limited securities (and this is extended to the Sasol SARs) for the periods from 1 January for half year-end and 1 July for year-end until two days after publication of the results and at any other time during which they have access to price sensitive information.

	2017				2016			
	SARs with no CPTs Rm	**SARs with CPTs Rm**	**Long-term Incentives Rm**	**Total Rm**	SARs with no CPTs Rm	SARs with CPTs Rm	Long-term Incentives Rm	Total Rm
Per statement of financial position at 30 June	**153**	**732**	**–**	**885**	330	1 014	1 171	2 515
Total intrinsic value of rights vested, but not yet exercised	**122**	**181**	**–** *	**303**	251	292	– **	543

* All LTIs were converted to equity-settled on 25 November 2016.

** Before conversion to equity-settled, LTIs were automatically settled in cash upon vesting.

Share-based payment expense is calculated based on the following assumptions at 30 June 2017 for the SARs and at conversion/grant date for the LTIs:

		2017			2016		
		SARs with no CPTs	**SARs with CPTs**	**Long-term Incentives**	SARs with no CPTs	SARs with CPTs	Long-term Incentives
Model		**Binomial tree**	**Binomial tree**	**Monte-Carlo**	Binomial tree	Binomial tree	Monte-Carlo
Risk-free interest rate	(%)	**7,03 – 8,75**	**7,03 – 8,75**	**7,03 – 9,22**	6,99 – 8,81	6,99 – 8,81	6,99 – 8,81
Expected volatility	(%)	**20,86**	**24,45**	**29,87**	39,49	38,93	38,95
Expected dividend yield	(%)	**3,42**	**3,42**	**3,42**	3,81	3,81	3,81
Expected forfeiture rate	(%)	*****	**9,00**	**3,00 – 5,00**	14,00	9,00	5,00
Vesting period – SARs issued between 2009 – 2011		**2, 4, 6 years**	**2, 4, 6 years**	**–**	2, 4, 6 years	2, 4, 6 years	–
Vesting period – LTIs		**–**	**–**	**3 years******	–	–	3 years
Vesting period – SARs issued between 2012 – 2014		**–**	**3, 4, 5 years**	**–**	–	3, 4, 5 years	–

* All SARs with no CPTs have vested and therefore no forfeiture is applied.

** On 25 November 2016, the cash-settled LTI scheme was converted to an equity-settled share scheme.

The risk-free rate for periods within the contractual term of the rights is based on the South African government bonds in effect at the time of the valuation of the grant.

The expected volatility in the value of the rights granted is determined using the historical volatility of the Sasol share price.

The expected dividend yield of the rights granted is determined using the historical dividend yield of the Sasol ordinary shares.

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management.

Accounting policies:

The cash-settled schemes allow certain senior employees the right to participate in the performance of the Sasol Limited share price, in return for services rendered, through the payment of cash incentives which are based on the market price of the Sasol Limited share. The vested portion of these rights are recognised as a liability at fair value, at each reporting date, in the statement of financial position until the date of settlement. The unvested portion is at each reporting date, in the statement of financial position until the date of settlement and employee costs are recognised over the period that the employees provide services to the company.

Areas of judgement:

Fair value is measured using the Binomial tree and Monte-Carlo option pricing models where applicable. The expected life used in the models has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations such as volatility, dividend yield and the vesting period. The fair value takes into account the terms and conditions on which these incentives are granted and the extent to which the employees have rendered service to the reporting date.

Reserves

for the year ended 30 June	Note	2017 Rm	2016 Rm	2015 Rm
34 Share-based payment reserve				
During the year, the following share-based payment expense was recognised in the income statement relating to the equity-settled share-based payment scheme:				
Equity-settled – recognised directly in equity		**463**	123	501
Sasol Share Incentive Scheme	34.1	**–**	–	–
Sasol Inzalo share transaction[1]	34.2	**76**	123	501
Long-term incentives[2]	34.3	**387**	–	–

1 Included in the equity-settled share-based payment charge for 2015 is a once-off charge of R280 million relating to the partial refinancing of the Sasol Inzalo transaction. The refinancing was accounted for as a modification to the equity-settled share-based payment arrangement.

2 On 25 November 2016, the cash-settled LTI scheme was converted to an equity-settled share scheme.

Equity-settled share incentive schemes

34.1 The Sasol Share Incentive Scheme (expired)

In 1988, the shareholders approved the implementation of the Sasol Share Incentive Scheme, which expired in December 2015. Following the introduction of the Sasol Share Appreciation Rights Scheme in March 2007, no further options were issued in terms of the Sasol Share Incentive Scheme.

Movements in the number of options outstanding	Number of share options	Weighted average exercise price Rand
Balance at 30 June 2014	858 950	235,63
Options converted to shares	(544 550)	(233,84)
Options lapsed	(7 500)	(218,81)
Balance at 30 June 2015	306 900	239,20
Options converted to shares	(294 800)	(238,97)
Options lapsed	(12 100)	(244,71)
Balance at 30 June 2016	**–**	**–**
Options converted to shares	**–**	**–**
Options lapsed	**–**	**–**
Balance at 30 June 2017	**–**	**–**

for year ended 30 June	2017 Rand	2016 Rand	2015 Rand
Average market price of options exercised during year	**–**	422,69	465,93

34.2 The Sasol Inzalo share transaction

In May 2008, the shareholders approved the Sasol Inzalo share transaction, a broad-based black economic empowerment (BEE) transaction, which resulted in the transfer of beneficial ownership of 10% (63,1 million shares) of Sasol Limited's issued share capital before the implementation of this transaction to its employees and a wide spread of BEE participants. The transaction was introduced to assist Sasol, as a major participant in the South African economy, in meeting its empowerment objectives.

The structures of Sasol Inzalo will unwind in June and September 2018. The structures were funded with preference share funding at inception of Inzalo (except for the Black Public Cash Offer). The preference share funding in the Inzalo structures are secured and will require the sale of Sasol preferred ordinary shares to repay the preference share funding.

Components of the transaction	Participants	% allocated	Number of shares	Value of shares issued Rm
The Sasol Inzalo Employee Trust and The Sasol Inzalo Management Trust	Sasol Management and Employees	**4,0**	**25,2 million Sasol ordinary shares**	**9 235**
The Sasol Inzalo Foundation	The Sasol Inzalo Foundation	**1,5**	**9,5 million Sasol ordinary shares**	**3 463**
Selected Participants	Selected Participants	**1,5**	**9,5 million Sasol preferred ordinary shares**	**3 463**
Black Public Invitations	Black Public	**3,0**	**16,1 million Sasol preferred ordinary shares and 2,8 million Sasol BEE ordinary shares**	**6 927**
		10,0		**23 088**

for the year ended 30 June	Share-based payment expense recognised 2017 Rm	2016 Rm	2015 Rm
Black Public Funded Invitation[1]	**–**	–	280
The Sasol Inzalo Employee Trust and The Sasol Inzalo Management Trust[2]	**76**	123	221
	76	123	501

1 Includes a share-based payment expense of R280 million in 2015; relating to the partial refinancing of the Sasol Inzalo transaction.

2 The unrecognised share-based payment expense related to non-vested Employee and Management Trusts' share rights, expected to be recognised over a weighted average period of 0,92 years amounted to R34 million at 30 June 2017 (2016 – R111 million; 2015 – R234 million).

for the year ended 30 June 2017	Total	i) Employee and Management Trusts	ii) Sasol Inzalo Foundation	iii) Selected Participants	iv) Black Public Invitations
Shares and share rights granted	**60 614 266**	**23 914 500**	**9 461 882**	**8 387 977**	**18 849 907**
already vested	**58 222 816**	**21 523 050**	**9 461 882**	**8 387 977**	**18 849 907**
within one year	**2 391 450**	**2 391 450**	**–**	**–**	**–**
Shares and share rights forfeited and unallocated	**2 464 948**	**1 317 186**	**–**	**1 073 905**	**73 857**
	63 079 214	**25 231 686**	**9 461 882**	**9 461 882**	**18 923 764**

for the year ended 30 June 2016	Total	i) Employee and Management Trusts	ii) Sasol Inzalo Foundation	iii) Selected Participants	iv) Black Public Invitations
Shares and share rights granted	60 747 265	24 047 499	9 461 882	8 387 977	18 849 907
already vested	55 937 765	19 237 999	9 461 882	8 387 977	18 849 907
within two years	4 809 500	4 809 500	–	–	–
Shares and share rights forfeited and unallocated	2 331 949	1 184 187	–	1 073 905	73 857
	63 079 214	25 231 686	9 461 882	9 461 882	18 923 764

34 Share-based payments reserve continued

34.2 The Sasol Inzalo share transaction continued

No further shares and share rights have been granted in terms of the Sasol Inzalo Employee and Management and the Selected Participant and the Black Public Invitations. The share-based payment expense recognised in the current year relates to share rights granted in previous years and is calculated based on the assumptions applicable to the year in which the share rights were granted.

at 30 June 2015	Total	i) Employee and Management Trusts	ii) Sasol Inzalo Foundation	iii) Selected Participants	iv) Black Public Invitations
Shares and share rights granted	60 940 615	24 240 849	9 461 882	8 387 977	18 849 907
already vested	53 668 360	16 968 594	9 461 882	8 387 977	18 849 907
within three years	7 272 255	7 272 255	–	–	–
Shares and share rights forfeited and unallocated	2 138 599	990 837	–	1 073 905	73 857
	63 079 214	25 231 686	9 461 882	9 461 882	18 923 764

Movements in the number of shares and share rights granted	Number of shares/ share rights	Estimated strike price value Rand ***	Weighted average remaining life Years
Sasol Inzalo Employee and Management Trusts			
Balance at 30 June 2014	24 519 672	666,27	4,0
Share rights forfeited	(278 823)		
Balance at 30 June 2015	24 240 849	735,73	3,0
Share rights forfeited	(193 350)		
Balance at 30 June 2016	**24 047 499**	**814,91**	**2,0**
Share rights forfeited	**(132 999)**		
Balance at 30 June 2017	**23 914 500**	**905,10**	**1,0**
Sasol Inzalo Foundation*			
Balance at 30 June 2017	**9 461 882**	**–**	**1,2**
Selected Participants**			
Balance at 30 June 2017	**9 461 882**	**480,40**	**1,0**
Black Public Invitations**			
Balance at 30 June 2017	**18 923 764**	**456,30**	**1,0**

* The Sasol Limited Board approved that the repurchase right will not be exercised at the end of the scheme.
** The estimated strike price value represents the debt balance at 30 June, per share right. Refer to note 15 for detail on the debt.
*** This is the share price that is required for the Inzalo Scheme to create value for the participants.

Accounting policies:

The equity-settled schemes allow certain employees the right to receive ordinary shares in Sasol Limited after a prescribed period. Such equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is charged as employee costs,with a corresponding increase in equity, on a straight-line basis over the period that the employees become unconditionally entitled to the shares, based on management's estimate of the shares that will vest and adjusted for the effect of non-market-based vesting conditions. These equity-settled share-based payments are not subsequently revalued.

To the extent that an entity grants shares or share options in a BEE transaction and the fair value of the cash and other assets received is less than the fair value of the shares or share options granted, such difference is charged to the income statement in the period in which the transaction becomes effective. Where the BEE transaction includes service conditions the difference will be charged to the income statement over the period of these service conditions. A restriction on the transfer of the shares or share options is taken into account in determining the fair value of the share or share option.

34.3 Sasol Long–term Incentive Scheme

During September 2009, the group introduced the Sasol Long-term Incentive Scheme (LTI). The objective of the LTI scheme is to provide qualifying employees the opportunity of receiving an incentive linked to the value of Sasol Limited ordinary shares. The LTI scheme allows certain senior employees to earn a long-term incentive amount linked to certain Corporate Performance Targets (CPTs). Allocations of the LTI are linked to the performance of both the group and the individual. On resignation, LTIs which have not yet vested will lapse. On death, retirement and retrenchment, the LTIs vest immediately, calculated to the extent that the CPTs are anticipated to be met, and are settled within 40 days from the date of termination. Accelerated vesting does not apply to top management. In November 2016 after receiving approval at the Annual General Meeting, the scheme was converted from cash-settled to equity-settled with the introduction of the 2016 equity-settled LTI scheme. An amount of R645 million, the full amount in the cash-settled share-based payment provision was transferred to the share-based payment reserve in equity. All the vesting conditions and all other terms and conditions of the scheme remain the same, including the standard vesting period of three years, with the exception of top management, who have five year vesting period for 50% of the awards.

Movements in the number of options outstanding	Number of share options	Weighted average fair value Rand
Balance at 30 June 2016	–	–
Conversion of LTI scheme to equity-settled scheme on 25 November 2016	6 398 182	340,85
LTIs granted	150 200	370,47
LTIs vested	(194 390)	359,92
Effect of CPTs and LTIs forfeited	(155 403)	343,03
Balance at 30 June 2017*	**6 198 589**	**337,80**

* The options outstanding as at 30 June 2017 have a weighted average remaining vesting period of 1,42 years. The exercise price of these options is Rnil.

for year ended 30 June	2017 Rand
Average weighted market price of LTIs vested (after conversion to equity-settled)	375,43

Average fair value of options granted		2017
Model	(%)	Monte-Carlo
Risk-free interest rate	(%)	7,03 – 9,22
Expected volatility	(%)	29,87
Expected dividend yield	(%)	3,42
Expected forfeiture rate	(%)	3 – 5
Vesting period – top management		3 / 5 years
Vesting period – all other participants		3 years

The risk-free rate for periods within the contractual term of the rights is based on the South African government bonds in effect at the time of the valuation of the grant.

The expected volatility in the value of the rights granted is determined using the historical volatility of the Sasol share price.

The expected dividend yield of the rights granted is determined using the historical dividend yield of the Sasol ordinary shares.

The valuation of the share-based payment expense requires a significant degree of judgement to be applied by management.

OTHER DISCLOSURES

Page

Other disclosures

35 Contingent liabilities

35.1 Litigation

Allegation of exchange of commercially sensitive information in the commercial diesel market – Sasol Oil (Pty) Ltd

On 24 October 2012, the Commission referred allegations of price-fixing and market division against Chevron SA, Engen, Shell SA, Total SA, Sasol Limited, Sasol Oil, BP SA and the South African Petroleum Industry Association (SAPIA) to the Tribunal for adjudication.

The Commission is alleging that the respondents exchanged commercially sensitive information, mainly through SAPIA, in order to ensure that their respective prices for commercial diesel followed the Wholesale List Selling Price published by the Department of Energy.

This is not a new matter and Sasol began engaging with the Commission in this regard in 2008 as part of its group-wide competition law compliance review, which preceded the Commission's investigation into the liquid fuels sector.

Sasol has reviewed the Commission's referral documents and does not agree with the Commission's allegations. Sasol continues to engage with the Commission in regard to this matter. The outcome of this matter cannot be estimated at this point in time and accordingly, no provision was recognised at 30 June 2017.

Claimed compensation for lung diseases – Sasol Mining (Pty) Ltd

On 2 April 2015, 22 plaintiffs instituted action against Sasol Mining (Pty) Ltd at the High Court in Gauteng, South Africa, for allegedly having contracted lung diseases while working at its collieries. The plaintiffs allege that they were exposed to harmful quantities of coal dust while working underground for Sasol Mining and that the company failed to comply with various sections of the Mine Health and Safety Act, 1996; failed to comply with various regulations issued in terms thereof; and failed to take effective measures to reduce the exposure of mine workers to coal dust. The plaintiffs allege that all of the above increased the risk for workers to contract coal dust related lung diseases.

This lawsuit is not a class action but rather 22 individual cases, each of which will be judged on its own merits. The plaintiffs seek compensation for damages relating to past and future medical costs and loss of income amounting to R82,5 million in total. Sasol Mining is defending the claim.

The merits of each single claim are not yet clear. There is also some uncertainty as to whether one or more of the claims has become prescribed. Therefore, it is not possible at this stage to make an estimate of the likelihood that the plaintiffs will succeed with their claim and if successful, what the quantum of damages would be that the court will award. Therefore, no provision has been raised at 30 June 2017.

Construction disputes – Fischer Tropsch Wax Expansion Project in Sasolburg (FTWEP)

After the conclusion of construction of FTWEP in Sasolburg, a number of contractual claims have been instituted by some contractors who were involved in the construction and project management relating to this project. Certain of these claims have already been resolved, either through settlement between the parties or through the contractual dispute resolution process. Two larger matters are still ongoing. The claimants are Fluor SA (Pty) Ltd and Wetback Contracts (Pty) Ltd.

Fluor SA (Pty) Ltd – FTWEP

Fluor claimed an additional amount of R485,7 million, plus interest (R83,6 million up to May 2015). This dispute turns on the nature and quantification of Fluor's alleged entitlement to a change to the prices and completion dates for delayed access. In June 2015, Fluor referred the claim to adjudication. In September 2015 the adjudicator rejected Fluor's entire claim. Thereafter, Fluor notified Sasol of its dissatisfaction with the outcome of the adjudication and Fluor's intention to refer the matter to arbitration. The arbitration process commenced with Fluor filing its statement of claim during December 2016. Sasol filed two objections against the statement of claim which had the potential to dispose of the arbitration proceedings.

The arbitrator however did not decide in favour of Sasol on the objection applications and dismissed the application with costs. The objections will still be raised as a special jurisdictional plea and will be filed with Sasol's statement of defence. The arbitrator has requested that the parties agree on the timetable going forward and Sasol has submitted a proposed timetable to Fluor for consideration. Sasol believes that Fluor's claim is not justified. Accordingly, no provision was recognised at 30 June 2017.

Wetback Contracts (Pty) Ltd – FTWEP

Wetback instituted a claim of R634,2 million for additional compensation. Sasol submitted three counterclaims with an aggregate value of R229,2 million. The matter has been referred to arbitration. The hearing of this dispute commenced on 9 May 2016. During the first two weeks of the hearing, Sasol successfully applied for the separation of certain key issues relating to the interpretation of the contract to be decided before the remainder of the merits of the matter could be heard. This successful separation of issues dictated the framework within which the matter proceeded. In addition to the hearing in December 2016, further hearings on the merits of the matter took place during the first half of 2017. In accordance with the schedule agreed between the parties, the matter will continue to be heard during August and November 2017 and it is anticipated that the arbitration hearing will conclude during November 2017, where after the Arbitrator will prepare his final determination. Sasol believes that Wetback's claim is not justified. Accordingly, no provision was raised as at 30 June 2017.

35 Contingent liabilities continued

35.1 Litigation continued

Other litigation and tax matters

From time to time, Sasol companies are involved in other litigation and similar proceedings in the normal course of business. A detailed assessment is performed on each matter and a provision is recognised where appropriate. Although the outcome of these proceedings and claims cannot be predicted with certainty, the company does not believe that the outcome of any of these cases would have a material effect on the group's financial results. Tax exposures are considered in note 11.

35.2 Competition matters

Sasol continuously evaluates its compliance programmes and controls in general, including its competition law compliance programmes and controls. As a consequence of these compliance programmes and controls, including monitoring and review activities, Sasol has adopted appropriate remedial and/or mitigating steps, where necessary or advisable, lodged leniency applications and made disclosures on material findings as and when appropriate. These ongoing compliance activities have already revealed, and may still reveal, competition law contraventions or potential contraventions in respect of which we have taken, or will take, appropriate remedial and/or mitigating steps including lodging leniency applications.

35.3 Environmental orders

To ensure our ongoing compliance with new air quality regulations in South Africa, Sasol applied for certain postponements to manage our short-term challenges relating to the compliance timeframes. We have received decisions on our initial postponement applications from the National Air Quality Officer, which, while aligned with our requests, imposed stretched targets reflected in our atmospheric emission licences. In some cases shorter postponements were granted and further applications have been made to extend compliance timeframes in line with our committed environmental roadmaps.

Sasol's environmental obligation accrued at 30 June 2017 was R15 716 million compared to R17 128 million at 30 June 2016. Included in this balance is an amount accrued of approximately R5 816 million in respect of the costs of remediation of soil and groundwater contamination and similar environmental costs. These costs relate to the following activities: site assessments, soil and groundwater clean-up and remediation, and on-going monitoring. Due to uncertainties regarding future costs the potential loss in excess of the amount accrued cannot be reasonably determined.

Although Sasol has provided for known environmental obligations that are probable and reasonably estimable, the amount of additional future costs relating to remediation and rehabilitation may be material to results of operations in the period in which they are recognised. It is not expected that these environmental obligations will have a material effect on the financial position of the group.

36 Commitments under leases

Operating leases – Minimum future lease payments

The group leases buildings under long-term non-cancellable operating lease agreements and also rents offices and other equipment under operating leases that are cancellable at various short-term notice periods by either party.

for the year ended 30 June	2017 Rm	2016 Rm
Property, plant and equipment		
Within one year	**1 316**	1 426
One to five years	**4 009**	3 942
More than five years	**13 089**	11 945
	18 414	17 313

Included in operating leases is the following:

- The lease for the Sasol Corporate office building. The lease term is 20 years with an option to extend for a further five years. This is a significant lease for the group.
- The rental of a pipeline for the transportation of gas products. The rental payments are determined based on the quantity of gas transported. The lease may be extended by either party to the lease for a further three year period prior to the expiry of the current lease term of 16 years.

	2017 Rm	2016 Rm
Water reticulation for Secunda Synfuels Operations		
Within one year	**144**	133
One to five years	**777**	590
More than five years	**2 038**	2 049
	2 959	2 772

The water reticulation commitments of Secunda Synfuels Operations relate to a long-term water supply agreement. The rental payments are determined based on the quantity of water consumed over the 20 year period of the lease.

	2017 Rm	2016 Rm
Total minimum future lease payments	**21 373**	20 085

These leasing arrangements do not impose any significant restrictions on the group or its subsidiaries.

Contingent rentals

The group has contingent rentals in respect of operating leases that are linked to market related data such as inflation.

Finance leases – minimum future lease payments

The group leases buildings and other equipment under long-term non-cancellable finance lease agreements. These lease agreements contain terms of renewal and escalation clauses but exclude purchase options.

for the year ended 30 June	2017 Rm	2016 Rm
Within one year	**278**	276
One to five years	**1 195**	920
More than five years	**2 308**	1 869
Less amounts representing finance charges	**(1 917)**	(1 459)
Total minimum future lease payments	**1 864**	1 606

Air Liquide – Air Separation Unit

We have entered into a lease agreement for an Air Separation Unit, to be built and owned by Air Liquide. The effective date of the lease will be when the asset achieves beneficial operations (expected to be December 2017). The finance lease asset to be capitalised at commencement date is estimated to be in a range of R4 billion – R6 billion. The payment structure within the agreement contains a number of market variables such as inflation, exchange rates and construction cost. These variables, along with the discount rate, could materially affect the value to be capitalised.

Lake Charles Chemicals Project

We have entered into rail yard and wash bay lease agreements to support our Lake Charles Chemicals Project rail operations. The effective date of the leases will be December 2017 and April 2018 respectively. The finance lease asset to be capitalised for the rail yard at commencement date is estimated to be approximately R2,7 billion (US$203 million). The finance lease asset to be capitalised for the wash bay at commencement date is estimated to be R288 million (US$22 million).

Contingent rentals

The group has no contingent rentals in respect of finance leases.

37 Related party transactions

Parties are considered to be related if one party directly or indirectly has the ability to control or jointly control the other party or exercise significant influence over the other party or is a member of the key management of the reporting entity (Sasol Limited). In particular, this relates to joint ventures and associates. Disclosure in respect of joint ventures and associates is provided in note 19.

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. Amounts owing (after eliminating intercompany balances) to related parties are disclosed in the respective notes to the financial statements for those statement of financial position items. No impairment of receivables related to the amount of outstanding balances is required.

Material related party transactions

The following table shows the material transactions that are included in the annual financial statements using the equity method for associates and joint ventures.

for the year ended 30 June	**2017 Rm**	2016 Rm	2015 Rm
Sales and services rendered from subsidiaries to related parties			
Joint ventures	**1 088**	1 079	1 107
Purchases by subsidiaries from related parties			
Joint ventures	**617**	592	530
Associates	**120**	88	89
	737	680	619

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 individual transactions have taken place.

Key management remuneration

Key management comprises of Executive and Non-executive Directors as well as other members of the Group Executive Committee (GEC)/Prescribed Officers. Refer to page 27 to 45 of the audited Remuneration Report for full details of remuneration of key management personnel and Non-executive Directors.

	Salary R'000	Retirement funding R'000	Other benefits R'000	Annual incentives[1] R'000	**Total 2017 R'000**	Total 2016[2] R'000	Total 2015[2] R'000
Executive Directors	29 645	3 611	22 517	21 560	**77 333**	69 041	71 183

1 Incentives approved on the group results for the 2017 financial year and payable in the following year. Incentives are calculated as a percentage of total guaranteed package/net base salary as at 30 June 2017.

2 Total remuneration for the financial year excludes gains derived from the long-term incentive schemes which are separately disclosed.

Gains on Long-term incentives and Share Appreciation Rights for the Executive Directors' and former Executive Director were as follows:

	Long-term incentive rights vested[1] R'000	Share appreciation rights, with CPTs exercised R'000	Share appreciation rights without CPTs exercised R'000	**Total 2017 R'000**	Total 2016 R'000	Total 2015 R'000
Executive Directors	24 970	–	–	**24 970**	30 705	26 719

1 Long-term incentives for the 2017 financial year represent incentives approved on the group results for the 2017 financial year, payable in 2018 financial year.

Remuneration and benefits paid and short-term incentives approved for the Prescribed Officers were as follows:

	Salary R'000	Retirement funding R'000	Other benefits R'000	Annual incentives[1] R'000	**Total 2017 R'000**	Total 2016[2] R'000	Total 2015[2] R'000
Prescribed Officers	31 979	5 669	12 173	21 128	**70 949**	70 363	77 911
Number of GEC members					**10**	10	10

1 Incentives approved on the group results for the 2017 financial year and payable in the following year. Incentives are calculated as a percentage of total guaranteed package/net base salary as at 30 June 2017.

2 Total remuneration for the financial year excludes gains derived from the long-term incentive schemes which are separately disclosed.

Gains on Long-term incentives and Share Appreciation Rights for the Prescribed Officers were as follows:

	Long-term incentive rights vested[1] R'000	Share appreciation rights, with CPTs exercised R'000	Share appreciation rights without CPTs exercised R'000	**Total 2017 R'000**	Total 2016 R'000	Total 2015 R'000
Prescribed Officers	21 865	1 174	768	**23 807**	49 793	35 080

1 Long-term incentives for the 2017 financial year represent incentives approved on the group results for the 2017 financial year, payable in 2018 financial year.

The total IFRS2 charge for Executive Directors and the GEC in 2017 amounted to R22,5 million and R13,2 million, respectively.

Non-executive Directors' emoluments for the year was as follows:

	Board meeting fees R'000	Lead Director fees R'000	Committee fees R'000	Share incentive trustee fees R'000	Ad Hoc Special Board – Committee Meeting R'000	**Total 2017 R'000**	Total 2016 R'000	Total 2015 R'000
Non-executive Directors	16 462	688	5 159	68	702	**23 079**	22 645	19 938

38 Subsequent events

There were no events that occurred subsequent to 30 June 2017.

39 Financial risk management and financial instruments

Financial instruments

The following table summarises the group's classification of financial instruments.

	Note	Carrying value				
		At fair value through profit and loss Rm	Available-for-sale Rm	Amortised cost Rm	Held-to-maturity Rm	Fair value Rm
2017						
Financial assets						
Investments in listed securities		**–**	**681**	**–**	**–**	**681**
Investments in unlisted securities		**–**	**225**	**–**	**–**	**225**
Other long-term investments		**–**	**–**	**–**	**81**	**81**
Long-term receivables	18	**–**	**–**	**3 737**	**–**	**3 737**
Short-term financial assets		**2 739**	**–**	**–**	**–**	**2 739**
Trade and other receivables**		**–**	**–**	**24 675**	**–**	**24 675** *
Cash and cash equivalents	26	**–**	**–**	**29 446**	**–**	**29 446** *
Financial liabilities						
Listed long-term debt (US Dollar Bond)⁺	15	**–**	**–**	**13 014**	**–**	**13 365**
Unlisted long-term debt⁺	15	**–**	**–**	**68 153**	**–**	**68 896**
Short-term debt and bank overdraft		**–**	**–**	**2 986**	**–**	**2 986** *
Long- and short-term financial liabilities		**1 473**	**–**	**–**	**–**	**1 473**
Trade and other payables⁺	24	**–**	**–**	**26 131**	**–**	**26 131** *

		Carrying value				
		At fair value through profit and loss Rm	Available-for-sale Rm	Amortised cost Rm	Held-to-maturity Rm	Fair value Rm
2016						
Financial assets						
Investments in listed securities		–	616	–	–	616
Investments in unlisted securities		–	246	–	–	246
Other long-term investments		–	–	–	81	81
Long-term receivables	18	–	–	3 777	–	3 777
Short-term financial assets		42	–	–	–	42
Trade and other receivables**		–	–	25 840	–	25 840 *
Cash and cash equivalents	26	–	–	52 316	–	52 316 *
Financial liabilities						
Listed long-term debt (US Dollar Bond)⁺	15	–	–	14 638	–	14 760
Unlisted long-term debt⁺	15	–	–	65 239	–	66 267
Short-term debt and bank overdraft		–	–	274	–	274 *
Long- and short-term financial liabilities		3 699	–	–	–	3 699
Trade and other payables⁺	24	–	–	23 692	–	23 692 *

* The fair value of these instruments approximates carrying value, due to their short-term nature.

** Trade and other receivables includes employee-related and insurance-related receivables.

⁺ Includes unamortised loan costs

39.1 Financial risk management

The group is exposed in varying degrees to a number of financial instrument related risks. The Group Executive Committee (GEC) has the overall responsibility for the establishment and oversight of the group's risk management framework. The GEC established the risk and safety, health and environment committee, which is responsible for providing the board with the assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels. A comprehensive risk management process has been developed to continuously monitor and control these risks. Based on the risk management process Sasol refined its hedging policy and the Board appointed a subcommittee, the Hedging and Digital Committee that meets regularly to review and, if appropriate, approve the implementation of hedging strategies for the effective management of financial market related risks.

The group has a central treasury function that manages the financial risks relating to the group's operations.

Capital allocation

The group's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to grow shareholder value sustainably.

The group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

The group monitors capital utilising a number of measures, including the gearing ratio. The gearing ratio is calculated as net borrowings (total borrowings less cash) divided by shareholders' equity. The group's targeted gearing ratio is between 20% and 40%, and has been temporarily lifted to 44% until 2018. Gearing takes into account the group's substantial capital investment and susceptibility to external market factors such as crude oil prices, exchange rates and commodity chemical prices. The group's gearing level for 2017 is 26,7% ((2016 – 14,6%; 2015 – (2,8%)).

Financing risk

Financing risk refers to the risk that financing of the group's net debt requirements and refinancing of existing borrowings could become more difficult or more costly in the future. This risk can be decreased by managing the group within the targeted gearing ratio, maintaining an appropriate spread of maturity dates, and managing short-term borrowings within acceptable levels.

The group's target for long-term borrowings include an average time to maturity of at least two years, and an even spread of maturities.

Credit rating

To achieve and keep an optimal capital structure, the group aims to maintain a stable long-term investment grade credit rating, recognising that Sasol, like all South African domiciled entities, is constrained (but not necessarily capped) by the South African sovereign rating. In April 2017 S&P downgraded South Africa's sovereign credit rating from BBB- investment grade to BB+ with a negative outlook. Due to Sasol's exposure to the political and economic risks in South Africa, S&P thereafter downgraded Sasol's long and short term foreign currency corporate ratings from BBB/A-2 to BBB-/A-3 with a stable outlook.

Similarly Moody's Investors Service downgraded Sasol Limited's long-term issuer rating to Baa3 (negative outlook) from Baa2 (negative outlook), and raised the national scale issuer rating to Aaa.za from Aa1.za in June 2017.

Risk profile

Risk management and measurement relating to each of these risks is discussed under the headings below (sub-categorised into credit risk, liquidity risk, and market risk) which entails an analysis of the types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the statement of financial position.

Credit risk

Credit risk, or the risk of financial loss due to counterparties not meeting their contractual obligations.

How we manage the risk

The risk is managed by the application of credit approvals, limits and monitoring procedures. Where appropriate, the group obtains security in the form of guarantees to mitigate risk. Counterparty credit limits are in place and are reviewed and approved by the respective subsidiary credit management committees. The central treasury function provides credit risk management for the group-wide exposure in respect of a diversified group of banks and other financial institutions. These are evaluated regularly for financial robustness especially in the current global economic environment. Management has evaluated treasury counterparty risk and does not expect any treasury counterparties to fail in meeting their obligations.

39 Financial risk management and financial instruments continued

39.1 Financial risk management continued

Our exposure to and assessment of the risk

Trade and other receivables consist of a large number of customers spread across diverse industries and geographical areas. The exposure to credit risk is influenced by the individual characteristics, the industry and geographical area of the counterparty with whom we have transacted. Trade and other receivables and long-term receivables are carefully monitored for impairment. An allowance for impairment of trade receivables is made where there is an identified loss event, which based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Details of the credit quality of trade receivables and the associated provision for impairment is disclosed in note 23. Long-term receivables are reviewed on a regular basis based on our credit risk policy, and is not impaired. The carrying value of receivables represents the maximum credit risk exposure.

No single customer represents more than 10% of the group's total turnover or more than 10% of total trade receivables for the years ended 30 June 2017, 2016 and 2015. Approximately 45% (2016 – 47%; 2015 – 51%) of the group's total turnover is generated from sales within South Africa, while about 22% (2016 – 23%; 2015 – 20%) relates to European sales and 13% (2016 – 14%; 2015 – 12%) relates to sales within the US. The concentration of credit risk within geographic regions is largely aligned with the geographic regions in which the turnover was earned.

Liquidity risk

Liquidity risk is the risk that an entity in the group will be unable to meet its obligations as they become due.

How we manage the risk

The group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a central treasury function to manage pooled business unit cash investments and borrowing requirements. Currently the group is maintaining a positive cash position, conserving the group's cash resources through continued focus on working capital improvement and capital reprioritisation. The group meets its financing requirements through a mixture of cash generated from its operations and, short and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained. The group is in compliance with all of the financial covenants per its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future. The group has sufficient undrawn borrowing facilities, which could be utilised to settle obligations. Refer to note 15.

Our exposure to and assessment of the risk

The maturity profile of the undiscounted contractual cash flows of financial instruments at 30 June were as follows:

	Note	Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2017					
Financial assets					
Non-derivative instruments					
Long-term receivables	18	2 003	–	696	1 307
Trade and other receivables	23	24 675	24 675	–	–
Cash restricted for use	26	1 803	1 803	–	–
Cash	26	27 643	27 643	–	–
Investments available-for-sale		906	906	–	–
Investments held-to-maturity		81	–	81	–
		57 111	55 027	777	1 307
Derivative instruments					
Foreign exchange contracts		515	515	–	–
Coal swaps		21	21	–	–
Zero cost collar		1 546	1 546	–	–
Crude oil futures		52	52	–	–
Crude oil options		1 116	1 116	–	–
		60 361	58 277	777	1 307
Financial liabilities					
Non-derivative instruments					
Long-term debt	15	(94 044)	(9 783)	(68 332)	(15 929)
Short-term debt	15	(2 625)	(2 625)	–	–
Trade and other payables	24	(26 131)	(26 131)	–	–
Bank overdraft	26	(123)	(123)	–	–
Financial guarantees**		(89)	(89)	–	–
		(123 012)	(38 751)	(68 332)	(15 929)
Derivative instruments					
Interest rate swap		(1 070)	–	–	(1 070)
Foreign exchange contracts		(904)	(904)	–	–
Coal swaps		(2)	(2)	–	–
Zero cost collar		(3)	(3)	–	–
		(124 991)	(39 660)	(68 332)	(16 999)

* Contractual cash flows include interest payments.

** Issued financial guarantees contracts are all repayable on default, however the likelihood of default is considered remote.

39 Financial risk management and financial instruments continued

39.1 Financial risk management continued

	Note	Contractual cash flows* Rm	Within one year Rm	One to five years Rm	More than five years Rm
2016					
Financial assets					
Non-derivative instruments					
Long-term receivables	18	2 039	–	400	1 639
Trade and other receivables	23	25 840	25 840	–	–
Cash restricted for use	26	2 331	2 331	–	–
Cash	26	49 985	49 985	–	–
Investments available-for-sale		862	862	–	–
Investments held-to-maturity		81	–	81	–
		81 138	79 018	481	1 639
Derivative instruments					
Foreign exchange contracts		2 031	2 031	–	–
		83 169	81 049	481	1 639
Financial liabilities					
Non-derivative instruments					
Long-term debt	15	(97 443)	(4 656)	(36 322)	(56 465)
Short-term debt	15	(138)	(138)	–	–
Trade and other payables	24	(23 692)	(23 692)	–	–
Bank overdraft	26	(136)	(136)	–	–
Financial guarantees**		(103)	(103)	–	–
		(121 512)	(28 725)	(36 322)	(56 465)
Derivative instruments					
Interest rate swap		(3 208)	–	–	(3 208)
Commodity derivates		(2 092)	(2 092)	–	–
Foreign exchange contracts		(2 470)	(2 470)	–	–
		(129 282)	(33 287)	(36 322)	(59 673)

* Contractual cash flows include interest payments.

** Issued financial guarantees contracts are all repayable on default, however the likelihood of default is considered remote.

Market risk

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the business. The market price movements that the group is exposed to:

Foreign currency risk

Foreign currency risk is a risk that earnings and cash flows will be affected due to changes in exchange rates.

How we manage the risk

Our Hedging and Digital Committee sets broad guidelines in terms of tenor and hedge cover ratios specifically to assess future currency exposure and large forward cover amounts for long periods into the future, which have the potential to materially affect our financial position. These guidelines and our hedging policy are reviewed from time to time. This hedging strategy enables us to better predict cash flows and thus manage our working capital and debt more effectively. Foreign currency risks are managed through the group's hedging policy and financing policies that direct and the selective use of various derivatives.

Our exposure to and assessment of the risk

The group's transactions are predominantly entered into in the respective functional currency of the individual operations. A large portion of our turnover and capital investments are significantly impacted by the rand/US$ and rand/EUR exchange rate. Some of our fuel products are governed by the BFP, of which a significant variable is the rand/US$ exchange rate. Our chemical products are mostly commodity products whose prices are largely based on global commodity and benchmark prices quoted in US dollars and consequently are exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. These operations are exposed to foreign currency risk in connection with contracted payments in currencies not in their individual functional currency. The most significant exposure for the group exists in relation to the US dollar and the Euro. The translation of foreign operations to the presentation currency of the group is not taken into account when considering foreign currency risk.

For forecasting purposes, a 10c change in the rand/US$ exchange rate will impact operating profit by approximately R710 million (US$52 million) in 2018. This is based on an average oil price of US$50/bbl.

This calculation is done at a point in time and is based on a 12-month average oil price at a constant 12-month average exchange rate. It may be used as a general rule but the sensitivity is not linear over large absolute changes in the oil price and hence applying it to such scenarios may lead to an incorrect reflection of the change in profit from operations.

Zero-cost collars

In line with the newly implemented risk mitigation strategy, the group hedges 70-80% of its estimated foreign currency exposure in respect of forecast sales and purchases over the following 12 months. The group uses zero-cost collars to hedge its currency risk, most with a maturity of less than one year from the reporting date.

Foreign exchange contracts

Foreign exchange contracts (FECs) are utilised throughout the group to hedge the risk of currency depreciation on committed and highly probable forecast transactions. Transactions hedged with FECs include capital and goods purchases (imports) and sales (exports). Other transactions hedged include certain intercompany loans which expose the group to foreign currency risk.

A number of FECs were entered into during the year and classified as held for trading. FECs are also utilised in the group in cash flow hedge relationships. FECs taken out to hedge exposure to fluctuations in the rand/US$ exchange rate were held over a total notional amount of R34 million (US$nil; EUR2,3 million) at 30 June 2017 (2016 – R797 million (US$53 million; EUR4 million)).

The following significant exchange rates were applied during the year:

	Average rate		Closing rate	
	2017 Rm	2016 Rm	**2017 Rm**	2016 Rm
Rand/Euro	**14,83**	16,12	**14,92**	16,33
Rand/US dollar	**13,61**	14,52	**13,06**	14,71

The table below shows the significant currency exposure where entities within the group have monetary assets or liabilities that have exposure to the US dollar or the Euro. The amounts have been presented in rand by converting the foreign currency amount at the closing rate at the reporting date.

	2017		2016	
	Euro Rm	**US dollar Rm**	Euro Rm	US dollar Rm
Long-term receivables	**–**	**–**	266	203
Trade and other receivables	**312**	**1 911**	426	2 437
Cash restricted for use	**–**	**515**	–	37
Cash	**2 410**	**1 755**	6 362	3 369
Net exposure on assets	**2 722**	**4 181**	7 054	6 046
Long-term debt	**(103)**	**(31)**	(165)	(20)
Short-term debt	**(2 542)**	**(22)**	–	(62)
Trade and other payables	**(166)**	**(986)**	(212)	(1 666)
Bank overdraft	**–**	**(14)**	–	–
Net exposure on liabilities	**(2 811)**	**(1 053)**	(377)	(1 748)
Exposure on external balances	**(89)**	**3 128**	6 677	4 298
Net exposure on balances between group companies	**(2 871)**	**8 262**	(3 055)	6 667
Total net exposure	**(2 960)**	**11 390**	3 622	10 965

39 Financial risk management and financial instruments continued

39.1 Financial risk management continued

Sensitivity analysis

The following sensitivity analysis is provided to show the foreign currency exposure of the individual entities at the end of the reporting period. This analysis is prepared based on the statement of financial position balances that exist at year-end, for which there is currency risk, before consideration of currency derivatives, which exist at that point in time. The effect on equity is calculated as the effect on profit and loss. The effect of translation of results into presentation currency of the group is excluded from the information provided.

A 10% weakening in the group's significant exposure to the foreign currency at 30 June would have increased either the equity or the profit by the amounts below, before the effect of tax. This analysis assumes that all other variables, in particular, interest rates, remain constant, and has been performed on the same basis for 2016.

	2017		2016	
	Equity Rm	**Income statement Rm**	Equity Rm	Income statement Rm
Euro	**(296)**	**(296)**	362	362
US dollar	**1 139**	**1 139**	1 097	1 097

A 10% movement in the opposite direction in the group's exposure to foreign currency would have an equal and opposite effect to the amounts disclosed above.

Interest rate risk

Interest rate risk is the risk that the value of short term investments and financial activities will change as a result of fluctuations in the interest rates.

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. The group has significant exposure to interest rate risk due to the volatility in South African, European and US interest rates.

How we manage the risk

Our debt is comprised of different instruments, which by their nature either bear interest at a floating or a fixed rate. We monitor the ratio of floating and fixed interest in our loan portfolio and may manage this ratio, by electing to incur either bank loans, bearing a floating interest rate, or bonds, which bear a fixed interest rate. We may also use interest rate swaps, where appropriate, to convert some of our debt into either floating or fixed rate debt to manage the composition of our portfolio. In some cases, we may also use other interest rate derivatives, which enables us to mitigate the risks associated with this exposure.

In respect of financial assets, the group’s policy is to invest cash at floating rates of interest and cash reserves are to be maintained in short-term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Our exposure to and assessment of the risk

In July 2015, we entered into an interest rate swap to convert approximately 50% of the variable Libor rate exposure of the US$3 995 million term loan facility from a Libor rate to a fixed rate. The loan was incurred by Sasol Chemicals (USA) LLC to part fund the capital expenditure of the LCCP. The instrument effectively allows Sasol to swap the variable LIBOR for a fixed rate. The swap is settled on a quarterly basis, and has been designated as the hedging instrument in a cash flow hedge.

At the reporting date, the interest rate profile of the group’s interest-bearing financial instruments, including the effect of the interest rate swap was:

	Carrying value 2017 Rm	Carrying value 2016 Rm
Variable rate instruments		
Financial assets	**29 044**	51 408
Financial liabilities	**(38 454)**	(50 065)
	(9 410)	1 343
Fixed rate instruments		
Financial assets	**250**	658
Financial liabilities	**(44 395)**	(29 045)
	(44 145)	(28 387)
Interest profile (variable: fixed rate as a percentage of total financial assets)	**99:1**	99:1
Interest profile (variable: fixed rate as a percentage of total financial liabilities)	**46:54**	63:37

Cash flow sensitivity for variable rate instruments

Financial instruments affected by interest rate risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. A change of 1% in the prevailing interest rate in a particular currency at the reporting date would have increased/(decreased) earnings by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis that all other variables, in particular foreign currency rates, remain constant and has been performed on the same basis for 2016. The sensitivity has been calculated including consideration of the effect of existing interest rate swap derivative instruments. Interest on the loan is paid quarterly, based on the prevailing Libor rate. Interest is recognised in the income statement using the effective interest rate method. The cash flow hedge reserve will be reclassified to profit and loss on a similar basis. Currently the total notional exposure hedged under the swap is US$1,98 billion.

Income statement – 1% increase

	South Africa Rm	Europe Rm	United States of America Rm	Other Rm
30 June 2017	**(82)**	**7**	**(42)**	**23**
30 June 2016	(9)	73	(174)	32

Income statement – 1% decrease

	South Africa Rm	Europe* Rm	United States of America* Rm	Other* Rm
30 June 2017	**81**	**–**	**–**	**–**
30 June 2016	9	–	–	–

* A decrease of 1% in interest rates for the United States of America and Europe will not have an effect on the income statement as it is not considered reasonably possible that the repo interest rates will decrease below 0%.

	Average fixed rate %	Expiry	Fair value loss recognised in other comprehensive income 2017 Rm	Fair value loss recognised in other comprehensive income 2016 Rm	Over-effectiveness recognised in profit and loss 2017 Rm	Over-effectiveness recognised in profit and loss 2016 Rm
Interest rate derivatives – cash flow hedge						
US$ – pay fixed rate receive floating rate**	**2,70**	**December 2026**	**(1 560)**	(3 004)	**14**	15

** Losses incurred on the movement in the swap derivative were recognised in other comprehensive income, as part of the effect of cash flow hedges, as it has been designated as the hedging instrument in the cash flow hedge of approximately 50% of the LIBOR risk associated with the US$3 995 million borrowings to fund the LCCP. This is the capitalised to assets under construction as part of the specific borrowing cost of the LCCP.

39 Financial risk management and financial instruments continued

39.1 Financial risk management continued

Commodity price risk

Commodity price risk is the risk of fluctuations in our earnings as a result of fluctuation in the price of commodities.

How we manage the risk

Crude oil and coal price

The group makes use of derivative instruments, including options and commodity swaps as a means of mitigating price movements and timing risks on crude oil purchases and sales and export coal sales. The group entered into hedging contracts which provide downside protection against decreases in the Brent crude oil price and export coal price.

Our exposure to and assessment of the risk

A substantial proportion of our turnover is derived from sales of petroleum and petrochemical products. Market prices for crude oil fluctuate because they are subject to international supply, demand and political factors. Our exposure to the crude oil price centres primarily around the selling price of the fuel marketed by our Energy business which is governed by the Basic Fuel Price (BFP) formula, the crude oil related raw materials used in our Natref refinery and certain of our offshore operations. Key factors in the BFP are the Mediterranean and Singapore or Mediterranean and Arab Gulf product prices for petrol and diesel, respectively.

For forecasting purposes, a US$1/barrel increase in the average annual crude oil price will impact operating profit by approximately R850 million (US$62 million) in 2018. This is based on an average rand/US dollar exchange rate assumption of R 13,75.

This calculation is done at a point in time and is based on a 12-month average oil price at a constant 12-month average exchange rate. It may be used as a general rule but the sensitivity is not linear over large absolute changes in the oil price and hence applying it to such scenarios may lead to an incorrect reflection of the change in profit from operations.

Dated Brent Crude prices applied during the year:

	Dated Brent Crude	
	2017 US$	2016 US$
High	**56,30**	61,67
Average	**49,77**	43,37
Low	**40,26**	25,99

The following commodity derivatives were in place at 30 June:

	Contract amount 2017 Rm	**Fair value 2017 Rm**	**Within one year 2017 Rm**	Contract amount 2016 Rm	Fair value 2016 Rm	Within one year 2016 Rm
Commodity derivatives						
Crude oil futures	**1 602**	**52**	**52**	2 092	(4)	(4)

Sensitivity analysis

A 10% increase of the commodity prices at 30 June would have increased the fair value losses recognised in other operating costs in the income statement by the amounts shown below, before the effect of tax. This analysis assumes that all other variables remain constant and should not be considered predictive of future performances. This calculation has been performed on the same basis for 2016.

	2017 Rm	2016 Rm
Crude oil	**(95)**	(11)

Sensitivity analysis

A 10% decrease in the commodity prices at 30 June would have the equal but opposite effect on the fair value amounts shown above, on the basis that all other variables remain constant.

Summary of our derivatives

In the normal course of business, the group enters into a various of derivative transactions to mitigate our exposure to the Rand/US dollar exchange rates, oil price and coal price. Derivative financial instruments are entered into over foreign exchange, interest rate, and commodity exposures. Derivative instruments used by the group in hedging activities include swaps, options, forwards and other similar types of instruments based on foreign exchange rates, interest rates and the prices of commodities.

Income statement impact	2017 Rm	2016 Rm	2015 Rm
Financial instruments			
Net gain/(loss) on derivative instruments			
Foreign exchange contracts (losses)/gains	**(1 107)**	920	(156)
Revaluation of put option crude oil derivatives	**(237)**	–	–
Revaluation of zero cost collar foreign exchange derivatives	**1 608**	–	–
Revaluation of crude oil futures	**277**	330	473
Revaluation of coal swaps	**94**	–	–
Interest rate swap	**14**	15	–
	649	1 265	317

Statement of financial position impact	2017 Rm	2016 Rm
Financial instrument		
Derivative financial assets		
Foreign exchange contracts	**4**	34
Coal swaps	**21**	–
Crude oil futures	**52**	8
Zero cost collar	**1 546**	–
Crude oil options	**1 116**	–
	2 739	42
Derivative financial liabilities		
Foreign exchange contracts	**(393)**	(473)
Coal swaps	**(2)**	–
Crude oil futures	**–**	(12)
Zero cost collar	**(3)**	–
Interest rate swap	**(1 070)**	(3 208)
	(1 468)	(3 693)
Non-derivative financial liabilities		
Financial guarantees	**(5)**	(6)
	(1 473)	(3 699)

An interest rate swap was entered into in July 2015, to ultimately hedge 50% of the Libor exposure of the borrowings taken out to fund the LCCP project. The instrument effectively allows Sasol to swap the variable LIBOR rate for a fixed rate. The swap is settled on a quarterly basis, and has been designated as the hedging instrument in a cash flow hedge. Interest on the loan is paid quarterly, based on the prevailing Libor rate. Interest is recognised in the income statement using the effective interest rate method. The cash flow hedge reserve is reclassified to profit and loss on a similar basis. At 30 June 2017 the total notional exposure hedged under the swap is US$1,98 billion (2016 – US$0,6 billion).

	Fair value of liabilities 2017 Rm	Fair value of liabilities 2016 Rm
Interest rate derivatives – cash flow hedge	**1 070**	3 208

39 Financial risk management and financial instruments continued

39.1 Financial risk management continued

	Fair value of assets 2017 Rm	Fair value of assets 2016 Rm	Fair value of liabilities 2017 Rm	Fair value of liabilities 2016 Rm		Contract / Notional amount* 2017	Contract / Notional amount* 2016
Derivatives held for trading							
Foreign exchange contracts	**4**	34	**(393)**	(473)	US$m	**300**	537
Crude oil futures	**52**	8	**–**	(12)	US$m	**123**	142
	56	42	**(393)**	(485)			

* The notional amount is the sum of the absolute value of all contracts for both derivative assets and liabilities.

In addition to foreign exchange contract utilised in normal operating activities, the following derivatives were entered into to mitigate the risks associated with the crude oil price, the Rand/USD exchange rate and the coal price.

		2017
Brent crude oil – Put options		
Premium paid	US$m	**103**
Number of barrels	million	**55**
Open positions	million	**25**
Settled	million	**30**
Average Brent crude oil price floor, net of costs	US$/bbl	**48,15**
Realised losses recognised in the income statement	Rm	**(732)**
Unrealised gains recognised in the income statement	Rm	**495**
Amount included in the statement of financial position	Rm	**1 116**
Rand/US dollar currency – Zero-cost collar instruments		
US$ exposure – open position	US$bn	**4 000**
Annual average floor	R/US$	**13,46**
Annual average cap	R/US$	**15,51**
Unrealised gains recognised in the income statement	Rm	**1 608**
Amount included in the statement of financial position	Rm	**1 543**
Export coal – Swap options		
Number of tons	million tons	**3,93**
Open positions	million tons	**2,10**
Settled	million tons	**1,83**
Average coal swap price	US$/ton	**77,52**
Realised gains recognised in the income statement	Rm	**74**
Unrealised gains recognised in the income statement	Rm	**20**
Amount included in the statement of financial position	Rm	**19**

Sensitivity analysis

The fair value of significant derivatives held for trading is impacted by a number of market observable variables at valuation date. The sensitivities provided below reflect the impact on fair value as a result of movements in the significant input variables utilised for valuation purposes:

		Volatility +2%	Volatility -2%	Brent crude future price +USD 2/bbl	Brent crude future price -USD 2/bbl	USD/ZAR spot price -R1/USD*	USD Libor curve +0,05%	USD Libor curve -0,05%
Crude oil options	Rm	**50**	**(50)**	**(351)**	**427**	**n/a**	**n/a**	**n/a**
Zero-cost collar	Rm	**90**	**(99)**	**n/a**	**n/a**	**3 479**	**n/a**	**n/a**
Interest rate swap	Rm	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**940**	**(940)**

* A weakening of the Rand/US$ spot exchange rate of R2,00, will likely result in the spot price falling within the corridor of the cap and floor rates of the zero-cost collars. No gain or loss will be made if these derivatives are settled at a spot price between the cap and floor. The exchange rate would have to weaken by at least R2,00/US$, up to the cap of R15,05, before losses are incurred on the derivatives.

39.2 Fair value

Various valuation techniques and assumptions are utilised for the purpose of calculating fair value.

The group does not hold any financial instruments traded in an active market, except for the investment in listed equity instruments. Fair value is determined using valuation techniques as outlined below. Where possible, inputs are based on quoted prices and other market determined variables.

Fair value hierarchy

The following table is provided representing the assets and liabilities measured at fair value at reporting date, or for which fair value is disclosed at reporting date.

The calculation of fair value requires various inputs into the valuation methodologies used.

The source of the inputs used affects the reliability and accuracy of the valuations. Significant inputs have been classified into the hierarchical levels in line with IFRS 13, as shown below.

There have been no transfers between levels in the current year. Transfers between levels are considered to have occurred at the date of the event or change in circumstances.

Level 1 Quoted prices in active markets for identical assets or liabilities.
Level 2 Inputs other than quoted prices that are observable for the asset or liability (directly or indirectly).
Level 3 Inputs for the asset or liability that are unobservable.

Financial instrument	Fair value 30 June 2017	Valuation method	Significant inputs	Fair value hierarchy of inputs	
Financial assets					
Investments in listed securities	**681**	Quoted market price for the same instrument	Quoted market price for the same instrument	Level 1	
Investments in unlisted securities	**225**	Discounted cash flow	Forecasted earnings, capital expenditure and debt cash flows of the underlying business, based on the forecasted assumptions of inflation, exchange rates, commodity prices etc. Appropriate WACC for the region.	Level 3	
Other long-term investments	**81**	Discounted cash flow	Market related interest rates.	Level 3	
Long-term receivables	**3 737**	Discounted cash flow	Market related interest rates.	Level 3	
Derivative assets	**2 739**	Forward rate interpolator model, appropriate currency specific discount curve, discounted expected cash flows, numerical approximation	Forward exchange contracted rates, market foreign exchange rates, forward contract rates, market commodity prices, coal prices, crude oil prices	Level 2	
Trade and other receivables	**24 675**	Discounted cash flow	Market related interest rates.	Level 3	*
Cash and cash equivalents	**29 446**	**	**	Level 1	**
Financial liabilities					
Listed long-term debt	**13 365**	Quoted market price for the same instrument	Quoted market price for the same instrument	Level 1	
Unlisted long-term debt	**68 896**+	Discounted cash flow	Market related interest rates	Level 3	
Short-term debt and bank overdraft	**2 986**	Discounted cash flow	Market related interest rates	Level 3	*
Derivative liabilities	**1 473**	Discounted net cash flows, using a swap curve to infer the future floating cash flows, forward rate interpolator model, discounted expected cash flows, numerical approximation	US$ Overnight Indexed Swap (OIS) curve, recovery probabilities, forward exchange contracted rates, coal prices, market foreign exchange rates	Level 2	
Trade and other payables	**26 131**	Discounted cash flow	Market related interest rates	Level 3	*

* The fair value of these instruments approximates their carrying value, due to their short-term nature.

** The carrying value of cash is considered to reflect its fair value.

\+ An increase of 1% of the market related interest rates would have decreased the fair value by R252 million.

40 Statement of compliance

The consolidated financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the South African Companies Act, 2008. The consolidated financial statements were approved for issue by the Board of Directors on 18 August 2017 and will be presented to shareholders at the Annual General Meeting on 17 November 2017.

Basis of preparation of financial results

The consolidated financial statements are prepared using the historic cost convention except that, certain items, including derivative instruments, liabilities for cash-settled share-based payment schemes, financial assets at fair value through profit or loss and available-for-sale financial assets, are stated at fair value. The consolidated financial results are presented in rand, which is Sasol Limited's functional and presentation currency, rounded to the nearest million.

The consolidated financial statements are prepared on the going concern basis.

The comparative figures are reclassified or restated as necessary to afford a proper and more meaningful comparison of results as set out in the affected notes to the financial statements.

Certain additional disclosure has been provided in respect of the current year. To the extent practicable, comparative information has also been provided.

Accounting policies

Except as otherwise disclosed, the accounting policies applied in the consolidated financial statements are consistent with those applied in previous years. These accounting policies are consistently applied throughout the group.

Accounting standards, interpretations and amendments to published accounting standards

During the current financial year, the following new accounting standards, interpretations and amendments to published accounting standards were considered by the group:

Standard	Date published	Effective date*	Anticipated impact on Sasol
IFRS 9, Financial Instruments (amended)	24-Jul-14	01-Jan-18	IFRS 9 introduced new requirements for classifying and measuring financial assets and liabilities. It also contains a new impairment model which will result in earlier recognition of losses and new hedging guidance which will require the implementation of new models, systems and processes. A detailed impact analysis is underway, however we do not expect the adoption of IFRS 9 to have a significant impact on total assets, total liabilities or earnings of the group. We do not expect a fundamental change in the recognition or measurement of impairments on financial assets, as the majority of the group's financial assets are short-term trade receivables. Areas being investigated for possible impacts include exploration-related receivables, as well as intercompany loans and receivables. The recent hedging activity being undertaken by the group is being investigated for possible hedge accounting recognition under IFRS 9.
IFRS 15, Revenue from contracts with customers	28-May-14	01-Jan-18	IFRS 15 requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. The group is currently investigating the impact of the new recognition requirements, particularly in the regulated energy environment, with reference to the timing of recognition. The interaction between IFRS 9 and IFRS 15 is also being evaluated, largely in the exploration area of the group. The disclosure impacts of the new standard are expected to be significant and the system and process changes are currently being designed to ensure sufficient and accurate data is collected to enable this.
IFRS 16, Leases	13-Jan-16	01-Jan-19	IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. We have assessed the major impacts of the standard, particularly on the statement of financial position. Based on the current operating leases in the group, the impact is expected to be R7 billion to R9 billion.

* The amendments apply for annual periods commencing on or after the date noted and early adoption is permitted, unless otherwise indicated

Contents

SASOL LIMITED COMPANY

Page

Statement of financial position

at 30 June

	Note	2017 Rm	2016 Rm
Assets			
Investments in subsidiaries	1	**117 422**	110 513
Investment in security	1	**5**	5
Long-term receivables	2	**46 886**	13 806
Deferred tax asset	3	**106**	80
Non-current assets		**164 419**	124 404
Short-term receivables	2	**9 316**	–
Other receivables	4	**15 588**	12 947
Tax receivable		**63**	5
Cash	5	**45**	47
Current assets		**25 012**	12 999
Total assets		**189 431**	137 403
Equity and liabilities			
Shareholders' equity		**188 912**	136 908
Long-term financial liabilities	6	**214**	216
Share-based payment provision	7	**–**	37
Non-current liabilities		**214**	253
Short-term financial liabilities	6	**165**	67
Short-term provisions	7	**46**	79
Trade and other payables	8	**94**	96
Current liabilities		**305**	242
Total equity and liabilities		**189 431**	137 403

Income statement

for the year ended 30 June

	Note	2017 Rm	2016 Rm
Revenue	12	**20 361**	11 156
Other expenses (net)		**(736)**	(245)
Translation losses	9	**(376)**	(26)
Other operating expenses	10	**(373)**	(239)
Other operating income		**13**	20
Remeasurement items	11	**38 023**	(6 913)
Net finance income		**3 126**	3 283
Finance income	12	**3 498**	3 382
Finance costs	13	**(372)**	(99)
Profit before tax		**60 774**	7 281
Taxation	14	**1**	(40)
Profit for the year		**60 775**	7 241

Statement of comprehensive income

for the year ended 30 June

	2017 Rm	2016 Rm
Profit for the year	**60 775**	7 241
Other comprehensive income, net of tax		
Items that can be subsequently reclassified to the income statement		
Investments available-for-sale	**–**	(1)
Total comprehensive income for the year	**60 775**	7 240

Statement of changes in equity

for the year ended 30 June

	Note	2017 Rm	2016 Rm
Share capital			
Balance at beginning of year	15	**29 282**	29 228
Shares issued on implementation of share options		**–**	54
Balance at end of year		**29 282**	29 282
Share-based payment reserve			
Balance at beginning of year		**8 023**	9 202
Long-term incentive scheme converted to equity settled		**648**	–
Sasol incentive schemes vested and settled		**(51)**	(1 302)
Share-based payment expense	16	**463**	123
Balance at end of year		**9 083**	8 023
Retained earnings			
Balance at beginning of year		**99 599**	101 183
Profit for year		**60 775**	7 241
Sasol incentive schemes vested and settled		**51**	1 302
Dividends paid	19	**(9 882)**	(12 038)
Dividend received *in specie*	21	**–**	1 911
Balance at end of year		**150 543**	99 599
Investment fair value reserve			
Balance at beginning of year		**4**	5
Total comprehensive income for year		**–**	(1)
Balance at end of year		**4**	4
Total shareholders' equity		**188 912**	136 908

Statement of cash flows
for the year ended 30 June

	Note	2017 Rm	2016 Rm
Cash generated by operating activities	17	**16 959**	11 531
Finance income received	12	**515**	358
Tax paid		**(83)**	(106)
Cash available from operating activities		**17 391**	11 783
Dividends paid	19	**(9 882)**	(12 038)
Cash retained/(used) by operating activities		**7 509**	(255)
Additional investments in subsidiaries	20	**(7 724)**	(140)
Loans to subsidiaries		**–**	(9)
Repayment of loans by subsidiaries		**–**	90
Repayment of long-term receivables		**213**	267
Cash (used in)/retained from investing activities		**(7 511)**	208
Shares issued on exercise of share options		**–**	54
Cash generated by financing activities		**–**	54
(Decrease)/increase in cash and cash equivalents		**(2)**	7
Cash and cash equivalents at beginning of year		**47**	40
Cash and cash equivalents at end of year		**45**	47

Notes to the financial statements
for the year ended 30 June

	2017 Rm	2016 Rm
1 Investments		
Investment in subsidiaries		
Reflected as non-current assets		
Shares at cost	**108 024**	100 311
Shareholder loans to subsidiaries*	**5 979**	5 979
Share-based payment expense	**5 916**	4 949
Impairment of investment in subsidiary	**(2 497)**	(726)
	117 422	110 513
Investment in security	**5**	5

* Loans to subsidiaries with no fixed payment terms and which are not expected to be repaid in the forseeable future are included in the investment.

Investments in subsidiaries are accounted for at cost less impairment losses. For further details of interests in subsidiaries, refer to note 21 of the consolidated Annual Financial Statements. The carrying amount of the unlisted investment in security approximates fair value as it is based on most recent available market transactions. This is considered to be a level 2 fair value measurement.

	2017 Rm	2016 Rm
2 Long-term receivables		
Sasol South Africa (Pty) Ltd (a)	**46 877**	–
Sasol Inzalo Employee Trusts (b)	**9 247**	10 022
loan	**22 837**	20 562
impairment	**(13 590)**	(10 540)
Sasol Inzalo Foundation Trust (c)	**52**	3 758
loan	**7 513**	7 245
write-off	**(7 461)**	(3 487)
Other	**26**	26
Total long-term receivables	**56 202**	13 806
Short-term portion	**(9 316)**	–
	46 886	13 806

The long-term receivables consist of:

a) Funding to Sasol South Africa (Pty) Ltd to purchase the investment in Sasol Gas (Pty) Ltd. The loan attracts interest at 0% and payment terms have to be reconfirmed on an annual basis.

b) Notional vendor funding of 25,2 million Sasol Limited ordinary shares for the benefit of certain employees in the Sasol group.

c) Notional vendor funding of 9,5 million Sasol Limited ordinary shares for skills development and capacity building of black South Africans.

Write-off

It was approved by the Sasol Limited Board that the repurchase right relating to the Sasol Limited shares held by the Sasol Inzalo Foundation Trust will not be exercised. As a result of this decision the majority of the long term-receivable has been written off.

Impairment

Based on the impairment indicators at each reporting period, impairment tests in respect of long-term receivables are performed. The recoverable amount of the receivables is compared to the carrying amount, as described in note 11, to calculate the impairment.

The Sasol Inzalo share transaction will unwind in 2018. With the transaction approaching the end of the 10 year term, the long-term receivable will be recovered through the Sasol Limited shares repurchased in terms of the repurchase formula. The recoverability of these receivables is therefore directly linked to the performance of the Sasol Limited listed share price. At 30 June 2017, the share price was R366,50 representing a 7,7% decrease from the prior year. This follows a decrease of 11,7% in the year ended 30 June 2016. This decline resulted in an impairment of R3,0 billion in 2017 (2016 – R6,9 billion).

2 Long-term receivables continued

	2017	2016
Interest-bearing status		
Sasol South Africa (Pty) Ltd	**0,0%**	
Sasol Inzalo Employee Trusts	**11,5%***	11,5%*
Sasol Inzalo Foundation Trust	**11,5%***	11,5%*

* The interest rate is per the pre-determined formula as stipulated in the notional vendor funding agreements.

	2017 Rm	2016 Rm
Maturity profile		
Within one year	**9 316**	–
Two to five years	**46 886**	13 806
	56 202	13 806
Fair value of receivables		
The fair value of the receivables relating to the Sasol Inzalo share transaction is based on the Sasol Limited share price at 30 June. This is considered to be a level 2 fair value measurement. The fair value of the receivable relating to Sasol South Africa (Pty) Ltd is based on the present value of the expected future cash flows.	**56 202**	13 806

3 Deferred tax

	2017 Rm	2016 Rm
Reconciliation		
Balance at beginning of year	**80**	18
Current year charge per the income statement	**26**	62
Balance at end of year	**106**	80

A deferred tax asset has been recognised to the extent that it is probable that the entity will generate future taxable income against which this tax loss can be utilised and consists mainly of movements in financial liabilities.

4 Other receivables

	2017 Rm	2016 Rm
Related party receivables (refer to note 21)		
deposit with Group Treasury	**15 334**	12 242
intercompany receivables	**252**	695
	15 586	12 937
Other receivables	**2**	10
	15 588	12 947

Fair value of other receivables

The carrying amount approximates fair value due to the short period to maturity of these instruments.

5 Cash

	2017 Rm	2016 Rm
Cash – Per the statement of cash flows	**45**	47

Fair value of cash

The carrying amount of cash approximates fair value.

		2017 Rm	2016 Rm
6	**Long-term financial liabilities**		
	Non-derivative instruments		
	Financial guarantees recognised	**768**	445
	Less amortisation of financial guarantees	**(389)**	(162)
		379	283
	Less short-term portion of financial guarantees	**(165)**	(67)
	Arising on long-term financial instruments	**214**	216
	Guarantees – maximum exposure	**120 913**	102 391

The long-term financial liabilities consist mainly of guarantees issued on related party debt:

- In favour of Saudi Aramco, maximum exposure amounting to US$70 million relating to Sasol International Services Limited Plc. The carrying value of the financial liability at 30 June 2017 is R5 million.
- In respect of C preference shares issued to various financiers as part of the Sasol Inzalo share transaction, maximum exposure amounting to R9 250 million. Full disclosure is provided in the consolidated Annual Financial Statements in note 15. The carrying value of the financial liability at 30 June 2017 is R3 million.
- In favour of Nedbank Limited and Absa Bank Limited guaranteeing the debt of National Petroleum Refiners of South Africa (Pty) Ltd, maximum exposure amounting to R1 071 million. The carrying value of the financial liability at 30 June 2017 is R6 million.
- In favour of Bond holders over the US$ bond issued by Sasol Financing International Limited, for general corporate purposes and capital expenditure, maximum exposure US$1 006 million. The carrying value of the financial liability at 30 June 2017 is R140 million.
- In favour of Firstrand Bank Limited over the debt of Sasol Mining (Pty) Ltd for its mining replacement programme, maximum exposure amounting to R1 200 million. The carrying value of the financial liability at 30 June 2017 is R2 million.
- In favour of HSBC Bank over the Lake Charles Chemicals Project bank term loan of Sasol Chemicals (USA) LLC, maximum exposure amounting to US$3 995 million. The carrying value of the financial liability at 30 June 2017 is R41 million.
- In favour of various banks guaranteeing the facilities of Sasol Financing (Pty) Ltd, maximum exposure amounting to R5 430 million. The carrying value of the financial liability at 30 June 2017 is R17 million.
- In favour of various banks guaranteeing the facilities of Sasol Financing International Limited, maximum exposure amounting to US$750 million and EUR230 million. The carrying value of the financial liability at 30 June 2017 is R165 million.

	2017 Rm	2016 Rm
Fair value of long-term financial guarantees Fair value is calculated by reference to the expected loss model where three factors are considered: The notional amount of the guarantee, the probability of default and the loss given default. A premium of WACC is then applied to determine the minimum level of return required. This is considered to be a level 3 fair value measurement.	**562**	397

		2017 Rm	2016 Rm
7	**Share-based payment provision**		
	Balance at beginning of year	**116**	130
	Long-term incentive scheme converted to equity	**(43)**	–
	Per the income statement	**6**	23
	Utilised during year	**(33)**	(37)
	Balance at end of year	**46**	116
	Less short-term portion	**(46)**	(79)
	Long-term provisions	**–**	37
	Expected timing of future cash flows		
	Within one year	**46**	79
	Two to five years	**–**	37
		46	116

		2017 Rm	2016 Rm
8	**Trade and other payables**		
	Related party payables		
	intercompany payables	**22**	27
	Trade payables	**32**	33
	Employee related payables	**40**	36
		94	96
	Age analysis of trade payables		
	Not past due date	**32**	33

Fair value of trade and other payables

The carrying value approximates fair value because of the short period to settlement of these obligations.

		2017 Rm	2016 Rm
9	**Translation losses**		
	Arising from:		
	Guarantees	**49**	(98)
	Foreign currency dividends	**–**	47
	Intercompany payables	**(2)**	1
	Deposit with Group Treasury	**(423)**	24
		(376)	(26)

Differences arising on the translation of monetary assets and liabilities from one currency into the functional currency of the group at a different exchange rate.

		2017 Rm	2016 Rm
10	**Other operating expenses**		
	Other operating expenses includes:		
	Management fee paid to Sasol South Africa (Pty) Ltd	**80**	77
	Professional fees	**10**	6
	Employee-related expenditure	**166**	129
	salary and related expenses	**107**	106
	share-based payment expense	**59**	23
	Donation to Siyakha Trust	**76**	–
	Other	**41**	27
		373	239

		2017 Rm	2016 Rm
11	**Remeasurement items affecting operating profit**		
	Effect of remeasurement items		
	Profit on disposal of investment in subsidiary	**46 818**	–
	Impairment of investment in subsidiaries	**(1 771)**	–
	Write-off of long-term receivable	**(3 974)**	–
	Impairment of long-term receivables	**(3 050)**	(6 913)
		38 023	(6 913)

Disposal of investment in subsidiaries

Sasol Limited sold its investment in Sasol Gas (Pty) Ltd, which was held at a cost of R59 million, to Sasol South Africa (Pty) Ltd at fair value for R46 877 million, resulting in a profit on disposal of R46 818 million.

Write-off of long-term receivable

It was approved by the Sasol Limited Board that the repurchase right relating to the Sasol Limited shares held by the Sasol Inzalo Foundation Trust will not be exercised. As a result of this decision the majority of the long term-receivable has been written off.

Significant Impairments in 2017

Impairment of investment in subsidiaries

Sasol Synfuels (Pty) Ltd and Sasol Cobalt Catalyst Manufacturing (Pty) Ltd each own 1% of Sasol South Africa (Pty) Ltd. The investment in these entities have been impaired to the fair value of the investment in Sasol South Africa (Pty) Ltd, amounting to R791 million and R980 million respectively.

Impairment of long-term receivables

The Sasol Inzalo share transaction will unwind in 2018. With the transaction approaching the end of the 10 year term the long-term receivable will be recovered through the Sasol Limited shares repurchased in terms of the repurchase formula. The recoverability of these receivables is therefore directly linked to the performance of the Sasol Limited listed share price. At 30 June 2017, the share price was R366,50 representing an 7,7% decrease from the prior year. This follows a decrease of 11,7% in the year ended 30 June 2016. This decline resulted in an impairment of R3,0 billion in 2017 (2016 – R6,9 billion).

Significant impairment in 2016

Impairment of long-term receivables

The recoverability of these receivables is directly linked to the performance of the Sasol Limited listed share price. At 30 June 2016, the share price was R397,17 representing an 11,7% decrease from the prior year. This follows a decrease of 29% in the year ended 30 June 2015. This decline resulted in an impairment of R6,9 billion in 2016 (2015 – R7,1 billion).

		2017 Rm	2016 Rm
12	**Revenue and Finance income**		
	Dividends received from subsidiaries – recognised in revenue	**20 361**	11 156
	Finance income	**3 498**	3 382
	Interest accrued and received	**2 790**	2 958
	Guarantee fees received – indirect subsidiaries	**481**	353
	Notional interest received	**227**	71
		23 859	14 538
	Cash interest received – per statement of cash flows	**515**	358
	Cash dividends received – recognised in revenue	**20 361**	11 156
		20 876	11 514
	Interest accrued	**2 756**	2 953
	Notional interest	**227**	71
		23 859	14 538

		2017 Rm	2016 Rm
13	**Finance costs**		
	Notional interest	**(372)**	(99)

		2017 Rm	2016 Rm
14	**Taxation**		
	Dividend withholding tax	**–**	*
	South African normal tax	**(25)**	(101)
	current year	**(25)**	(101)
	prior years	**–**	*
	Deferred tax – South Africa	**26**	61
	current year	**26**	61
	prior years	**–**	*
		1	(40)

* nominal amount

Dividend withholding tax is payable at a rate of 20% on dividends received from investments outside of the group. This tax is not attributable to the company paying the dividend but is collected by the company and paid to the tax authorities on behalf of the shareholder. On receipt of a dividend, the company includes the dividend withholding tax on this dividend in its computation of the income tax expense in the period of such receipt.

Reconciliation of effective tax rate

The table below shows the difference between the South African enacted tax rate (28%) compared to the tax rate in the income statement. Total income tax expense differs from the amount computed by applying the South African normal tax rate to profit before tax. The reasons for these differences are:

	2017 %	2016 %
South African normal tax rate	**28,0**	28,0
Increase in rate of tax due to disallowed expenditure	**4,2**	27,1
	32,2	55,1
Decrease in rate of tax due to exempt income	**(32,2)**	(54,6)
Effective tax rate	**–**	0,5

		Number of shares 2017	Number of shares 2016
15	**Share capital**		
	Authorised	**1 175 000 000**	1 175 000 000
	Issued	**679 822 439**	679 775 162

For further details of share capital, refer to note 14 in the consolidated Annual Financial Statements.

		2017 Rm	2016 Rm
16	**Share-based payment**		
16.1	**Share-based payment expense**		
	During the year, the following share-based payment expenses were recognised in the income statement regarding share-based payment arrangements that existed:		
	Cash-settled – recognised in share-based payment provision	**6**	23
	Sasol Share Appreciation Rights Scheme	**(10)**	(4)
	Sasol Long-term Incentive Scheme	**16**	27
	Equity-settled – recognised in share-based payment reserve	**53**	–
		59	23
16.2	**Share-based payment reserve**		
	Equity-settled		
	Sasol Inzalo share transaction	**76**	–
	Sasol Long-term Incentive Scheme	**387**	123
		463	123

	2017 Rm	2016 Rm
17 Cash generated by operating activities		
Cash flow from operations (refer to note 18)	**19 602**	10 995
(Increase)/decrease in working capital	**(2 643)**	536
	16 959	11 531

	2017 Rm	2016 Rm
18 Cash flow from operations		
Profit before tax	**60 774**	7 281
Adjusted for		
net finance income	**(3 126)**	(3 283)
translation on guarantees	**(49)**	98
equity-settled share-based payment expense	**53**	–
effect of remeasurement items	**(38 023)**	6 913
movement in provision	**(27)**	(14)
income statement charge	**6**	23
utilisation	**(33)**	(37)
	19 602	10 995

	2017 Rm	2016 Rm
19 Dividends paid		
Final dividend – prior year		
external shareholders	**(5 557)**	(7 022)
related party – subsidiary company	**(80)**	(101)
related parties – Inzalo	**(711)**	(793)
Interim dividend – current year		
external shareholders	**(2 931)**	(3 481)
related party – subsidiary company	**(42)**	(50)
related parties – Inzalo	**(561)**	(591)
Per statement of cash flows	**(9 882)**	(12 038)

	2017 Rm	2016 Rm
20 Additional investments in subsidiaries		
Increase in investments per statement of financial position (refer to note 1)	**(7 713)**	(2 051)
Adjusted for		
dividend received *in specie* (refer to note 21)	**–**	1 911
non-cash impact of disposal of investment in Sasol Gas (Pty) Ltd	**(11)**	–
Per statement of cash flows	**(7 724)**	(140)

	2017 Rm	2016 Rm
21 Related party transactions		
During the year, the company in the ordinary course of business, entered into various transactions with its direct and indirect subsidiaries. The effect of these transactions is included in the financial performance and results of the company.		
Material related party transactions were as follows:		
Other income statement items to related parties		
Profit on disposal of investment in subsidiary		
Sasol Gas (Pty) Ltd (refer to note 11)	**46 818**	–
Management fee to subsidiary		
Sasol South Africa (Pty) Ltd (refer to note 10)	**80**	77
Finance income – dividends from subsidiaries		
Sasol Mining (Pty) Ltd	**651**	–
Sasol South Africa (Pty) Ltd	**9 820**	2 889
Sasol Synfuels (Pty) Ltd	**60**	30
Sasol Cobalt Catalyst Manufacturing (Pty) Ltd	**60**	30
Sasol Merisol RSA (Pty) Ltd	**60**	30
Sasol Africa (Pty) Ltd	**–**	1 100
Sasol Gas Holdings (Pty) Ltd	**–**	911
Sasol Gas (Pty) Ltd	**2 700**	2 200
Sasol Oil (Pty) Ltd	**1 967**	2 824
Sasol Investment Company (Pty) Ltd	**5 043**	742
Sasol Middle East and India (Pty) Ltd	**–**	400
	20 361	11 156
Finance income – interest from subsidiaries		
Sasol Inzalo Employee Trust	**2 240**	2 019
Sasol Inzalo Management Trust	**182**	164
Sasol Inzalo Foundation Trust	**334**	770
Sasol Financing International Limited	**31**	3
	2 787	2 956
Finance income – guarantee fees from subsidiaries		
Sasol Chemicals USA Holdings	**416**	287
Sasol Chemicals North America	**49**	52
Sasol International Services Limited	**9**	5
Sasol Mining (Pty) Ltd	**5**	7
Sasol Oil (Pty) Ltd	**2**	2
	481	353
Recognised directly in equity		
Sasol Cobalt Catalyst Manufacturing (Pty) Ltd	**–**	1 597
Other	**–**	314
	–	1 911
Amounts reflected as non-current assets		
Investments in subsidiaries at cost	**108 024**	100 311
Long-term loans to direct subsidiaries		
Sasol Financing (Pty) Ltd	**5 454**	5 454
Long-term loans to indirect subsidiaries		
Sasol Mining (Pty) Ltd	**525**	525
	114 003	106 290
Long-term receivables relating to direct subsidiaries		
Sasol South Africa (Pty) Ltd (refer to note 11 and note 2)	**46 877**	–

	2017 Rm	2016 Rm
Long-term receivables relating to indirect subsidiaries		
Sasol Inzalo Employee Trust*	**–**	9 269
Sasol Inzalo Management Trust*	**–**	753
Sasol Inzalo Foundation Trust*	**–**	3 758
Sasol Inzalo Public Limited	**9**	9
Sasol Inzalo Groups Facilitation Trust	**–**	17
	9	13 806
Amounts reflected as current assets		
Short-term receivables relating to indirect subsidiaries		
Sasol Inzalo Employee Trust*	**8 554**	–
Sasol Inzalo Management Trust*	**693**	–
Sasol Inzalo Foundation Trust**	**52**	–
Sasol Inzalo Groups Facilitation Trust	**17**	–
	9 316	–
Other receivables relating to direct subsidiaries		
Sasol Financing (Pty) Ltd	**14 247**	9 397
Sasol Financing International Limited	**1 087**	2 845
Sasol Investment Company (Pty) Ltd	**9**	443
Sasol Oil (Pty) Ltd	**–**	1
Other receivables relating to indirect subsidiaries	**243**	251
	15 586	12 937

* Amounts include impairment

** Amount includes write-off

An analysis of other related party transactions is provided in:
Note 6 – Long-term financial liabilities
Note 8 – Trade and other payables
Note 10 – Other operating expenses
Note 11 – Remeasurement items affecting operating loss
Note 12 – Finance income
Note 19 – Dividends paid

22 Financial risk management and financial instruments

Introduction

The company is exposed in varying degrees to a variety of financial instrument related risks. Refer to note 39 in the consolidated financial statements for more information.

Liquidity risk

The company has provided guarantees for the financial obligations of subsidiaries, joint ventures and third parties. The outstanding guarantees at 30 June 2017 are provided in note 6.

The maturity profile of the undiscounted contractual cash flows of financial instruments at 30 June were as follows:

	Note	Contractual cash flows Rm	Within one year Rm	One to five years Rm
2017				
Financial assets				
Non-derivative instruments				
Investments available for sale	1	**5**	**–**	**5**
Long-term receivables		**72 129**	**25 383**	**46 886**
Other receivables	4	**15 588**	**15 588**	**–**
Cash	5	**45**	**45**	**–**
		87 767	**41 016**	**46 891**
Financial liabilities				
Non-derivative instruments				
Trade and other payables	8	**(94)**	**(94)**	**–**
Financial guarantees[1]	6	**(120 913)**	**(120 913)**	**–**
		(121 007)	**(121 007)**	**–**

	Note	Contractual cash flows Rm	Within one year Rm	One to five years Rm
2016				
Financial assets				
Non-derivative instruments				
Investments available for sale	1	5	–	5
Long-term receivables		34 508	–	34 508
Other receivables	4	12 947	12 947	–
Cash	5	47	47	–
		47 507	12 994	34 513
Financial liabilities				
Non-derivative instruments				
Trade and other payables	8	(96)	(96)	–
Financial guarantees[1]	6	(102 391)	(102 391)	–
		(102 487)	(102 487)	–

1 Issued financial guarantee contracts are all repayable on default, however the likelihood of default is considered remote. Refer to note 6.

Market risk

Market risk is the risk arising from possible market price movements and their impact on the future cash flows of the business. The market price movements that the company is exposed to include foreign currency exchange rates. The company has developed policies aimed at managing the volatility inherent in these exposures which are discussed in the risks below.

Foreign currency risk

The following significant exchange rates applied during the year:

	Average rate		Closing rate	
	2017	2016	**2017**	2016
Rand/US dollar	**13,61**	14,52	**13,06**	14,71

The most significant exposure of the company's financial assets and liabilities to currency risk is as follows:

	2017 US dollar Rm
Net exposure on balances between group companies	**1 071**
Total net exposure	**1 071**

	2016 US dollar Rm
Net exposure on balances between group companies	2 827
Total net exposure	2 827

Sensitivity analysis

A 10 percent strengthening of the rand on the company's exposure to foreign currency risk at 30 June would have increased either the equity or the income statement by the amounts below before the effect of tax. This analysis assumes that all other variables, in particular interest rates, remain constant and has been performed on the same basis for 2016.

	2017		2016	
	Equity Rm	**Income statement Rm**	Equity Rm	Income statement Rm
US dollar	**(107)**	**(107)**	(283)	(283)

A 10 percent weakening in the rand against the above currency at 30 June would have the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in South African interest rates.

At the reporting date, the interest rate profile of the group's interest-bearing financial instruments was:

	Carrying value	
	2017 Rm	2016 Rm
Variable rate instruments		
Financial assets	**1 132**	2 892
	1 132	2 892
Fixed rate instruments		
Financial assets	**22 889**	27 807
	22 889	27 807
Interest profile (variable: fixed rate as a percentage of total interest bearing)	**5:95**	9:91

Cash flow sensitivity for variable rate instruments

Financial instruments affected by interest rate risk include borrowings and deposits. A change of 1% in the prevailing interest rate in that region at the reporting date would have increased/(decreased) earnings by the amounts shown below before the effect of tax. The sensitivity analysis has been prepared on the basis that all other variables, in particular foreign currency exchange rates, remain constant and has been performed on the same basis for 2016.

	Income statement – 1% increase
	South Africa Rm
30 June 2017	**11**
30 June 2016	29

A 1% decrease in the interest rate at 30 June would have the equal but opposite effect for rand exposure.

23 Statement of Compliance

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS) and Interpretations of those standards, as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the South African Companies Act, 2008. The financial statements were approved for issue by the Board of Directors on 18 August 2017.

24 Basis of preparation of financial results

The financial statements are prepared using the historic cost convention except that, as set out in the notes above, certain items, including derivative instruments, liabilities for cash-settled share-based payment schemes, financial assets at fair value through profit or loss and available for sale financial assets, are stated at fair value.

The financial statements are prepared on the going concern basis.

Except as otherwise disclosed, these accounting policies are consistent with those applied in previous years.

25 Other

For further information regarding the remuneration of Directors and key management personnel, refer to the Report of the Remuneration Committee on pages 27 to 45.

Information on contingencies is contained in Note 35 of the consolidated Annual Financial Statements.

There were no subsequent events which occurred, which require disclosure in the Sasol Limited Company Financial Statements.

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Direct purchase plan
The Bank of New York Mellon maintains a sponsored dividend reinvestment and direct purchase programme for Sasol's depositary receipts. As a participant in Global BuyDIRECT℠, investors benefit from the direct ownership of their depositary receipts, the efficiency of receiving corporate communications directly from the depositary receipt issuer, and the savings resulting from the reduced brokerage and transaction costs. Additional information is available at www.mybnymdr.com.

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Forward-looking statements

Sasol may, in this document, make certain statements that are not historical facts and relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements may also relate to our future prospects, developments and business strategies. Examples of such forward-looking statements include, but are not limited to, statements regarding exchange rate fluctuations, volume growth, increases in market share, total shareholder return, executing our growth projects (including LCCP) oil and gas reserves and cost reductions, including in connection with our BPEP, RP and our business performance outlook. Words such as “believe”, “anticipate”, “expect”, “intend", “seek”, “will”, “plan”, “could”, “may”, “endeavour”, “target”, “forecast” and “project” and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and there are risks that the predictions, forecasts, projections and other forward-looking statements will not be achieved. If one or more of these risks materialise, or should underlying assumptions prove incorrect, our actual results may differ materially from those anticipated. You should understand that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors are discussed more fully in our most recent annual report on Form 20-F filed on 27 September 2016 and in other filings with the United States Securities and Exchange Commission. The list of factors discussed therein is not exhaustive; when relying on forward-looking statements to make investment decisions, you should carefully consider both these factors and other uncertainties and events. Forward-looking statements apply only as of the date on which they are made, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Please note: A billion is defined as one thousand million. All references to years refer to the financial year ended 30 June. Any reference to a calendar year is prefaced by the word “calendar”.

Comprehensive additional information is available on our website: www.sasol.com

www.sasol.com